



National Fullerton
Asset Management Limited

NAFA Stock Fund (NSF)

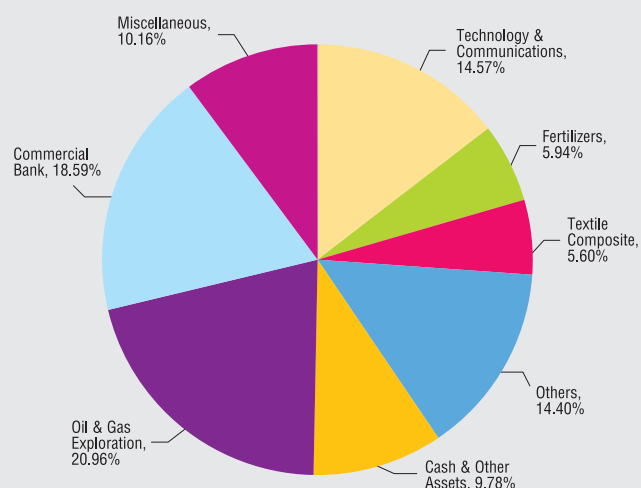
NAV per unit (31/08/2008): Rs.8.2771

August 2008

Investment Objective	Performance					
To provide investors with long-term capital growth from an actively managed portfolio invested primarily in listed companies in Pakistan. The risk profile of the Fund will be moderate to high.	Return (%)*	Jan - Jun 2007	Jul - Dec 2007	Jan - Jul 2008	Aug 2008	Since Launch January 22, 2007
	NAFA Stock Fund:	43.47%	12.63%	-25.40%	-14.55%	3.01%
	Benchmark:	26.89%	-1.63%	-28.21%	-15.03%	-23.85%
	* Returns are net of management fee & all other expenses					

General Information		Fund Manager's Commentary
Launch Date: Fund Size: Type: Dealing: Settlement: Load: Management Fee:	January 22, 2007 Rs. 1,691 million Open-end - Equity Fund Daily 2-3 business days Front end - 3%, Back end - 0% 3% per annum	<p>During the month under review, KSE-30 Index decreased by 15.03%, whereas NAFA Stock Fund's (NSF) Net Asset Value (NAV) decreased by 14.55%, thus an out-performance of 0.48% was recorded. Since inception on Jan. 22, 2007 the NAV of NSF has risen by 3.01% and the benchmark (KSE-30 Index) has fallen by 23.85%, thus to-date, out-performance is 26.86%.</p> <p>The uncertain political and economic situation kept the stock market under pressure during the month of August. With the announcement of the president's resignation, the KSE-30 index recovered from a 2 year low of 10786 and rallied up by 16%. This was on the back of expectations that the coalition government would now focus on governance and economic policy making. However, the break-up of political coalition took the steam out of the stock market and the KSE-30 tumbled back, setting a new low at 10144. Distress selling due to margin calls was a major reason for this new low. The KSE management resorted to a downside freeze at this level, to avoid systemic failure.</p> <p>The compelling valuations of the stock market lead us to believe that the market is near its bottom. The market price-to-earning ratio now stands around 7x and the dividend yield for some of the blue chip companies is above 12%. A snap rally can be triggered by positive developments on the external front e.g. the Saudi Oil facility. We have therefore increased our Equity exposure in NSF to above 90% during the month.</p> <p>We remain invested mainly in low leverage companies that have Foreign Exchange based earnings. These companies are expected to deliver good earning growth, even in such challenging economic times. Going forward, the stock market volatility shall remain high. However, we expect that investors already invested in the Fund or those who make an entry at these levels will do well over the next couple of years.</p>
Listing: Custodian & Trustee: Auditors: Benchmark: Fund Manager: Min. Subscription:	Lahore Stock Exchange Central Depository Company A. F. Ferguson & Co. Chartered Accountants KSE-30 Index Khurram Shehzad, CFA Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-	

Asset Allocation (as on 31st August 2008)



Disclaimer: The price of units may go down as well as up. Please refer to the respective offering document(s).