

NAFA Stock Fund (NSF)

NAV per unit (31/07/2008): Rs.9.6863

July 2008

Investment Objective

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.

Performance

Return (%)*	Jan - Jun 2007	Jul - Dec 2007	Jan - Jun 2008	Jul 2008	Since Launch January 22, 2007
NAFA Stock Fund:	43.47%	12.63%	-14.04%	-13.22%	20.54%
Benchmark:	26.89%	-1.63%	-14.30%	-16.23%	-10.39%

^{*} Returns are net of management fee & all other expenses

General Information

Fund Size:
Type:
Dealing:
Settlement:

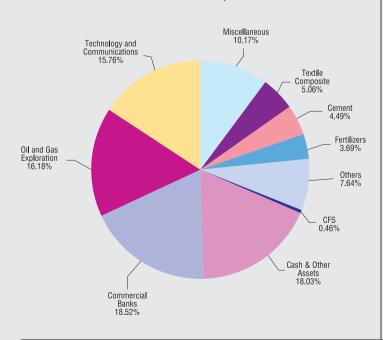
Management Fee:

Listing: Custodian & Trustee Auditors:

Benchmark: Fund Manager(s): Min. Subscription: January 22, 2007 Rs. 2,005 million Open-end – Equity Fund Daily 2-3 business days Front end–3%, Back end-0%

Lahore Stock Exchange
Central Depository Company
A. F. Ferguson & Co.
Chartered Accountants
KSE-30 Index
Khurram Shehzad, CFA
Growth Unit: Rs. 10,000/-

Asset Allocation (On July 31, 2008)



Fund Manager's Commentary

During the month under review, KSE-30 Index decreased by 16.23%, whereas NAFA Stock Fund's (NSF) Net Asset Value (NAV) decreased by 13.22%. Thus, an out-performance of 3.01% was recorded. Since inception on Jan. 22, 2007, the NAV of NSF has risen by 20.54% and the benchmark (KSE-30 Index) has fallen by 10.39%, thus, to-date, the out-performance is 30.93%.

To begin with, the market reverted back to the old lower and upper price circuits. Special trading session of the KSE was conducted to bail out distressed sellers. Governments around the world started phasing out oil subsidies and as a result an 18% decline in international oil price was witnessed. Pakistan has received Saudi oil facility worth USD 5.8 billion. SBP raised policy rates by 100 basis points. Oil Marketing Companies' margins were capped at USD100 per barrel price. Deemed duty on refineries was reduced by 25%.

NSF adopted a cautious stance throughout the month and maintained an average investment of around 73% in the stock market. Moreover, we remained restricted to those stocks which are likely to take the least impact of macro-economic shock. Furthermore, we avoided those sectors which were prone to volatile fundamentals due to macro-economic instability. We maintained a patient and focused approach to constantly evaluate fundamentals as per the changing macro-economic realities.

The market has witnessed one of the lowest PERs during the last ten years, and we believe that from hereon it has lesser downside risk and higher upside potential. Volatile behavior is expected but value hunting and focus on fundamentals is expected to help the Fund out-perform the Benchmark going forward.

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