



National Fullerton
Asset Management Limited

NAFA Stock Fund (NSF)

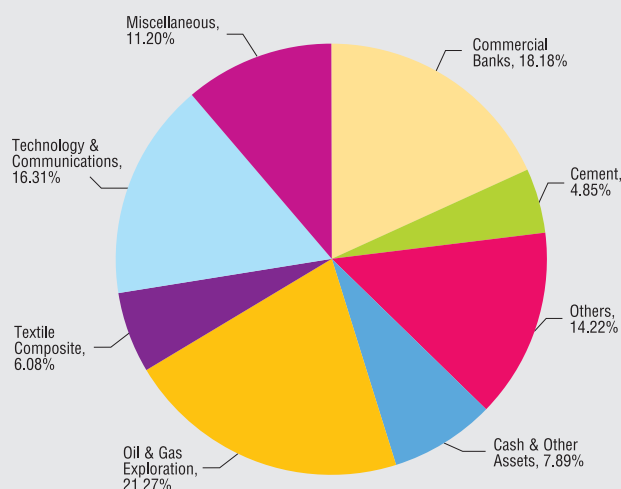
NAV per unit (30/09/2008): Rs.8.2423

September 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 - Dec 2007	Jan - Jun 2008	Jul - Sep 2008	Sep 2008	Since Launch January 22, 2007
	NAFA Stock Fund	61.59%	-14.04%	-26.16%	-0.43%	2.57%
	Benchmark	24.82%	-14.30%	-29.75%	-1.31%	-24.85%
* Returns are net of management fee & all other expenses						

General Information	Fund Manager's Commentary
<p>Launch Date: January 22, 2007</p> <p>Fund Size: Rs. 1,548 million</p> <p>Type: Open-end - Equity Fund</p> <p>Dealing: Daily</p> <p>Settlement: 2-3 business days</p> <p>Load: Front end - 3%, Back end - 0%</p> <p>Management Fee: 3% per annum</p>	<p>During the month under review, KSE-30 Index decreased by 1.31%, whereas NAFA Stock Fund's (NSF) Net Asset Value (NAV) decreased by 0.43%, thus an out-performance of 0.88% was recorded. Since inception on Jan. 22, 2007 the NAV of NSF has risen by 2.57% and the benchmark (KSE-30 Index) has fallen by 24.85%, thus to-date out-performance is 27.42%.</p> <p>During the month of September, KSE-30 Index moved by a meager 134 points from 10,198 to 10,064. Average daily volumes took a sharp decline of 88% over the last month. Continuation of Price Freeze mechanism was mainly responsible for the record low volumes and Off-market transactions.</p>
<p>Listing: Lahore Stock Exchange</p> <p>Custodian & Trustee: Central Depository Company</p> <p>Auditors: A. F. Ferguson & Co. Chartered Accountants</p> <p>Benchmark: KSE-30 Index</p> <p>Fund Manager: Khurram Shehzad, CFA</p> <p>Min. Subscription: Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-</p>	

Asset Allocation (as on 30th September 2008)



Stock markets across the globe reflected the weakening global macro-economic status. The domestic markets have discounted the new macro-economic reality to a greater extent. However, the persistent fall in domestic equity market is the sole representation of weakened liquidity position in the domestic financial sector.

Interestingly, companies with large market capitalizations are minimally leveraged. In fact, many of these companies are sitting on cash, which enhances their earnings in a rising interest rate scenario. Therefore, due to increase in EPS estimates the market PER has become more attractive and is currently trading around 6.5x.

We remained largely invested as we believe that this liquidity crunch is expected to be mitigated in the medium term and equities are likely to cover some of their lost ground. Compared to market PER of 6.5x, NSF portfolio PER is 5.34x, which means that during any recovery we expect to book a reasonable out-performance also.

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