NAFA Multi Asset Fund (NMF)

National Fullerton Asset Management Limited

NAV per unit (31/05/2008): Rs. 11.4900

Investment Objective

To provide investors with a combination of capital growth and income. NMF aims to achieve attractive returns at moderate levels of risk by investing in a variety of asset classes such as stocks, bonds, money market instruments, CFS etc.

Performance

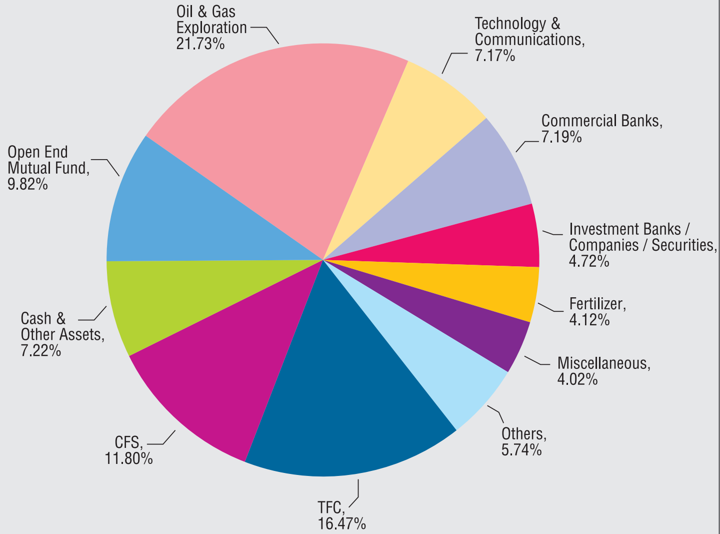
Return (%)*	June - May (07 - 08)	Dec - May (07 - 08)	Mar - May (2008)	May 2008	Since Launch January 22, 2007
NAFA Multi Asset Fund:	**11.59%**	**-6.89%**	**-7.94%**	**-9.40%**	**35.09%**
Benchmark: (50% KSE-30 Index & 50% 1-month KIBOR)	-1.55%	-5.56%	-11.04%	-11.33%	10.58%

* Returns are net of management fee & all other expenses

General Information

Launch Date:	January 22, 2007
Fund Size:	Rs. 2,618 million
Type:	Open-end – Balanced Fund
Dealing:	Daily
Settlement:	2-3 business days
Load:	Front end – 3%, Back end - 0%
Management Fee:	2.5% per annum
Listing:	Lahore Stock Exchange
Trustee:	Central Depository Company
Auditors:	A. F. Ferguson & Co. Chartered Accountants
Benchmark:	50% KSE-30 Index & 50% 1-month KIBOR
Fund Manager(s):	Adnan Faisal, CFA
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-

Asset Allocation (as on 31st May 2008)



Fund Manager's Commentary

During the month under review, NAFA Multi Asset Fund's (NMF) Net Asset Value (NAV) decreased by 9.40% while the benchmark (50% KSE-30 index & 50% 1-month KIBOR) decreased by 11.33%. Thus, your Fund out-performed the benchmark by 1.93% during the month. Since inception on January 22, 2007 your Fund has risen by 35.09%, while the benchmark has risen by 10.58%. Thus, to-date, the out-performance of your Fund stands at 24.51%.

The Equity market (KSE-30 index) fell by 22% during the month as the negative impact of twin deficit started to unravel faster than expected. The first downfall of 8% was triggered by the weakening current account, as Rupee depreciation prompted capital flight from the market. The second downfall of 14% was caused by 150 basis points increase in the interest rate due to record fiscal deficit financing and inflation. It directly affected the market valuation as the discount rate is intrinsically linked with Equity pricing.

The Central Bank not only increased the discount rate but also increased Reserve ratio and minimum deposit rates for conventional banks. The banking sector growth is thus expected to slow down. However, we are concerned with the crowding-out effect of this policy as the private sector should not be punished for waywardness of the Government. It may even lead to major deceleration in the GDP growth.

Based on attractive Stock Market valuations, we have increased the asset allocation in Equity to 55% versus 45% in Fixed Income. The Fixed Income returns increased considerably during the month. The Central Bank's monetary tightening coupled with the above mentioned capital flight led to severe liquidity crunch. As a result, 6-month KIBOR crossed 13.1%, while CFS returns jumped above 20%. The growth in the TFC portfolio has been restricted for now, as macro-economic circumstances stipulate a reduction in risk appetite.