



**National Fullerton
Asset Management Limited**

NAFA Islamic Multi Asset Fund (NIMF)

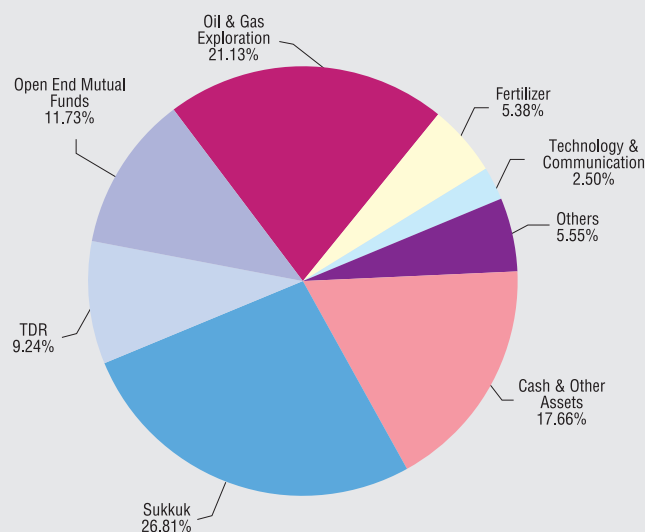
NAV per unit (31/07/2008): Rs. 9.0586

July 2008

Investment Objective	Performance					
To provide investors with a combination of capital growth and income by investing in Shariah compliant investments. NIMF aims to achieve attractive returns at moderate levels of risk by investing in a variety of Shariah compliant securities, instruments and avenues such as Equities, Musharakah, Murabahah, Ijarah etc.	Return (%)*	Feb - Jul 2008	May - Jul 2008	Jun 2008	Jul 2008	Since Launch October 29, 2007
	NAFA Islamic Multi Asset Fund:	-7.65%	-11.36%	0.64%	-5.01%	-9.41%
	*Returns are net of management fee & all other expenses					

General Information	Fund Manager's Commentary
<p>Launch Date: October 29, 2007</p> <p>Fund Size: Rs. 649 million</p> <p>Type: Shariah Compliant - Open-end Balanced 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, NAFA Islamic Multi Asset Fund's NAV decreased by 5.01%. The fund is 34.5% invested in Shariah Compliant stocks. The NAFA's universe of Shariah Compliant Companies declined by 12.67% during the month. The cumulative return of the Fund since inception now stands at -9.41%.</p> <p>The Stock market remained under pressure throughout the month. The market was extremely illiquid until the trading rule (restricting the lower circuit limit at 1%) introduced by SECP expired in the second week of the month. Once the old trading rules were restored, the market exhibited better liquidity. However, it remained very volatile in the backdrop of a faltering economy and increasing nervousness on the part of investors.</p>
<p>Listing: Lahore Stock Exchange</p> <p>Trustee: Central Depository Company</p> <p>Auditors: A. F. Ferguson & Co. Chartered Accountants</p>	
<p>Fund Manager(s): Abdul Rehman Warraich</p> <p>Min. Subscription: Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-</p>	<p>We believe that the current economic fundamentals have been mostly priced-in by the market. Some of the stocks have probably seen a bigger drop in their prices than the underlying fundamentals justify. SBP has acted in a very responsible and professional manner and has sent a strong message that it will not tolerate high inflation. The government has also begun to pass on higher energy prices in order to reduce the burden of subsidies and ease the aggregate demand pressures by forcing businesses and consumers to adjust their spending patterns.</p>

Asset Allocation (as on 31st July 2008)



We expect that the market will consolidate at these levels and may also show some recovery provided the government shows a strong commitment to addressing the economic and political problems facing the country.

We plan to increase our exposure to stocks with stable earnings and higher dividend yields. Some of the sectors such as Oil & Gas Exploration, Fertilizer and Power sectors appear quite attractive on these grounds.

We continue to remain overweight in the income generating portfolio of the Fund which is providing a combination of healthy returns and low risk under the prevailing economic situation. Our sukuk portfolio is currently yielding more than 15% p.a. and we are constantly looking for better returns on our Mudarabah placements with Islamic Banks. Opportunities for spread transactions were scarce during the previous month but we continue to search for attractive returns in this area.

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