

# NAFA Funds

Monthly Report (April 2012)



NBP Fullerton  
Asset Management Ltd.

A Subsidiary of  
National Bank of Pakistan

Managed by:  
NBP Fullerton Asset Management Limited

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Dr. Amjad Waheed, CFA  
Chief Executive Officer

Not very long ago there were only two mutual fund managers in the country namely, NIT and ICP. They were managing only equity funds that invest primarily in the stock market. As a result, investors started associating mutual funds with stock market and its associated risks. With the development of the regulatory framework, the market opened up to the new players. With this different varieties of mutual funds were launched having different risk and return objectives. Now there are several categories of mutual funds in the market with varying risk-return characteristics starting from the very safe money market funds to the very risky pure equity funds. However, one principle has not changed: for a long-term investment horizon low risk investments generally yield a lower return than high risk investments. By long-term investment horizon we mean five years or more.

NBP Fullerton Asset Management has a very diversified product slate that includes very low risk, medium risk and high risk products to cater the financial needs of varying types of investors. As can be seen from Table 1, NAFA Government Securities Liquid Fund (NGSLF) is a “money market” scheme that invests only in “AA” & above rated banks and “AAA” rated Treasury Bills. NGSLF has been awarded stability rating of AAA (f) by PACRA. This denotes that this Fund is very safe and has exceptionally strong capacity to maintain relative stability in returns. NAFA Financial Sector Income Fund is an Income scheme that invests minimum of 70% of its assets in the financial sector. This Fund invests primarily in banks, Treasury Bills and AA and above category rated TFCs. NAFA Asset Allocation Fund can invest 0-100% in any asset class including fixed income, money market and equities. With the proactive asset allocation decisions, we have been able to keep the risk of the Fund to around one-third of the stock market. NAFA Multi Asset Fund can invest up to 70% in any one asset class whereas NAFA Stock Fund has to be minimum 70% invested in equities based on quarterly average investment calculated on a daily basis.

Table 1

Basic Characteristics of NAFA's Key Mutual Funds						
Fund Category	Volatility/Risk	Investment Time Horizon	Investment Avenues			
			Banks	Government T-Bills	TFCs/Sukuks	Equities
NAFA Government Securities Liquid Fund	Very Low	Short or Long	YES	YES	NO	NO
NAFA Financial Sector Income Fund	Moderate	Medium	YES	YES	YES (AA & above rated only)	NO
NAFA Asset Allocation Fund	Moderate	Medium-Long	YES	YES	YES (AA & above rated only)	YES
NAFA Multi Asset Fund	Moderate	Medium-Long	YES	YES	YES	YES
NAFA Stock Fund	High	Long	YES	YES	NO	YES

The risk-return characteristics of these funds are very different due to different investment guidelines. This can be seen from Table 2. Fiscal Year to-date (July-April), NAFA Government Securities Liquid Fund has provided an annualized return of 11% with negligible volatility. NAFA Financial Sector Income Fund has generated an annualized return of 12.5% since its inception on October 28, 2011 with minimum volatility. NAFA Asset Allocation Fund and NAFA Multi Asset Fund have provided a cumulative return of about 17.5% in the 10-month period ending April 2012, whereas NAFA Stock Fund has provided a return of 25% during the same period. It is pertinent to mention that volatility in return of NAFA Multi Asset Fund is around half that of the NAFA Stock Fund while that of NAFA Asset Allocation Fund is even lower than NAFA Multi Asset Fund. Thus, investors of NAFA Asset Allocation Fund benefited from the upside of the stock market with lower volatility in returns. We advise investors to choose the fund keeping in mind their risk and return objectives.

Table 2

Performance of NAFA's Key Funds		
Fund Name	Return (July 2011 to Apr 2012)	Risk (Standard Deviation)
NAFA Government Securities Liquid Fund *	11.0%	0.12%
** NAFA Financial Sector Income Fund *	12.5%	0.56%
NAFA Asset Allocation Fund ***	17.5%	6.49%
NAFA Multi Asset Fund ***	17.4%	8.93%
NAFA Stock Fund ***	25.0%	16.14%

\* Annualized Return  
\*\* from October 28, 2011  
\*\*\* Cumulative Return

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April 2012

## Stock Market Review

During the month of April the stock market continued upward trend with a lot of volatility amid better-than-expected corporate earnings announcements & healthy payouts, promulgation of newly introduced CGT regime, and healthy foreign portfolio investment activity. However, deadlock on the Pak-US diplomatic relations and uncertainty on the domestic political front towards the end of the month dampened investors' confidence in the market. The month started with KSE-100 Index at 13,761 levels and closed the month at 13,990 levels. Overall, during the month KSE-100 Index advanced by 1.7%.

In its monetary policy announcement in April 2012, State Bank of Pakistan kept discount rate unchanged at 12%. Key highlights of the decision were unexpected and excessive government borrowing from SBP and commercial banks to finance fiscal deficit, muted foreign flows, and higher inflation expectations. Lower private sector investments are badly affecting the productive capacity thus contributing to the inflation. In our view, materialization of the budgeted foreign flows will be key determinant of inflation and interest rate outlook.

Industrial Engineering, General Industrials, Construction & Material and Automobile & Parts sectors performed better than the market. On the other hand, Oil & Gas, Banking, Electricity, Personal Goods and Chemicals sectors lagged the market. Strong earnings announcements and improved outlook resulted in the out-performance of the Construction and Material sector. Investors shed position in selected banking stocks following downward earnings revision due to increase in minimum deposit rate on savings account by the SBP. Investors kept from taking position in Chemical sector due to subdued off-take numbers of fertilizer during the outgoing quarter. Elevated energy related circular debt clouded the outlook of the electricity sector.

Based on our estimates, the stock market is valued at 7.3 times forward earnings, offering dividend yield of 7.9%. Key drivers of the market in our view will be: (i) domestic political climate, (ii) Pak-US relations, (iii) implementation of newly announced CGT regime, and (iv) inflation and interest rate outlook, and (v) Foreign Portfolio Investment (FPI) activity.

## Fixed Income Review

For the first nine months of FY12, the average annual CPI has been 10.8% against 14.0% during the same period last year. YoY Core Inflation as measured by Non-Food Non-Energy (NFNE) and Trimmed are noted at 10.9% and 10.5% respectively. Workers' remittances have shown sustainable growth during the year, with a 21.5% increase during July-March period (Rs 9.7 bln vs Rs 8.0 bln). However, Current account deficit as a % of GDP is 1.1% this year against 0.1% the previous year. Government borrowing from SBP and scheduled banks is feeding inflationary expectations. Money markets are reacting by participating in 3-month or 6-month T-Bills' auctions and avoiding 1 year T-Bills, signaling an uptick in interest rate.

Trading activity of TFCs remained healthy during the month. Total traded value reported by MUFAP for April 2012 was Rs. 1,235 mln. This is 46.31% more than the average of the first nine months of FY12. Search for yields after some let-up in interest rates is the key factor for this positive development.

NAFA Government Securities Liquid Fund is the only 'AAA(f)' rated money market fund in Pakistan greater than Rs 10 billion in size. The last four funds in fixed income category launched by NAFA, namely NAFA Savings Plus Fund, NAFA Riba Free Savings Fund, NAFA Financial Sector Income Fund and NAFA Money Market Fund are also performing well posting double digit returns in the year to date and since inception periods. The returns of these funds are expected to remain attractive, considering their very low credit risk profile and investment in securities and instruments with short maturities and floating rate coupon rates.

"April 2012"

FUND NAME	FUND SIZE (Rs. In million)	FUND LAUNCH DATE	STABILITY RATING / STAR RANKING *	Apr-2012	LAST ONE YEAR	SINCE LAUNCH
NAFA Government Securities Liquid Fund <sup>1</sup>	16,127	16-May-09	AAA (f)	10.71%	11.13%	11.03%
NAFA Money Market Fund <sup>1</sup>	1,216	24-Feb-12	AA (f)	10.89%	n/a	10.95%
NAFA Savings Plus Fund <sup>1</sup>	1,358	21-Nov-09	AA- (f)	10.34%	11.20%	10.69%
NAFA Riba Free Savings Fund <sup>1</sup>	889	21-Aug-10	AA- (f)	7.44%	11.14%	10.72%
NAFA Financial Sector Income Fund <sup>1</sup>	1,938	28-Oct-11	n/a	11.34%	n/a	12.48%
NAFA Asset Allocation Fund <sup>2</sup>	491	21-Aug-10	n/a	2.23%	20.05%	40.31%
NAFA Multi Asset Fund <sup>2</sup>	641	22-Jan-07	**** (4-star)	2.78%	18.01%	73.60%
NAFA Islamic Multi Asset Fund <sup>2</sup>	278	29-Oct-07	**** (4-star)	2.58%	17.85%	48.72%
NAFA Stock Fund <sup>2</sup>	1,112	22-Jan-07	**** (4-star)	3.67%	22.48%	41.44%

1 Annualized return  
2 Cumulative return  
n/a = Not applicable  
\* Stability rating for Fixed Income Funds and Star Ranking for Equity/Balanced Funds.

Note: Detailed monthly reports on NAFA Funds are available on our website at [www.nafafunds.com](http://www.nafafunds.com)

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MONTHLY REPORT (MUFAP's Recommended Format)  
Unit Price (30/04/2012): Rs. 10.0703

April 2012

**Performance**

Performance % *	April 2012	Jul. 2011- Apr. 2012	Trailing 12 Months	Since Launch May 16, 2009
NAFA Government Securities Liquid Fund	10.71%	11.00%	11.13%	11.03%
Benchmark	10.45%	10.82%	10.94%	11.01%

\* Represent Annualized Return - (based on morning star formula)  
(Returns are net of management fee & all other expenses)

**General Information**

Launch Date: May 16, 2009  
Fund Size: Rs. 16,127 million  
Type: Open-end – Money Market Fund  
Dealing Days: Daily – Monday to Saturday  
Dealing Time: (Mon - Thr) 9:00 A.M to 5:00 P.M  
(Friday) 9:00 A.M to 5:30 P.M  
(Saturday) 9:00 A.M to 1:00 P.M  
Settlement: 2-3 business days  
Pricing Mechanism: Forward Pricing  
Load: Front end: 0%, Back end: 0%  
Management Fee: 1.25% per annum  
Risk Profile: Exceptionally Low  
Fund Stability Rating: "AAA (f)" by PACRA  
Listing: Lahore Stock Exchange  
Custodian & Trustee: Central Depository Company (CDC)  
Auditors: A. F. Ferguson & Co.  
Chartered Accountants  
Benchmark: 70% 3-Month T-Bills & 30% average 3- Month deposit rates (AA & above rated banks)  
Fund Manager: Ahmad Nouman, CFA  
Minimum Subscription: Growth Unit: Rs. 10,000/-  
Income Unit: Rs. 100,000/-  
Asset Manager Rating: AM2- 'Positive Outlook' by PACRA

**Investment Objective**

To generate optimal return with minimum risk, to provide easy liquidity and reasonable income to its unit holders by investing primarily in short-term Government Securities.

**Fund Manager Commentary**

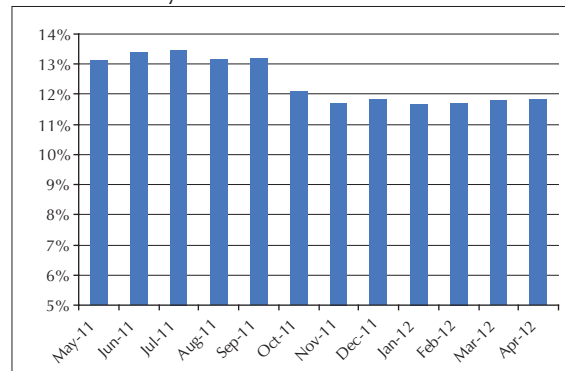
The Fund earned an annualized return of 10.71% during April 2012. The return for the first ten months of FY12 is 11.00% p.a. against the benchmark return of 10.82% p.a, hence an out-performance of 18 bps. This out-performance is net of management fee and all other expenses.

NGSLF's stability rating is 'AAA (f)' awarded by PACRA. The rating reflects exceptionally strong credit and liquidity profile of the Fund. Last 365 days' average daily allocation in short-term Government Securities was 88.47%. The investment value of NGSLF has not declined on any day since the launch of the Fund in May 2009. As of April 30, 2012, weighted average time to maturity of T-Bills asset class in your Fund is 42.7 days, while that of overall Fund is 44.7 days.

In the two T-Bill auctions of April, MoF cumulatively accepted around Rs. 316.36 billion in realized value against the target of Rs. 360 billion. The cut-off yields (p.a) for the last T- Bill auction were noted at 11.87% and 11.94% for the 3 months and 6 months, respectively, and 1 year T-Bill bids were rejected. Last three months auction pattern depicts major participation in 3 and 6 months, while negligible bids are placed in one year T-Bills.

Due to its short maturity the Fund will benefit from any increase in interest rates.

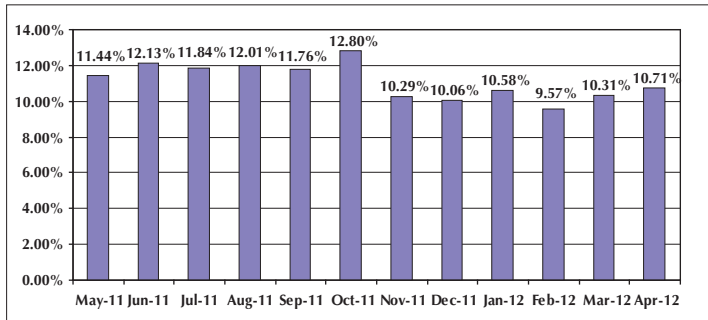
**Last 12 months monthly average of secondary market yields of 3 month T -Bills**



**Asset Allocation (% of NAV) 30-Apr-12 31-Mar-12**

T-Bills (Including Reverse Repo via Master Repurchase Agreement)	91.78%	87.13%
Placements with Banks	1.24%	3.14%
Placements with DFIs (AA+ & above rated)	5.58%	8.16%
Cash Equivalents	2.01%	1.95%
Other Net Liabilities	(0.61)%	(0.38)%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>
Leverage	Nil	Nil

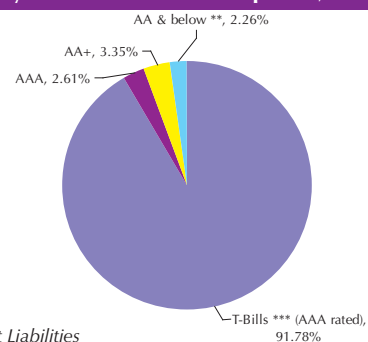
**Monthly Annualized Returns of NGSLF for last 12 months**



**Name of the Members of Investment Committee**

Dr. Amjad Waheed, CFA  
Sajjad Anwar, CFA  
Ahmad Nouman, CFA  
Tanvir Abid, CFA, FRM

**Credit Quality of the Portfolio as of April 30, 2012 (% of NAV)**



\*\* Net of Other Net Liabilities

\*\*\* Including Reverse Repo via Master Repurchase Agreement

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MONTHLY REPORT (MUFAP's Recommended Format)  
Unit Price (30/04/2012): Rs. 10.0177

April 2012

Performance		
Performance % *	April 2012	Since Launch February 24, 2012
NAFA Money Market Fund	10.89%	10.95%
Benchmark	7.02%	7.29%

\* Represent Annualized Return - (based on morning star formula)  
(Returns are net of management fee & all other expenses)

General Information		Investment Objective
Launch Date:	February 24, 2012	To provide stable income stream with preservation of capital by investing in AA and above rated banks and money market instruments.
Fund Size:	Rs. 1,216 million	
Type:	Open-end – Money Market Fund	<b>Fund Manager Commentary</b>
Dealing Days:	Daily – Monday to Saturday	
Dealing Time:	(Mon - Thr) 9:00 A.M to 5:00 P.M (Friday) 9:00 A.M to 5:30 P.M (Saturday) 9:00 A.M to 1:00 P.M	The Fund earned an annualized return of 10.89% during April 2012 against the benchmark return of 7.02%, thus registering an out-performance of 3.87%. This out-performance is net of management fee and all other expenses. The Fund size increased by 9.27% during the month.
Settlement:	2-3 business days	
Pricing Mechanism	Forward Pricing	The Fund's Authorized Investments include T-Bills, Bank Deposits and Money Market instruments. Minimum rating is AA, while the Fund is not allowed to invest in any security exceeding six month maturity. The weighted average time to maturity of the Fund cannot exceed 90 days.
Load:	Front end: 0%, Back end: 0%	
Management Fee:	1.25% per annum	As the chart below depicts, allocation of the Fund is diversified across AAA rated T-Bills (50.75%), Placements with DFIs rated AA and above (36.18%) and Money Market Placements with AA and AA+ corporates (11.86%). The maturity of these sub-asset classes is 61 days, 28 days and 133 days, respectively. The weighted average time to maturity of the Fund is 57 days.
Risk Profile:	Very Low	
Fund Stability Rating:	"AA (f)" by PACRA	This Fund is expected to offer much higher return than average bank deposit rate of around 6%. Due to its short duration, the Fund will benefit from any increase in interest rates. The Fund is expected to continue to offer double-digit return going forward.
Listing:	Lahore Stock Exchange	
Custodian & Trustee:	Central Depository Company (CDC)	The Fund is rated AA(f) by PACRA which denotes a very strong capacity to maintain relative stability in returns and possesses very low exposure to risks. The management is announcing monthly dividends in the Fund.
Auditors:	A. F. Ferguson & Co. Chartered Accountants	
Benchmark:	3-Month deposit rates (AA & above rated banks)	<b>Credit Quality of the Portfolio as of April 30, 2012 (% of NAV)</b>
Fund Manager:	Khalid Anwar Chapra	
Minimum	Growth Unit: Rs. 10,000/-	
Subscription:	Income Unit: Rs. 100,000/-	
Asset Manager Rating:	AM2- 'Positive Outlook' by PACRA	
Asset Allocation (% of NAV)		
	30-Apr-12	31-Mar-12
T-Bills	50.75%	13.13%
Placements with DFIs	36.18%	29.65%
Money Market Placements	11.86%	10.92%
Placement with Banks	-	44.93%
Cash Equivalents	1.02%	0.73%
Other Net Assets	0.19%	0.64%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>
Leverage	Nil	Nil
Name of the Members of Investment Committee		
Dr. Amjad Waheed, CFA Sajjad Anwar, CFA Ahmad Nouman, CFA Tanvir Abid, CFA, FRM Khalid Anwar Chapra		

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MONTHLY REPORT (MUFAP's Recommended Format)

Unit Price (30/04/2012): Rs. 10.0381

April 2012

## Performance

Performance % *	April 2012	Jul. 2011- Apr. 2012	Trailing 12 Months	Since Launch November 21, 2009
NAFA Savings Plus Fund	10.34%	11.20%	11.20%	10.69%
Benchmark	8.14%	8.40%	8.48%	8.32%

\* Represent Annualized Return - (based on morning star formula)  
(Returns are net of management fee & all other expenses)

## General Information

Launch Date:	November 21, 2009
Fund Size:	Rs. 1,358 million
Type:	Open-end – Income fund
Dealing Days:	Daily – Monday to Saturday
Dealing Time:	(Mon - Thr) 9:00 A.M to 5:00 P.M (Friday) 9:00 A.M to 5:30 P.M (Saturday) 9:00 A.M to 1:00 P.M
Settlement:	2-3 business days
Pricing Mechanism:	Forward Pricing
Load:	Front end: 0%, Back end: 0%
Management Fee:	1.50% per annum (w.e.f March 11, 2012)
Risk Profile:	Very Low
Fund Stability Rating:	"AA- (f)" by PACRA
Listing:	Lahore Stock Exchange
Custodian & Trustee:	Central Depository Company (CDC)
Auditors:	A. F. Ferguson & Co. Chartered Accountants
Benchmark:	Average 6-Month deposit rate (A & above rated banks)
Fund Manager:	Ahmad Nouman, CFA
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-
Asset Manager Rating:	AM2- 'Positive Outlook' by PACRA

## Investment Objective

To minimize risk, preserve capital and generate a reasonable return along with a high degree of liquidity from a portfolio primarily constituted of bank deposits and money market instruments.

## Fund Manager Commentary

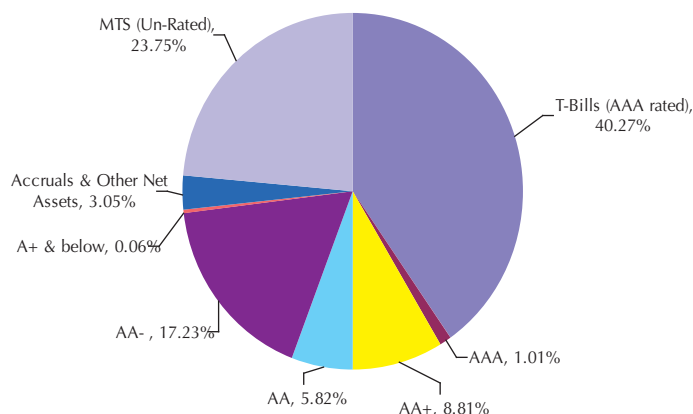
The Fund earned an annualized return of 10.34% during the month versus the benchmark return of 8.14% p.a, thus depicting an out-performance of 2.20% p.a. Last one year return of the Fund is 11.20% against benchmark return of 8.48%, hence an out-performance of 2.72%. Since its inception the out-performance of the Fund against the benchmark is 2.37% p.a. This out-performance is net of management fee and all other expenses.

The allocation in T-Bills is around 40%, placements with DFIs is around 18%, MTS is around 24% and allocation in Money Market Placements issued by AA+ and AA rated entities is around 8%. The respective asset class maturities were at 64 days, 63 days, 60 days and 99 days at the end of April 2012. The weighted average maturity of the entire Fund is around 59 days.

The allocation in Margin Trading System (MTS) remained at around 24%. Our internal guidelines permit financing in only fundamentally strong companies with lower volatility. It is pertinent to mention that in this asset class the Fund provides financing at only pre-determined rates of return with no direct exposure to the stock market.

NSPF is one of the highest rated income funds in the market. It cannot invest in any avenue which has more than six months maturity, nor can it invest in debt securities and Equities. Moreover, it cannot invest in money market instruments below credit rating of 'AA-'. The investment value of the Fund has not declined on any day since its launch in November 2009.

## Credit Quality of the Portfolio as of April 30, 2012 (% of NAV)

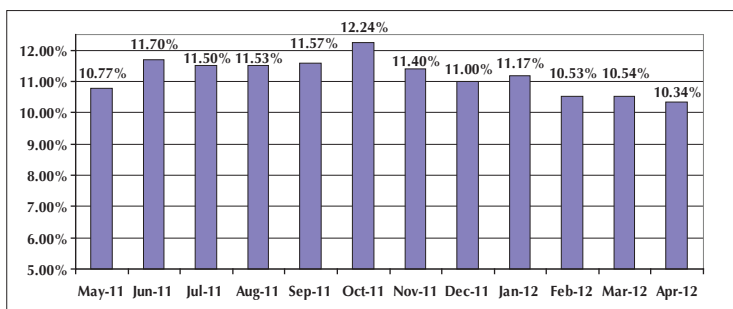


## Asset Allocation (% of NAV)

30-Apr-12 31-Mar-12

Asset Allocation (% of NAV)	30-Apr-12	31-Mar-12
T-Bills	40.27%	38.43%
Money Market Placements	7.93%	8.40%
Placements with DFIs	18.42%	15.98%
Margin Trading System (MTS)	23.75%	24.57%
Cash Equivalents	6.58%	9.98%
Other Net Assets	3.05%	2.64%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>
Leverage	Nil	Nil

## Monthly Annualized Returns of NSPF for last 12 months



## Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA  
Sajjad Anwar, CFA  
Ahmad Nouman, CFA  
Tanvir Abid, CFA, FRM

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MONTHLY REPORT (MUFAP's Recommended Format)  
Unit Price (30/04/2012): Rs. 10.1227

April 2012

## Performance

Performance % *	April 2012	Jul. 2011- Apr. 2012	Trailing 12 Months	Since Launch August 21, 2010
NAFA Riba Free Savings Fund	7.44%	10.98%	11.14%	10.72%
Benchmark	8.04%	8.29%	8.31%	8.29%

\* Represent Annualized Return - (based on morning star formula)  
(Returns are net of management fee & all other expenses)

## General Information

Launch Date:	August 21, 2010
Fund Size:	Rs. 889 million
Type:	Open-end – Shariah Compliant Income Fund
Dealing Days:	Daily – Monday to Saturday
Dealing Time:	(Mon - Thr) 9:00 A.M to 5:00 P.M (Friday) 9:00 A.M to 5:30 P.M (Saturday) 9:00 A.M to 1:00 P.M
Settlement:	2-3 business days
Pricing Mechanism:	Forward Pricing
Load:	Front end: 0%, Back end: 0%
Management Fee:	1.25% per annum (w.e.f March 11, 2012)
Risk Profile:	Very Low
Fund Stability Rating:	"AA-(f)" by PACRA
Listing:	Lahore Stock Exchange
Custodian & Trustee:	Central Depository Company (CDC)
Auditors:	A. F. Ferguson & Co. Chartered Accountants
Benchmark:	Average 6-month deposit rate of A- and above rated Islamic Banks
Fund Manager:	Khalid Anwar Chapra
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-
Asset Manager Rating:	AM2- 'Positive Outlook' by PACRA

## Investment Objective

To provide preservation of capital and earn a reasonable rate of return along with a high degree of liquidity by investing in short-term Shariah compliant banks and money market / debt securities.

## Fund Manager Commentary

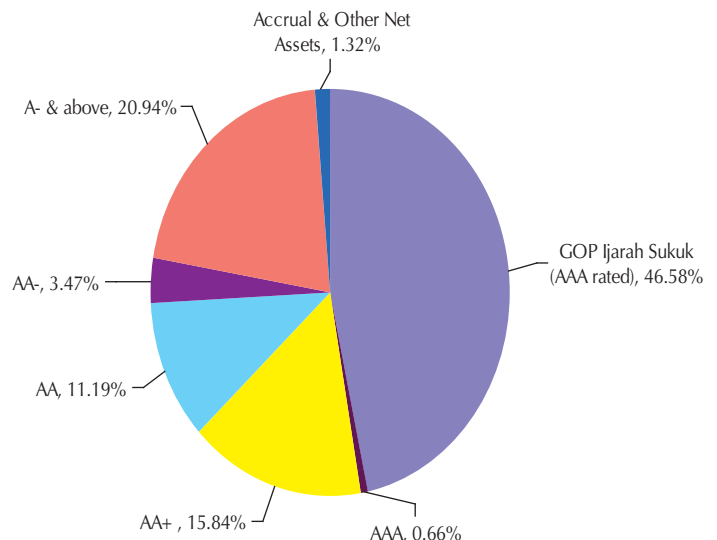
The annualized return generated by NRF SF for the month of April 2012 is 7.44%. This is lower on account of rationalization of GOP Ijarah Sukuk prices towards par values as these were at some premium previously. It is pertinent to mention that the Fund will receive the same profits as was envisaged at the time of investments, this is mere a book entry and not a realized impact. In the last 365 days, the Fund has out-performed its benchmark by 2.83% by earning a return of 11.14%. This outperformance is net of management fee and all other expenses.

The Fund aims to consistently provide better returns than profit rates offered by Islamic Banks / Islamic windows of commercial banks, while also providing easy liquidity along with a high quality credit profile. The Fund is not authorized to invest in corporate debt securities and the stock market. The Fund can invest in short-term Shariah compliant money market securities of up to six months if rated AA- or better. With stability rating of AA-(f), the Fund is amongst the highest rated Islamic Income Funds in the market.

Government of Pakistan Ijarah Sukuks is the largest asset class of your Fund with around 46.58% allocation. GOP Ijarah Sukuks are floating rate Shariah compliant debt securities with six monthly coupon resets and an average duration of three months. This minimizes pricing risk.

The average duration of the Fund is 45 days and the weighted average time to maturity of the Fund is 1.09 years.

## Credit Quality of the Portfolio as of April 30, 2012 (% of NAV)



## Asset Allocation (% of NAV)

	30-Apr-12	31-Mar-12
GOP Ijarah Sukuk - Govt. Backed	46.58%	44.62%
Islamic Money Market Placements	23.85%	26.42%
Cash Equivalents	28.25%	26.82%
Other Net Assets	1.32%	2.14%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>
Leverage	Nil	Nil

## Top Holdings (as at April 30, 2012)

Name of Sukuk	% of Net Assets
GOP Ijarah (Sukuk IX)	17.65%
GOP Ijarah (Sukuk VIII)	14.07%
HUBCO Short Term Islamic Sukuk	11.26%
GOP Ijarah (Sukuk V)	9.57%
Engro Fertilizer Ltd. Short Term Sukuk	8.09%
KAPCO Short Term Islamic Sukuk	4.50%
GOP Ijarah (Sukuk XI)	2.36%
GOP Ijarah (Sukuk VI)	2.03%
GOP Ijarah (Sukuk VII)	0.90%
<b>Total</b>	<b>70.43%</b>

## Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA  
Sajjad Anwar, CFA  
Ahmad Nouman, CFA  
Tanvir Abid, CFA, FRM  
Khalid Anwar Chapra

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Performance			
Performance % *	April 2012	Jan. - Apr. 2012	Since Launch October 28, 2011
NAFA Financial Sector Income Fund	11.34%	12.19%	12.48%
Benchmark	10.72%	10.73%	10.74%

\* Represent Annualized Return - (based on morning star formula)  
(Returns are net of management fee & all other expenses)

**General Information**

Launch Date: October 28, 2011  
Fund Size: Rs. 1,938 Million  
Type: Open-end – Income Fund  
Dealing Days: Daily – Monday to Saturday  
Dealing Time: (Mon - Thr) 9:00 A.M to 5:00 P.M  
(Friday) 9:00 A.M to 5:30 P.M  
(Saturday) 9:00 A.M to 1:00 P.M  
Settlement: 2-3 business days  
Pricing Mechanism: Forward Pricing  
Load: Front end: 0%, Back end: 0%  
Management Fee: 1.5% per annum  
Risk Profile: Low  
Listing: Lahore Stock Exchange  
Custodian & Trustee: Central Depository Company (CDC)  
Auditors: A. F. Ferguson & Co.  
Chartered Accountants  
Benchmark: 70% 6-Month KIBOR & 30% average 3-Month deposit rates (A & above rated banks)  
Fund Manager: Khalid Anwar Chapra  
Minimum Subscription: Growth Unit: Rs. 10,000/-  
Income Unit: Rs. 100,000/-  
Asset Manager Rating: AM2- 'Positive Outlook' by PACRA

**Investment Objective**

To provide income enhancement and preservation of capital by investing in prime quality Financial Sector TFCs/Sukuks, Bank deposits and short-term money market instruments.

**Fund Manager Commentary**

The annualized return generated by NFSIF for the month of April 2012 is 11.34% versus the benchmark return of 10.72% p.a., thus out-performing the benchmark return by 0.62%. Since its inception the Fund's annualized return is 12.48% against benchmark return of 10.74%, hence out-performing the benchmark by 1.74%. This outperformance is net of management fee and all other expenses.

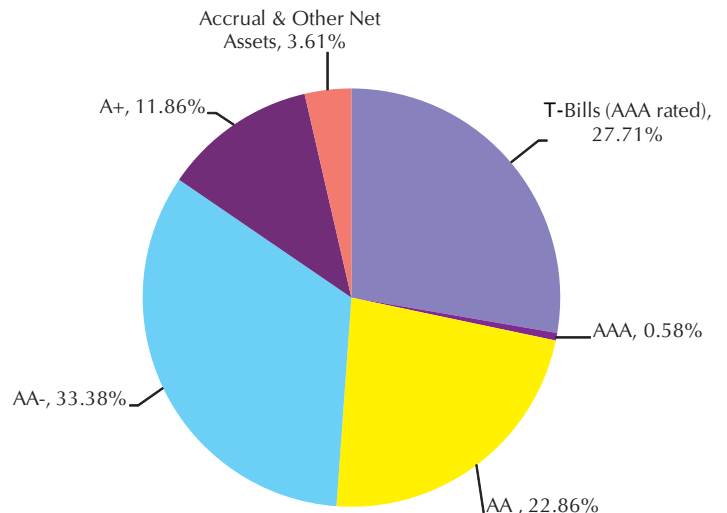
The Fund is unique as it invests a minimum of 70% of its assets in financial sector debt securities, instruments or deposits. Minimum entity rating of issuers of debt securities (mainly banks) is AA-. This minimizes credit risk and at the same time enhances the liquidity of the Fund. All debt securities in the Fund are floating rate i.e. linked to KIBOR. Duration of the Fund cannot be more than one year. This minimizes interest rate or pricing risk. The Fund invests 25% of its assets in less than 90 days T-Bills or saving accounts with banks, which further enhances the liquidity profile of the Fund.

The allocation in TFCs decreased during the month due to increase in Fund size. We will increase the exposure in AA rated TFCs which will improve the yield of the Fund. Moreover, exposure in banks will be enhanced to benefit from high profit rate on TDR due to half year end effect.

The weighted average time-to-maturity and yield-to-maturity of the Fund is 1.67 years and 12.34% p.a. respectively, while that of the TFC portfolio is 2.74 years and 13.56%. The weighted average credit quality of the Fund is AA.

Asset Allocation (% of NAV)	30-Apr-12	31-Mar-12
T-Bills	27.71%	28.02%
TFCs	59.95%	63.65%
Placement with DFIs	4.38%	2.19%
Cash Equivalents	4.35%	3.97%
Other Net Assets	3.61%	2.17%
Total	100.00%	100.00%
Leverage	Nil	Nil

**Credit Quality of the Portfolio as of April 30, 2012 (% of NAV)**



**Top Holdings (as at April 30, 2012)**

Name of TFC	% of Net Assets
United Bank Limited IV	14.28%
Bank Alfalah Limited (Floater)	14.26%
Faysal Bank Limited II	13.55%
NIB Bank Limited	7.24%
Soneri Bank Limited	4.62%
Allied Bank Limited II	3.35%
Allied Bank Limited I	1.13%
United Bank Limited III	0.83%
Askari Bank Limited III	0.69%
Total	59.95%

**Name of the Members of Investment Committee**

Dr. Amjad Waheed, CFA  
Sajjad Anwar, CFA  
Ahmad Nouman, CFA  
Tanvir Abid, CFA, FRM  
Khalid Anwar Chapra

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MONTHLY REPORT (MUFAP's Recommended Format)  
Unit Price (30/04/2012): Rs11.6999

April 2012

## Performance

Performance % *	April 2012	Jul. 2011- Apr. 2012	Trailing 12 Months	Since Launch August 21, 2010
NAFA Asset Allocation Fund	2.23%	17.46%	20.05%	40.31%
Benchmark	0.92%	7.81%	8.71%	20.98%

\* Cumulative returns are net of management fee & all other expenses

## General Information

Launch Date:	August 21, 2010
Fund Size:	Rs.491 million
Type:	Open-end – Asset Allocation Fund
Dealing Days:	Daily – Monday to Friday
Dealing Time:	(Mon-Thr) 9:00 A.M to 5:00 P.M (Friday) 9:00 A.M to 5:30 P.M
Settlement:	2-3 business days
Pricing Mechanism:	Forward Pricing
Load:	Front end – 2%, Back end - 0%
Management Fee:	2% per annum
Risk Profile:	Moderate
Listing:	Lahore Stock Exchange
Custodian & Trustee:	Central Depository Company (CDC)
Auditors:	A. F. Ferguson & Co. Chartered Accountants
Benchmark:	1/3 of average 3-month bank deposit rate; 1/3 of 6-month KIBOR; 1/3 of KSE 30 Index
Fund Manager:	Hussain Yasar
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-
Asset Manager Rating:	AM2-'Positive Outlook' by PACRA

## Investment Objective

To generate income by investing in Debt & Money Market securities and to generate capital appreciation by investing in equity and equity related securities.

## Fund Manager Commentary

During the month under review, NAFA Asset Allocation Fund's (NAAF) Net Asset Value (NAV) increased by 2.23% while the benchmark increased by 0.92%. Thus your Fund out-performed the benchmark by 1.31%. Since inception on August 21, 2010 the Fund has increased by 40.31%, while the Benchmark has increased by 20.98%. Thus, to-date the out-performance of your Fund stands at 19.33%.

The stock market's positive momentum continued during the month. NAAF remained overweight in equities throughout the month, which benefited the Fund. The Fund has sizeable overweight positions in key Banking and Cement sub-sector stocks that performed better than the market thereby contributing to the out-performance. Moreover, Fund's underweight position in key companies of Chemical sector and Oil & Gas Exploration sub-sector, which lagged the market contributed to the out-performance.

As the graph depicts, NAAF has generated superior return along with downside protection due to proactive asset allocation and better security selection. We will strive to offer better returns to the investor going forward as well.

## Asset Allocation (% of NAV) 30-Apr-12 30-Mar-12

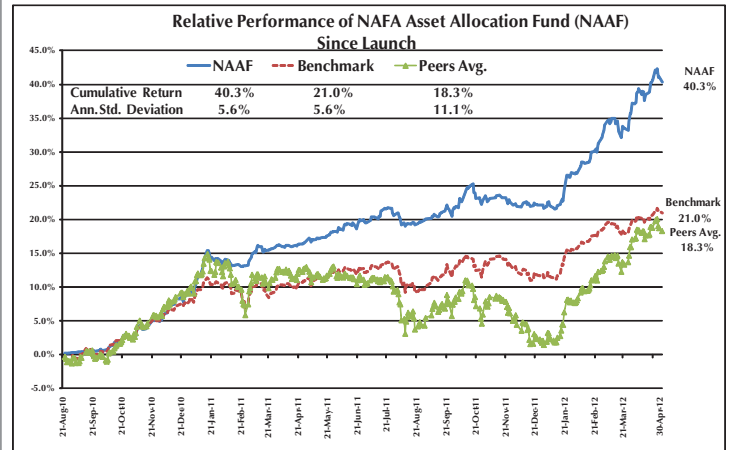
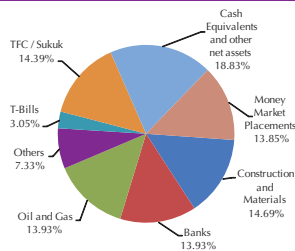
	30-Apr-12	30-Mar-12
Equities / Stocks	49.88%	55.24%
TFCs	14.39%	16.24%
Cash Equivalents	9.73%	9.45%
Money Market Placements	13.85%	15.54%
T-Bills	3.05%	5.70%
Other Net Assets / (Liabilities)	9.10%	(2.17%)
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>
Leverage	Nil	Nil

## Characteristics of Equity Portfolio\*\*

	PER	PBV	DY
NAAF	6.0	2.3	8.2%
KSE-30	7.3	3.5	7.9%

\*\* Based on NAFA's estimates

## Asset Allocation (as on April 30, 2012)



## Top Ten Holdings (as on April 30, 2012)

Name	Asset Class	% of NAV
Lucky Cement Limited	Equity	7.84%
HUBCO	Sukuk	7.74%
KAPCO	Sukuk	6.11%
Pakistan Oilfields Ltd.	Equity	5.87%
Fauji Fertilizer Co. Ltd.	Equity	5.41%
Allied Bank Limited I	TFC	5.07%
Attock Cem.Pak.Ltd	Equity	5.02%
United Bank Ltd.	Equity	4.41%
Pak Petroleum Ltd.	Equity	4.18%
MCB Bank Limited	Equity	4.12%
<b>Total</b>		<b>55.77%</b>

## Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA  
Sajjad Anwar, CFA  
Tanvir Abid, CFA, FRM  
Ahmad Nouman, CFA  
Hussain Yasar

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MONTHLY REPORT (MUFAP's Recommended Format)  
Unit Price (30/04/2012): Rs.10.8946

April 2012

Performance				
Performance % *	April 2012	Jul. 2011- Apr. 2012	Trailing 12 Months	Since Launch January 22, 2007
NAFA Multi Asset Fund	2.78%	17.44%	18.01%	73.60%
Benchmark	1.07%	8.34%	8.93%	34.62%

\* Cumulative returns are net of management fee & all other expenses

General Information	
Launch Date:	January 22, 2007
Fund Size:	Rs. 641 million
Type:	Open-end – Balanced Fund
Dealing Days:	Daily – Monday to Friday
Dealing Time:	(Mon-Thr) 9:00 A.M to 5:00 P.M (Friday) 9:00 A.M to 5:30 P.M
Settlement:	2-3 business days
Pricing Mechanism:	Forward Pricing
Load:	Front end – 3%, Back end - 0%
Management Fee:	2% per annum (Effective Jan 22,2012)
Risk Profile:	Moderate
Listing:	Lahore Stock Exchange
Custodian & Trustee:	Central Depository Company (CDC)
Auditors:	M. Yousuf Adil Saleem & Co. Chartered Accountants
Benchmark:	50% KSE-30 Index & 50% 3-month KIBOR
Fund Manager:	Sajjad Anwar, CFA
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-
Asset Manager Rating:	AM2-'Positive Outlook' by PACRA

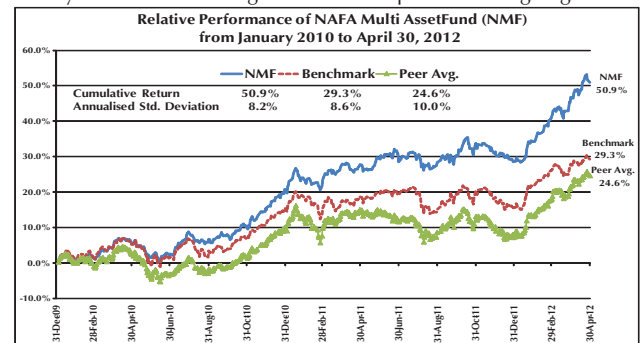
**Investment Objective**  
To provide investors with a combination of capital growth and income. NMF aims to achieve attractive returns at moderate levels of risk by investing in a variety of asset classes such as stocks, bonds, money market instruments, CFS etc.

**Fund Manager Commentary**  
During the month under review, NAFA Multi Asset Fund's (NMF) Net Asset Value (NAV) increased by 2.78% while the benchmark increased by 1.07%. Thus your Fund out-performed the benchmark by 1.71%. Since inception on January 22, 2007 your Fund has increased by 73.60%, while the benchmark has increased by 34.62%. Thus, to-date the out-performance of your Fund stands at 38.98%. This out-performance is net of management fee and all other expenses.

NMF is a Balanced Fund and market weight implies 50% weight in equities and 50% in fixed income asset class. The stock market's positive momentum continued during the month. NMF's out-performance resulted from better-than-market performance of its key holdings in the Construction & Materials, Banks and Oil & Gas sectors. Further, the Fund's holdings in the Media sector and Jute sub-sector out-performed the market that benefited the Fund. NMF's allocation in the Construction & Materials sub-sector was enhanced while the weightage in the Banks sector and Fertilizer sub-sector was reduced. NMF remained overweight in equities throughout April. However, at the end of the month the weight was slightly reduced and stood at around 59%.

NMF is invested in high dividend yielding stocks of defensive sectors. The portfolio of NMF is priced at forward earnings multiple of 5.9x, offering 7.9% dividend yield. We are striving to continue to perform well going forward.

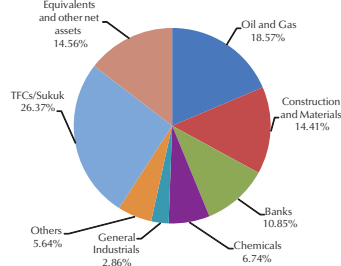
Asset Allocation (% of NAV)	30-Apr-12	30-Mar-12
Equities / Stocks	59.07%	61.81%
TFCs / Sukuks	26.37%	27.21%
Cash Equivalents	5.78%	5.78%
T-Bills	-	4.79%
Other Net Assets	8.78%	0.41%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>
Leverage	Nil	Nil



Characteristics of Equity Portfolio**			
	PER	PBV	DY
NMF	5.9	2.4	7.9%
KSE-30	7.3	3.5	7.9%

\*\* Based on NAFA's estimates

### Asset Allocation (as on April 30, 2012)



### Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA  
Sajjad Anwar, CFA  
Tanvir Abid, CFA, FRM  
Ahmad Nouman, CFA

### Top Ten Holdings (as on April 30, 2012)

Name	Asset Class	% of NAV	Name	Asset Class	% of NAV
Pakistan Oilfields Ltd.	Equity	8.25%	MCB Bank Limited	Equity	4.40%
Maple Leaf Cement	SUKUK	8.17%	Avari Hotels Limited	TFC	3.80%
Lucky Cement Limited	Equity	7.98%	Saudi Pak Leasing	TFC	3.54%
Fauji Fertilizer Co. Ltd.	Equity	6.71%	D.G.Khan Cement Co.	Equity	3.52%
Pak Petroleum Ltd.	Equity	4.88%	Oil & Gas Dev.Co	Equity	3.19%

### Details of Non-Compliant Investments

Particulars	Type of Investment	Value of Investments before Provision	Provision held	Value of Investments after Provision	% of Net Assets	% of Gross Assets	Yield to Maturity per annum
Eden Housing	SUKUK	31,406,250	10,948,564	20,457,686	3.19%	3.14%	28.67%
Maple Leaf Cement	SUKUK	88,270,859	35,898,611	52,372,248	8.17%	8.04%	37.78%
Pak Elektron Limited	SUKUK	17,142,857	3,790,474	13,352,383	2.08%	2.05%	17.29%
Saudi Pak Leasing	TFC	34,353,300	11,671,637	22,681,663	3.54%	3.48%	19.37%
Maple Leaf Cement	SUKUK	3,315,000	3,315,000	-	-	-	-
New Allied Electronics	SUKUK	10,000,000	10,000,000	-	-	-	-
<b>Total</b>		<b>184,488,266</b>	<b>75,624,286</b>	<b>108,863,980</b>	<b>16.98%</b>	<b>16.71%</b>	

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## Performance

Performance % *	April 2012	Jul. 2011- Apr. 2012	Trailing 12 Months	Since Launch October 29, 2007
NAFA Islamic Multi Asset Fund	2.58%	14.98%	17.85%	48.72%
Benchmark	1.71%	11.35%	13.53%	NA**

\* Cumulative returns are net of management fee & all other expenses

\*\* KMI-30 Index was launched from September 2008

## General Information

Launch Date:	October 29, 2007
Fund Size:	Rs. 278 million
Type:	Shariah Compliant - Open-end – Balanced Fund
Dealing Days:	Daily – Monday to Friday
Dealing Time:	(Mon-Thr) 9:00 A.M to 5:00 P.M (Friday) 9:00 A.M to 5:30 P.M
Settlement:	2-3 business days
Pricing Mechanism	Forward Pricing
Load:	Front end – 3%, Back end - 0%
Management Fee:	3% per annum
Risk Profile	Moderate
Listing:	Lahore Stock Exchange
Custodian & Trustee:	Central Depository Company (CDC)
Auditors:	KPMG Taseer Hadi & Co. Chartered Accountants
Benchmark:	50% KMI - 30 Index & 50% average 3- month profit rate of Islamic banks.
Fund Manager:	Sajjad Anwar, CFA
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-
Asset Manager Rating:	AM2-'Positive Outlook' by PACRA

## Investment Objective

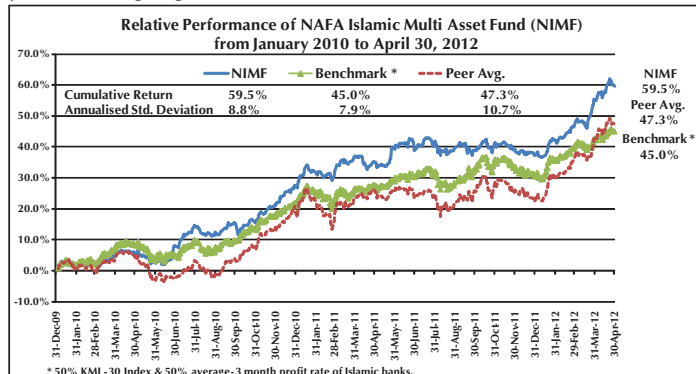
To provide investors with a combination of capital growth and income by investing in Shariah compliant investments. NIMF aims to achieve attractive returns at moderate levels of risk by investing in a variety of Shariah compliant securities, instruments and avenues such as Equities, Musharakah, Murabahah, Ijarah etc.

## Fund Manager Commentary

During the month under review, Net Asset Value (NAV) of NAFA Islamic Multi Asset Fund (NIMF) increased by 2.58%, whereas the benchmark increased by 1.71%, thus your Fund out-performed the benchmark by 0.87%.

NIMF is a Balanced Fund and market weight implies 50% weight in equities and 50% in fixed income asset class. The stock market's positive momentum continued during the month. NIMF out-performed during the month on the back of its holdings in the Construction & Materials sector that performed better than the market. Further, NIMF's key holdings in the General Industrials sector and Oil & Gas Exploration sub-sector performed better than the market, which benefited the Fund. During the month the weightage in the Construction & Materials sector was increased while the allocation in the Electricity and Oil & Gas sector was reduced. NIMF remains over-weight in equities and the allocation at the end of April stands at around 61%.

NIMF is invested in high dividend yielding Shariah Compliant stocks of defensive sectors. The portfolio of NIMF is priced at a forward earnings multiple of 6.5x, offering 7.8% dividend yield. We are striving to continue to perform well going forward.



## Asset Allocation (% of NAV)

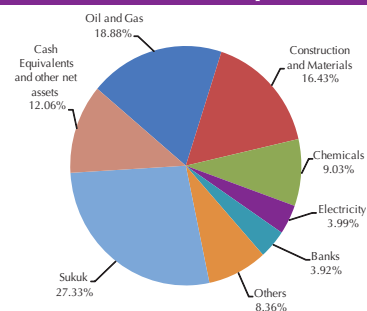
	30-Apr-12	30-Mar-12
Equities / Stocks	60.61%	62.70%
Sukuks	27.33%	28.65%
Cash Equivalents	4.85%	9.26%
Other Net Assets / (Liabilities)	7.21%	(0.61%)
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>
Leverage	Nil	Nil

## Characteristics of Equity Portfolio\*\*\*

	PER	PBV	DY
NIMF	6.5	3.1	7.8%
KMI-30	7.0	3.6	8.3%

\*\*\* Based on NAFA's estimates

## Asset Allocation (as on April 30, 2012)



## Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA  
Sajjad Anwar, CFA  
Tanvir Abid, CFA, FRM  
Ahmad Nouman, CFA

## Top Ten Holdings (as on April 30, 2012)

Name	Asset Class	% of NAV	Name	Asset Class	% of NAV
Maple Leaf Cement	SUKUK	10.67%	Pak Elektron Limited	SUKUK	6.01%
Lucky Cement Limited	Equity	9.07%	Kohat Cement Limited	SUKUK	5.79%
Pakistan Oilfields Ltd.	Equity	8.15%	Pak Petroleum Ltd.	Equity	5.41%
D. G. Khan Cement Co.	Equity	6.18%	Hub Power Company Limited	Equity	3.99%
Fauji Fertilizer Co. Ltd.	Equity	6.06%	Meezan Bank Ltd.	Equity	3.92%

## Details of Non-Compliant Investments

Particulars	Type of Investment	Value of Investments before Provision	Provision held	Value of Investments after Provision	% of Net Assets	% of Gross Assets	YTM Per Annum
Kohat Cement Limited ****	SUKUK	21,700,000	5,633,884	16,066,116	5.79%	5.67%	27.64%
Eden Housing	SUKUK	15,703,125	5,474,282	10,228,843	3.69%	3.61%	28.67%
Maple Leaf Cement	SUKUK	49,904,375	20,295,461	29,608,914	10.67%	10.44%	37.78%
Pak Elektron Limited	SUKUK	21,428,571	4,738,093	16,690,478	6.01%	5.89%	17.29%
Maple Leaf Cement	SUKUK	1,875,000	1,875,000	-	-	-	-
<b>Total</b>		<b>110,611,071</b>	<b>38,016,720</b>	<b>72,594,351</b>	<b>26.16%</b>	<b>25.61%</b>	

\*\*\*\*Book Value, performing but below A- (A minus)

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MONTHLY REPORT (MUFAP's Recommended Format)  
Unit Price (30/04/2012): Rs.8.1350

April 2012

## Performance

Performance % *	April 2012	Jul. 2011- Apr. 2012	Trailing 12 Months	Since Launch January 22, 2007
NAFA Stock Fund	3.67%	24.97%	22.48%	41.44%
Benchmark	1.14%	5.75%	4.57%	-8.52%

\* Cumulative returns are net of management fee & all other expenses

## General Information

Launch Date:	January 22, 2007
Fund Size:	Rs.1,112 million
Type:	Open-end – Equity Fund
Dealing Days:	Daily – Monday to Friday
Dealing Time:	(Mon-Thr) 9:00 A.M to 5:00 P.M (Friday) 9:00 A.M to 5:30 P.M
Settlement:	2-3 business days
Pricing Mechanism	Forward Pricing
Load:	Front end – 3%, Back end - 0%
Management Fee:	2% per annum (Effective Jan 22,2012)
Risk Profile	Moderate-to-High
Listing:	Lahore Stock Exchange
Custodian & Trustee:	Central Depository Company (CDC)
Auditors:	M. Yousuf Adil Saleem & Co. Chartered Accountants
Benchmark:	KSE-30 Index
Fund Manager:	Sajjad Anwar, CFA
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-
Asset Manager Rating:	AM2-'Positive Outlook' by PACRA

## 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.

## Fund Manager Commentary

During the month under review, the benchmark increased by 1.14% whereas NAFA Stock Fund's (NSF) Net Asset Value (NAV) increased by 3.67%, thus an out-performance of 2.53% was recorded. Since inception on January 22, 2007 the NAV of NSF has increased by 41.44% while the benchmark has declined by 8.52%, thus to date out-performance is 49.96%. This out-performance is net of management fee and all other expenses.

The stock market's positive momentum continued during the month. NSF's out-performance primarily resulted from its significant over-weight position in the Construction & Materials sector, which performed better than the market. Further, the Fund's key holdings in the Banks and Oil & Gas sector out-performed the market that benefited the Fund. During the month, we enhanced the weightage of NSF in the Construction & Materials and Oil & Gas sectors. On the other hand, the allocation in Banks sector and Fertilizer sub-sector was reduced. At the end of month, the weightage of NSF in equities was slightly reduced and stood at around 91%.

NSF is invested in stocks with sanguine valuations and strong growth prospects. The portfolio of NSF is priced at forward earnings multiple of 5.5x, offering 7.5% dividend yield. We are striving to continue to perform well going forward.

## Asset Allocation (% of NAV) 30-Apr-12 30-Mar-12

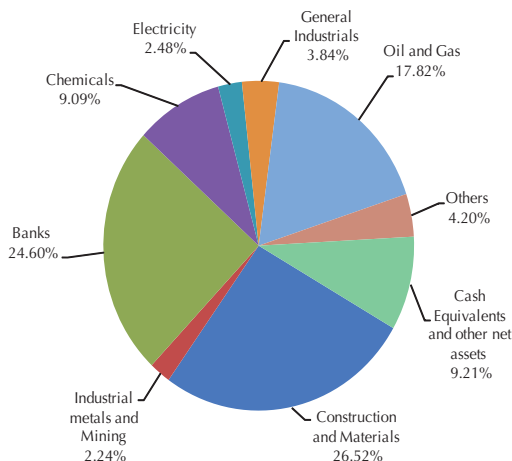
Asset Allocation (% of NAV)	30-Apr-12	30-Mar-12
Equities / Stock	90.80%	95.45%
Cash Equivalents	2.66%	2.25%
Other Net Assets	6.54%	2.30%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>
Leverage	Nil	Nil

## Characteristics of Equity Portfolio\*\*

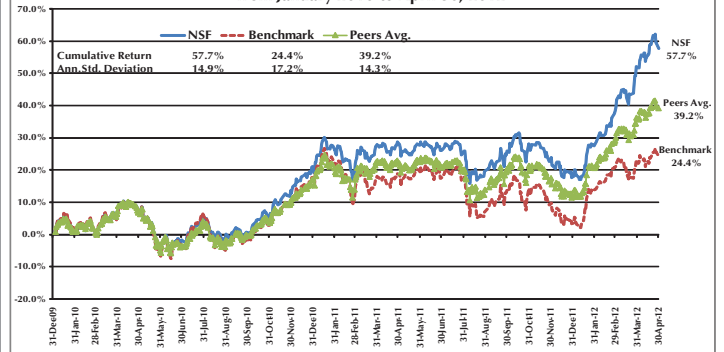
	PER	PBV	DY
NSF	5.5	1.9	7.5%
KSE-30	7.3	3.5	7.9%

\*\* Based on NAFA's estimates

## Asset Allocation (as on April 30, 2012)



Relative Performance of NAFA Stock Fund (NSF) from January 2010 to April 30, 2012



## Top Ten Equity Holdings (as on April 30, 2012)

Name	% of NAV	Name	% of NAV
Lucky Cement Limited	8.43%	D. G. Khan Cement Co.	5.75%
Pakistan Oilfields Ltd.	8.43%	Allied Bank Limited	5.24%
Pak Petroleum Ltd.	8.33%	Meezan Bank Ltd.	5.19%
Fauji Fertilizer Co. Ltd.	6.33%	MCB Bank Limited	4.93%
Cherat Cement Co. Ltd.	5.77%	Attock Cem.Pak.Ltd	4.61%

## Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA  
Sajjad Anwar, CFA  
Tanvir Abid, CFA, FRM

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