

NAFA Funds

Monthly Report (August 2011)



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Joint - Venture Partners

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Dr. Amjad Waheed, CFA
Chief Executive Officer

Presently, Pakistan has been assigned “B-” sovereign rating by Standard and Poor’s (S&P). The rating pertains to a country’s ability and willingness to service its commercial debt on time and in full. There are five key factors that form the basis of sovereign rating of S&P. These are: (i) institutional effectiveness and political risks; (ii) economic structure and growth prospects; (iii) external liquidity and international investment position; (iv) fiscal performance and debt burden; and (v) monetary flexibility.

S&P assigns ratings to 126 sovereign governments, and Hellenic Republic (Greece) is the only country among these governments that has been assigned a rating below than that of Pakistan. The other four countries that have been assigned the same B- rating as that of Pakistan are Belize, Ecuador, Grenada and Jamaica. Pakistan is ranked at the bottom of the list while India and Bangladesh are ranked 65th and 86th respectively. Several African countries like Uganda, Burkina Faso, Cameroon and Ghana are ranked higher than Pakistan.

Pakistan’s ranking should be a cause of concern for all stakeholders. The present economic situation raises the likelihood of a worsening economic, social, and security situation. Such a scenario will substantially increase the miseries of the people and the businesses, and it could take over a decade to recover from it. The solutions to avert it are already well documented: (i) taxing all sources of income, and imposition of heavy penalties and imprisonment for those not paying their due share; (ii) reduction of non-productive spending; (iii) privatization of state-owned enterprises; (iv) improvement of social net for the poor such as expansion of Benazir Income Support Program, and basic facilities such as education, health care, clean drinking water, etc. ; (v) providing an enabling environment to the private sector to grow by reducing government budget deficits and interest rates, improving law & order situation, and resolving the energy crises.

An important question for investors in the Pakistani stock market is whether the country risk is already reflected in the share prices. To answer this question we have analyzed the stock markets valuations and economic growth rates of 40 countries in relation to their risk rating. Table 1 summarizes the results. For all categories of rating above “B”, the earnings yields of the stock markets are in the range of 7.8% to 10%, with an average yield of about 9%. The earnings yield of the Pakistan stock market is around 16%. Purely based on earnings yield, and ignoring the economic growth prospects and risks, Pakistan’s stock market seems very attractive versus other countries. When compared with the stock markets of countries in the same rating category (B), the Pakistan’s market has a higher earnings yield. The higher earnings yield versus other countries is a reflection of the higher inflation and credit risk. Investors demand a higher return while investing in Pakistan to be compensated for the higher risks versus other countries.

Based on the 16% earnings yield, we believe that the economic risks and growth prospects are adequately reflected in the Pakistan’s stock market valuations. Some foreign and local investors will be bold enough to continue to invest despite high economic risks in pursuit of higher returns. Investing in the stock market means investing in businesses. Businesses generally increase the price of their products and services in line with the inflationary trends. Thus, investing in the stock market for the long-term can be a good hedge against inflation.

Table 1 – Sovereign Risk and Stock Market Valuations

Rating Category	No. of Countries	Earnings Yield 2011F	GDP Growth 2011F
AAA	12	9.6%	2.8%
AA	7	7.8%	3.1%
A	6	9.1%	3.8%
BBB	9	8.7%	4.4%
BB	3	9.8%	4.4%
B	3	14.0%	4.3%
Average	-	9.1%	3.6%
Pakistan (B-)		16.2%	2.4%

Stock Market Review

The stock market plunged during the month of August on very thin volumes. Key factors responsible for this downfall are US rating downgrade and associated global equity sell-off, severe energy crisis, mounting energy related circular debt; and worsening law and order situation. Local investors were net sellers in anticipation of heavy foreign selling. Lower than expected results announcements by the key companies belonging to different sectors also weakened the investors' confidence in the market. Currently stock market is trading at a forward PE multiple of 6.6 times. Corporate earnings are expected to grow at around 20% in the next four quarters. The month started with KSE-30 Index at 11,560 levels and lost around 10.5% to touch a low of 10,351 levels on August 19. Overall, during the month the KSE-30 Index lost around 9%.

State Bank of Pakistan unexpectedly decreased Policy rate by 50 basis points to 13.5% from 14% in its Monetary Policy announcement on July 30, 2011. Key factors cited were improvement in external accounts position and inflation outlook; and to arrest decline in Private sector investment. Foreign investors were net sellers in the market during the month with total outflow recorded at around US\$ 11.6 million. Trading volume remained stubbornly low during the month. Average Daily Trading volume was recorded at 49 million shares versus 58 million shares during the previous month.

During the month, Construction and Materials; and Electricity sectors out-performed the market while, Oil and Gas, Banking, Chemicals, and Personal Goods sectors lagged the market. Below expectations results announcements by the key oil exploration companies resulted in the under-performance of the Oil and Gas Exploration subsector. Approval of increase in the Oil Marketing Companies margin restored confidence in OMC sub-sector. Selected companies in the Fertilizer sub-sector under-performed the market due to chronic Gas curtailment while, other companies with healthy results announcements and payouts performed better than the market. Better than expected corporate results announcements and healthy profit margins attracted investors to take positions in key companies of Cement sub-sector. Investors' preference for high dividend payouts resulted in the out-performance of the Power sub-sector.

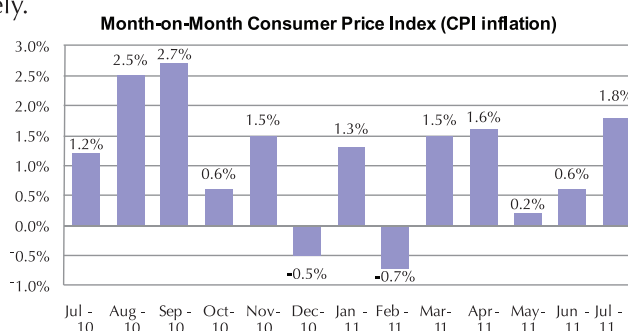
Going forward, key drivers of the stock market will be: Foreign Portfolio Investment (FPI) activity; development on domestic political situation; Bilateral and multilateral financial inflows; and inflation and interest rates outlook.

Fixed Income Review

The money market remained very tight during the month with overnight repo rates hovering just below the revised Discount Rate of 13.5%. This was because of banks preference for holding longer maturity Government Securities and usual Eid related outflows from banking system. The last T-Bills auctions' bid pattern of August 2011 showed almost entire participation in one year T-Bill, while negligible amounts in six months and three months. The 10-year PIB traded as low as 13.10% p.a. In the two T-bills auctions of August, SBP cumulatively accepted Rs. 300 billion against the target of Rs. 260 billion. The cut off yields (p.a.) for both T-Bills auctions were noted at 13.07%, 13.28% and 13.38% for the 3 months, 6 months and 12 months maturities respectively.

On the corporate debt sphere, market volumes reported by MUFAP remained thin in August as well. Total traded value reported by MUFAP for August 2011 was Rs 562 mln, as against a value of Rs. 687 mln in July 2011. Banking and Chemical sectors bonds accounted for 70.8% and 28.5% of the traded value respectively.

For July 2011 YoY Inflation (CPI) was 13.8%, while month-on-month inflation in July 2011 was 1.8%. Government borrowing from the scheduled banks is consistently increasing to finance fiscal deficit. In first fifty days of the current fiscal year, net Government borrowing from scheduled banks has risen by 9% or Rs 126 billion. Rising workers' remittances continue to provide a breather. However, there are concerns on the sustainability of this trend.



Continued market risk aversion has led NAFA Government Securities

Liquid Fund maintain Rs. 12 bln mark, which makes it the only 'AAA(f)' rated fund greater than Rs 10 billion in size. The last two funds in fixed income category launched by NAFA namely NAFA Riba Free Savings Fund and NAFA Savings Plus Fund, are also performing well posting double digit returns. In the current interest rate environment as mentioned above, the returns of these funds are expected to remain attractive, considering their very low credit risk profile. NAFA's management has started monthly distributions (dividends) in these three funds. For investors with long investment horizon of three or more years, our other income funds offer very attractive yields as TFC prices are at significant discount.

"August 2011"

FUND NAME	FUND SIZE (Rs. In million)	FUND LAUNCH DATE	STABILITY RATING	Aug- 2011	LAST ONE YEAR	SINCE LAUNCH
NAFA Government Securities Liquid Fund *	12,202	16-May-09	AAA (f)	12.01%	11.69%	11.11%
NAFA Savings Plus Fund *	579	21-Nov-09	AA- (f)	11.53%	10.99%	10.53%
NAFA Income Opportunity Fund * (Formerly NAFA Cash Fund)	2,378	22-Apr-06	A (f)	2.86%	6.17%	7.59%
NAFA Income Fund *	440	29-Mar-08	A- (f)	7.06%	-5.01%	1.53%
NAFA Islamic Aggressive Income Fund * (Formerly NAFA Islamic Income Fund)	174	29-Oct-07	BBB (f)	14.79%	8.82%	1.71%
NAFA Riba Free Savings Fund *	425	21-Aug-10	AA- (f)	11.62%	10.77%	10.83%
NAFA Islamic Multi Asset Fund **	279	29-Oct-07	***	-0.61%	25.30%	30.26%
NAFA Multi Asset Fund **	696	22-Jan-07	***	-0.86%	21.34%	47.74%
NAFA Stock Fund **	800	22-Jan-07	***	-4.31%	21.75%	7.39%
NAFA Asset Allocation Fund **	319	21-Aug-10	***	-0.52%	19.74%	20.04%
Total AUM	18,292					
* Annualized return						
** Cumulative return						
*** Not applicable						

Note: Detailed monthly reports on NAFA Funds are available on our website at www.nafafunds.com

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Performance

Performance % *	August 2011	Jan. - Aug. 2011	Trailing 12 Months	Since Launch May 16, 2009
NAFA Government Securities Liquid Fund	12.01%	11.90%	11.69%	11.11%
Benchmark	11.50%	11.58%	11.46%	11.12%

* Represent Annualized Return - (based on morning star formula)
(Returns are net of management fee, Workers' Welfare Fund (WWF) provisioning & all other expenses)

General Information

Launch Date:	May 16, 2009
Fund Size:	Rs. 12,202 million
Type:	Open-end – Money Market Fund
Dealing Days:	Daily – Monday to Saturday
Dealing Time:	(Mon - Fri) 9:00 A.M to 4:30 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 12.01% during August 2011, which is better than the benchmark return by 51 basis points (bps). The annualized return for first eight months of CY 2011 is 11.90% against the benchmark return of 11.58%, hence an out-performance of 32 bps. The management is announcing monthly dividends since July, 2011.

NGSLF's stability rating is 'AAA (f)' awarded by PACRA. The rating reflects exceptionally strong credit and liquidity profile of your Fund. NGSLF (i) allocates a minimum of 85% to Government Securities; (ii) maintains T-Bill portfolio maturity / duration below 45 days to minimize any interest rate risk; and (iii) maintains maximum maturity of a single T-Bill to three months. The investment value of NGSLF has not declined on any day since the launch of the Fund in May 2009.

Over the last three years Government has been relying heavily on scheduled banks to finance its fiscal deficit. As a result, outstanding stock of T-Bills is now over Rs 2.07 trillion. Continuation of this trend suggests that interest rates may not decline. This is likely to keep the return of your Fund attractive.

The inter-bank money market remained very tight as indicated by very high over night REPO rates, during the month because of Eid related outflows from banking system and banks preference of holding longer term securities. SBP regularly injected in the market through Open Market Operations with hefty amounts.

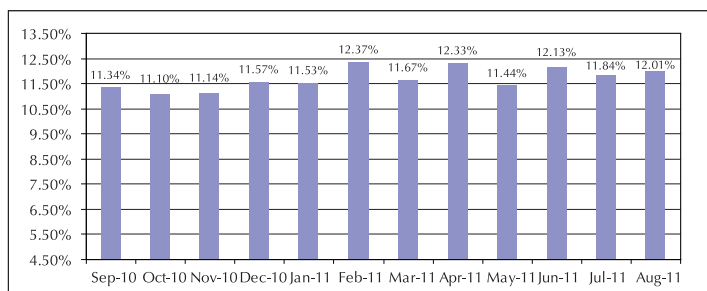
In the first eight months of the calendar year 2011, average daily allocation in short-term Government Securities was 87.66%. In the same period, T-Bills asset class maturity ranged from a minimum of 24 days to a maximum of 45 days, with the daily average at 39 days.

The average maturity of your Fund is around 43 days.

Asset Allocation (% of NAV) 30-Aug-11 30-Jul-11

Asset Allocation (% of NAV)	30-Aug-11	30-Jul-11
T-Bills (Including Reverse Repo via Master Repurchase Agreement)	88.11%	92.73%
Placements with Banks	9.42%	4.86%
Cash Equivalents	2.69%	2.53%
Other Liabilities	-0.22%	-0.12%
Total	100.00%	100.00%
Leverage	Nil	Nil

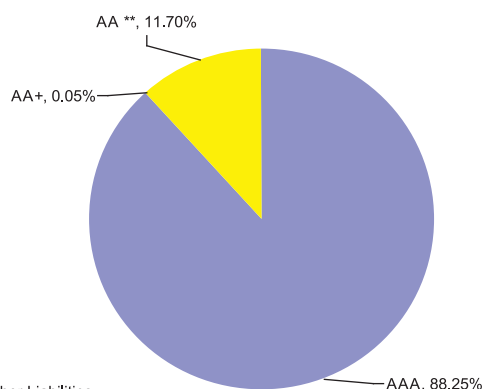
Month-Wise Annualized Returns of NGSLF for last 12 months



Name of the Members of Investment Committee

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

Credit Quality of the Portfolio as of August 30, 2011 (% of NAV)



** Net of Other Liabilities

Performance

Performance % *	August 2011	Jan. - Aug. 2011	Trailing 12 Months	Since Launch November 21, 2009
NAFA Savings Plus Fund	11.53%	11.34%	10.99%	10.53%
Benchmark	8.41%	8.57%	8.46%	8.31%

* Represent Annualized Return - (based on morning star formula)
(Returns are net of management fee, Workers' Welfare Fund (WWF) provisioning & all other expenses)

General Information

Launch Date:	November 21, 2009
Fund Size:	Rs. 579 million
Type:	Open-end – Income fund
Dealing Days:	Daily – Monday to Saturday
Dealing Time:	(Mon - Fri) 9:00 A.M to 4:30 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:	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 11.53% during the month versus the benchmark return of 8.41%, thus depicting an out-performance of 3.12%. The calendar year to date annualized return is 11.34% out-performing the benchmark by 2.77%. Since inception the out-performance of the Fund against the benchmark is 2.22%. The Fund intends to provide its investors consistently better returns than the bank deposit rates. The management is announcing monthly dividends since July, 2011.

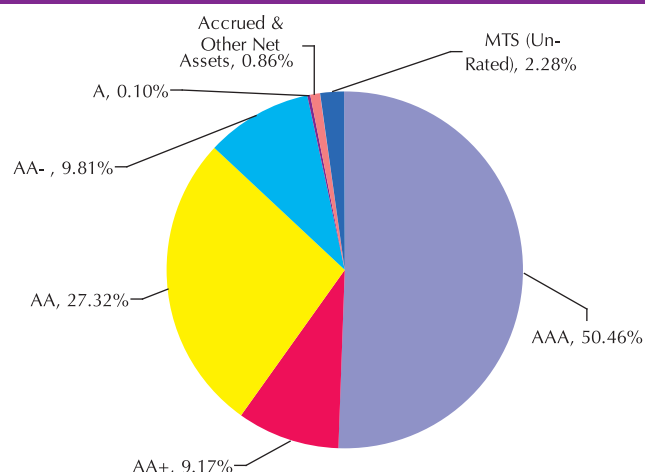
The Fund lowered its weightage in Margin Trading System to around 2.3% during the month. Our internal guidelines permit financing in only fundamentally strong companies with lower volatility. It is pertinent to mention that in this asset class the Fund provides financing at only pre-determined rate of return with no direct exposure to the stock market. Going forward, with increase in volume of MTS, the investment amount in this asset class will be enhanced, which will further improve the performance of the Fund.

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 the TFCs / Sukuks 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.

Allocation in T-Bills rated AAA was reduced to around 50% from around 62% in previous month as alternative opportunities arose. Going forward, the Fund intends to tap opportunities in relatively high yielding Commercial Papers issued by corporates rated AA- and above.

The average maturity of your Fund is around 73 days.

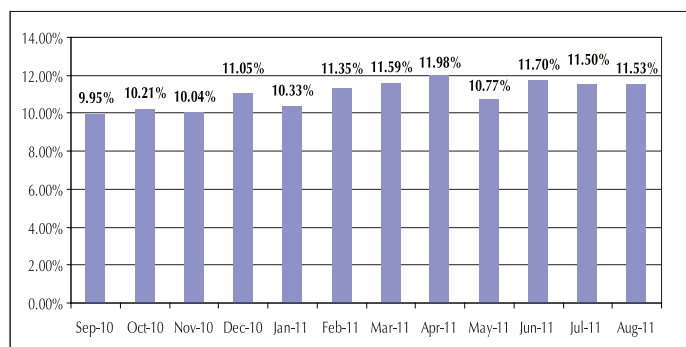
Credit Quality of the Portfolio as of August 30, 2011 (% of NAV)



Asset Allocation (% of NAV) 30-Aug-11 30-Jul-11

Asset Allocation (% of NAV)	30-Aug-11	30-Jul-11
T-Bills	50.38%	61.74%
Commercial Paper	8.63%	-
Placements with Banks	17.26%	-
Placements with DFIs	17.26%	17.44%
Margin Trading System (MTS)	2.28%	11.87%
Cash Equivalents	3.33%	7.39%
Other Assets	0.86%	1.56%
Total	100.00%	100.00%
Leverage	Nil	Nil

Month-Wise Annualized Returns of NSPF for last 12 months



Name of the Members of Investment Committee

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

Performance

Performance % *	August 2011	Jan. - Aug. 2011	Trailing 12 Months	Since Launch August 21, 2010
NAFA Riba Free Savings Fund	11.62%	11.67%	10.77%	10.83%
Benchmark	8.48%	8.34%	8.13%	8.32%

* Represent Annualized Return - (based on morning star formula)
(Returns are net of management fee, Workers' Welfare Fund (WWF) provisioning & all other expenses)

General Information

Launch Date:	August 21, 2010
Fund Size:	Rs. 425 million
Type:	Open-end – Shariah Compliant Income Fund
Dealing Days:	Daily – Monday to Saturday
Dealing Time:	(Mon - Fri) 9:00 A.M to 4:30 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:	1.0% per annum
Risk Profile:	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 NRFSF for the month of August 2011 is 11.62%. The annualized return for first eight months of the current CY 2011 is 11.67% against the benchmark return of 8.34%, hence an out-performance of 3.33%. Since the Fund's inception a year ago, the Fund has out-performed its benchmark by 2.51%. The price of all GOP Ijara Sukuks in your Fund have shown an upward trend during the month. The management is announcing monthly dividends since July, 2011.

We aim 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 sukuks and the stock market.

During the month, allocation in Government of Pakistan Ijara Sukuks was reduced to around 57% from around 69%. This is owing to investment in a higher yielding Islamic Commercial Paper issued by an AA+ rated corporate. Currently, the outstanding amount of GOP Ijarah sukuk is around Rs.235 billion. GOP Ijarah sukuks are floating rate Shariah compliant securities with six monthly coupon resets and an average duration of three months. This minimizes pricing risk.

NRFSF is an Islamic Income Scheme that invests only in Shariah compliant avenues with no direct or indirect exposure to stock market. With stability rating of AA-(f), your Fund is amongst the highest rated Riba Free income funds in the market.

The average duration of the Fund is 41 days.

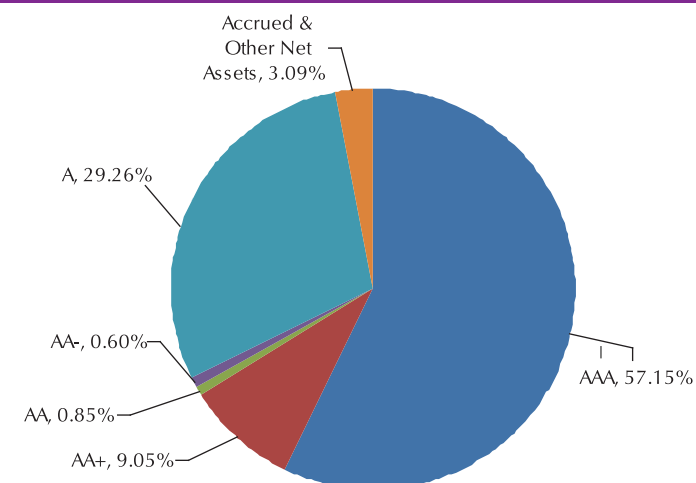
Asset Allocation (% of NAV)

	30-Aug-11	30-Jul-11
GOP Ijara Sukuk - Govt. Backed	56.97%	68.67%
Islamic Commercial Paper	8.82%	-
Cash Equivalents	31.12%	28.88%
Other Net Assets	3.09%	2.45%
Total	100.00%	100.00%
Leverage	Nil	Nil

Credit Quality of the Portfolio as of August 30, 2011 (% of NAV)

Top Holdings (as at August 30, 2011)

Name of Sukuk / Islamic Commercial Paper	% of Net Assets
GOP Ijarah (Sukuk VII)	29.10%
GOP Ijarah (Sukuk VIII)	11.80%
HUBCO Islamic Commercial Paper	8.82%
GOP Ijarah (Sukuk V)	8.26%
GOP Ijarah (Sukuk VI)	7.81%
Total	65.79%



Name of the Members of Investment Committee

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



NAFA Income Fund (NIF)

NBP Fullerton
Asset Management Limited

MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (30/08/2011): Rs. 9.2643

August 2011

Performance

Performance %	August 2011*	Jan. - Aug. 2011 **	Trailing 12 Months *	Since Launch March 29, 2008*
NAFA Income Fund	7.06%	-7.35%	-5.01%	1.53%
Benchmark	13.37%	8.88%	13.40%	12.49%

* Represent Annualized Return - (based on morning star formula)

** Represent Cumulative Return

(Returns are net of management fee, Workers' Welfare Fund (WWF) provisioning & all other expenses)

General Information

Launch Date:	March 29, 2008
Fund Size:	Rs. 440 million
Type:	Open-end – Income Fund
Dealing Days:	Daily – Monday to Saturday
Dealing Time:	(Mon - Fri) 9:00 A.M to 4:30 P.M (Saturday) 9:00 A.M to 1:00 P.M
Settlement:	2-3 business days
Pricing Mechanism:	Forward Pricing
Load:	Front end: 1.0%, Back end: 0%
Management Fee:	2.0% per annum
Risk Profile:	Low
Fund Stability Rating	"A- (f)" by PACRA
Listing:	Lahore Stock Exchange
Custodian & Trustee:	Central Depository Company (CDC)
Auditors:	A. F. Ferguson & Co. Chartered Accountants
Benchmark:	6-Month KIBOR
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 earn a competitive rate of return while preserving capital to the extent possible by investing in liquid assets.

Fund Manager Commentary

The Fund generated an annualized return of 7.06% during August 2011. This lower return is owing to the provisioning in Agritech TFC. Now the TFC is marked at Rs 25 against Face Value of Rs 100. Second restructuring of this issue is in the advance stage and we expect the provisionings to reverse in the coming months.

The Fund has high allocation in TFCs of around 70.0% of its size. All TFCs in your Fund are floating rate instruments linked to KIBOR. During first eight months of CY 2011 average 6-Month KIBOR was around 13.7% as against 12.4% for the same period last year, which is expected to remain high going forward. Hence, your Fund is expected to benefit from stable coupon income on these TFCs. Further, the weighted average price of the TFC portfolio is around Rs.79 against the par value of Rs.100, which suggests improved returns going forward.

The weighted average Yield-to-Maturity of the Fund is around 20.86% p.a. while its weighted average time to maturity is 2.97 years. Thus, the Fund is expected to perform well over three to four year horizon. However, since there are TFCs / Sukuks in the portfolio whose prices may go up and down. Therefore, only long-term investors are advised to invest in this Fund.

Asset Allocation (% of NAV) 30-Aug-11 30-Jul-11

	30-Aug-11	30-Jul-11
TFCs / Sukuks	70.40%	72.08%
T-Bills	25.10%	24.21%
Cash Equivalents	2.13%	1.07%
Other Net Assets	2.37%	2.64%
Total	100.00%	100.00%
Leverage	Nil	Nil

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
Saudi Pak Leasing***	TFC	52,310,700	17,772,717	34,537,983	7.86%	7.79%	27.65%
Agritech Limited II	TFC	149,880,000	112,410,000	37,470,000	8.52%	8.45%	31.29%
Eden Housing (Sukuk II)	Sukuk	69,375,000	21,184,211	48,190,789	10.96%	10.87%	43.07%
New Allied Electronics(Sukuk II)	Sukuk	49,054,371	49,054,371	-	0.00%	0.00%	NA
Total		320,620,071	200,421,299	120,198,772	27.34%	27.11%	

***Book Value, performing but below investment grade

Excess Exposure

Particulars	Exposure Type	% of Net Assets	Limit	Excess Exposure
Engro Fertilizer Limited (PPTFC)	Per Party	21.39%	10.00%	11.39%
Chemical Sector	Sector	29.91%	25.00%	4.91%

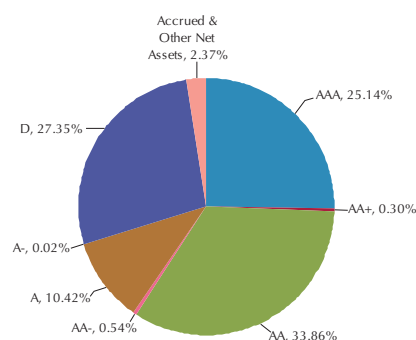
Top TFC/SUKUK Holdings (as at August 30, 2011)

Name of TFCs / Sukuks	% of Net Assets
Engro Fertilizer Limited (PPTFC)	21.39%
United Bank Limited IV	11.27%
Eden Housing (Sukuk II)	10.96%
World Call Telecom Limited	10.40%
Agritech Limited II	8.52%
Saudi Pak Leasing	7.86%
Total	70.40%

Name of the Members of Investment Committee

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

Credit Quality of the Portfolio as of August 30, 2011 (% of NAV)



Disclaimer: This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any fund. All investments in mutual funds are subject to market risks. The NAV based prices of units and any dividends/returns thereon are dependant on forces and factors affecting the capital markets. These may go up or down based on market conditions. Past performance is not necessarily indicative of future results.

Performance

Performance % *	August 2011	Jan. - Aug. 2011	Trailing 12 Months	Since Launch August 21, 2010
NAFA Asset Allocation Fund	(0.52%)	9.62%	19.74%	20.04%
Benchmark	(2.35%)	1.67%	11.56%	10.12%

* Cumulative returns are net of management fee, Workers' Welfare Fund (WWF) provisioning & all other expenses

General Information

Launch Date:	August 21, 2010
Fund Size:	Rs. 319 million
Type:	Open-end – Asset Allocation Fund
Dealing Days:	Daily – Monday to Friday
Dealing Time:	9:00 A.M to 4:30 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) decreased by 0.52% while the benchmark (1/3 of average 3-month bank deposit rate; 1/3 of 6-month KIBOR; 1/3 of KSE 30 Index) decreased by 2.35%. Thus your Fund out-performed the benchmark by 1.83%. Since inception on August 21, 2010 your Fund has increased by 20.04%, while the Benchmark has increased by 10.12%. Thus, to-date the out-performance of your Fund stands at 9.92%. This out-performance is net of management fee and all other expenses.

In the first year of its operations completed on August 19, 2011, the Fund has posted 19.17% return versus 3.73% return by the peer group, thus an outperformance of 15.44%. Further during the same period the Fund has outperformed the benchmark by 9.95%.

NAAF is an asset allocation fund and market weight implies 33% weight in equities, 33% in money market instruments and 33% in fixed income asset class. At the start of the month around 29% of the portfolio was invested in equities. The market trend was predominately bearish. We therefore aggressively divested the NAAF's equity portfolio to protect the downside that contributed to the out-performance of the Fund. Moreover, the Fund's key holdings in the Fertilizer, Oil & Gas Exploration, and Power sub-sectors contributed to the out-performance of the Fund. In addition, the under-weight stance in the key companies of Oil & Gas and Chemical sectors which lagged the market also contributed to the out-performance of the Fund. During the month we reduced the weightage of NAAF in the Fertilizer, Refineries, Oil & Gas Exploration, Power and Oil & Gas Marketing sub-sectors. At the end of the month, NAAF was around 8% invested in equities, 62% in money market instruments and around 16% in "AA" rated category TFCs.

We are monitoring the developments in the capital market and will rebalance the portfolio proactively.

Asset Allocation (% of NAV) 30-Aug-11 29-Jul-11

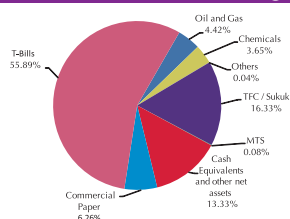
	30-Aug-11	29-Jul-11
Equities / Stocks	8.11%	28.76%
TFCs	16.33%	17.35%
Cash Equivalents	10.35%	12.68%
Commercial Paper	6.26%	-
T-Bills	55.89%	35.74%
MTS	0.08%	1.50%
Other Net Assets	2.98%	3.97%
Total	100.00%	100.00%
Leverage	Nil	Nil

Characteristics of Equity Portfolio**

	PER	PBV	DY
NAAF	6.7	2.3	10.6%
KSE-30	6.6	3.1	7.2%

** Based on NAFA's estimates

Asset Allocation (as on 30th August 2011)



Name of the Members of Investment Committee

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

Top Ten Holdings (as on 30th August 2011)

Name	Asset Class	% of NAV
Hub Power Company Limited	CP	6.26%
Engro Corporation Rupiya Certificate	TFC	5.28%
United Bank Limited III	TFC	4.76%
Pakistan Oilfields Ltd.	Equity	3.23%
Allied Bank Limited	TFC	3.16%
Bank Alfalah Limited II	TFC	3.13%
Fauji Fertilizer Co. Ltd.	Equity	2.16%
Fauji Fertilizer Bin Qasim	Equity	1.48%
Pak Petroleum Ltd.	Equity	1.15%
Hub Power Company Limited	Equity	0.04%
Total		30.65%

Performance

Performance % *	August 2011	Jan. - Aug. 2011	Trailing 12 Months	Since Launch January 22, 2007
NAFA Multi Asset Fund	(0.86%)	6.31%	21.34%	47.74%
Benchmark	(3.89%)	(0.26%)	13.25%	19.91%

* Cumulative returns are net of management fee, Workers' Welfare Fund (WWF) provisioning & all other expenses

General Information

Launch Date:	January 22, 2007
Fund Size:	Rs. 696 million
Type:	Open-end – Balanced Fund
Dealing Days:	Daily – Monday to Friday
Dealing Time:	9:00 A.M to 4:30 P.M
Settlement:	2-3 business days
Pricing Mechanism:	Forward Pricing
Load:	Front end – 3%, Back end - 0%
Management Fee:	2.5% per annum
Risk Profile:	Moderate
Listing:	Lahore Stock Exchange
Custodian & Trustee:	Central Depository Company (CDC)
Auditors:	A. F. Ferguson & Co. Chartered Accountants (Retired as of June 30,2011)
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) decreased by 0.86% while the benchmark (50% KSE-30 index & 50% 3-month KIBOR) decreased by 3.89%. Thus your Fund out-performed the benchmark by 3.03%. Since inception on January 22, 2007 your Fund has increased by 47.74%, while the benchmark has increased by 19.91%. Thus, to-date the out-performance of your Fund stands at 27.83%. 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. During the month the stock market portrayed a declining trend taking cue from sell-off in regional markets and weak local investors' sentiment. NMF's key holdings in the Oil & Gas and Electricity sectors performed better than the market, which contributed to the out-performance of the Fund. Our stock allocations in the Fertilizer sub-sector continued to benefit NMF. The Fund has benefited from its overweight position in selected high dividend yielding companies in the Fertilizer sub-sector, which out-performed the market. At the start of the month, NMF was around 50% invested in equities. We significantly reduced the Fund's weightage in equities. At the end of the month NMF was around 37% invested in equities. The weightage of the Fund was significantly reduced in the Oil & Gas sector. On the other hand, we marginally reduced NMF's allocation in the Fertilizer sub-sector and maintained the weightage in the Electricity sector. The weighted average Yield-to-Maturity (YTM) of the TFC / Sukuk portfolio of NMF is around 23.87% p.a.

NMF is invested in high dividend yielding stocks of defensive sectors. We are vigilant to the developments in the capital markets and will proactively alter the allocations of NMF.

Top Ten Holdings (as on 30th August 2011)

Name	Asset Class	% of NAV	Name	Asset Class	% of NAV
Maple Leaf Cement I	Sukuk	7.96%	Hub Power Co. Ltd.	CP	5.03%
Pakistan Oilfields Ltd.	Equity	7.32%	Orix Leasing Pakistan	PPTFC	4.31%
Fauji Fertilizer Bin Qasim	Equity	6.58%	Avari Hotels Limited	TFC	3.53%
Fauji Fertilizer Co. Ltd.	Equity	6.54%	Pak Petroleum Ltd.	Equity	3.51%
Hub Power Co. Ltd.	Equity	5.03%	Eden Housing Ltd.	Sukuk	3.46%

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
Maple Leaf Cement I	SUKUK	88,327,239	32,933,253	*** 55,393,986	7.96%	7.85%	29.82%
Saudi Pak Leasing***	TFC	34,873,800	11,848,478	*** 23,025,322	3.31%	3.26%	27.65%
Eden Housing II	SUKUK	34,687,500	10,592,106	24,095,394	3.46%	3.42%	43.07%
Maple Leaf Cement II	SUKUK	3,315,000	3,315,000	-	0.00%	0.00%	0.00%
New Allied Electronics I	SUKUK	10,000,000	10,000,000	-	0.00%	0.00%	0.00%
Total		171,203,539	68,688,837	102,514,702	14.73%	14.53%	

***Book Value, performing but below investment grade

Weighted Average Time to Maturity of Non Equity Assets	Limit	Excess
2.49 years	2 years	0.49 years

Asset Allocation (% of NAV) 30-Aug-11 29-Jul-11

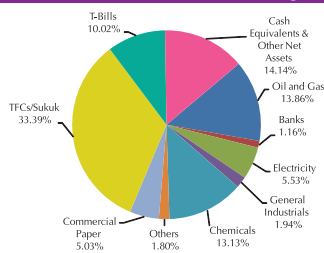
Equities / Stocks	37.42%	49.54%
TFCs / Sukuks	33.39%	33.24%
T-Bills	10.02%	5.66%
Commercial Paper	5.03%	-
Cash Equivalents	11.58%	7.84%
Other Net Assets	2.56%	3.72%
Total	100.00%	100.00%
Leverage	Nil	Nil

Characteristics of Equity Portfolio**

	PER	PBV	DY
NMF	5.9	1.6	10.1%
KSE-30	6.6	3.1	7.2%

** Based on NAFA's estimates

Asset Allocation (as on 30th August 2011)



Name of the Members of Investment Committee

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

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NAFA Islamic Multi Asset Fund (NIMF)

NBP Fullerton
Asset Management Limited

MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (30/08/2011): Rs.9.1685

August 2011

Performance

Performance % *	August 2011	Jan. - Aug. 2011	Trailing 12 Months	Since Launch October 29, 2007
NAFA Islamic Multi Asset Fund	(0.61%)	9.56%	25.30%	30.26%
Benchmark	(2.34%)	5.37%	21.24%	NA**

* Cumulative returns are net of management fee, Workers' Welfare Fund (WWF) provisioning & all other expenses

** KMI-30 Index was launched from September 2008

General Information

Launch Date:	October 29, 2007
Fund Size:	Rs. 279 million
Type:	Shariah Compliant - Open-end - Balanced Fund
Dealing Days:	Daily - Monday to Friday
Dealing Time:	9:00 A.M to 4:30 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:	A. F. Ferguson & 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) decreased by 0.61%, whereas the benchmark (50% KMI-30 index & 50% average 3-month profit rate of Islamic Banks) decreased by 2.34%, thus your Fund out-performed the benchmark by 1.73%. During the first eight months of current Calendar Year, the Fund earned a return of 9.56% and outperformed its benchmark by 4.19%.

NIMF is a balanced fund and market weight implies 50% weight in equities and 50% in fixed income asset class. During the month the stock market portrayed a declining trend taking cue from sell-off in regional markets and weak local investors' sentiment. NIMF's key holdings in the Oil & Gas sector performed better than the market, which contributed to the out-performance of the Fund. NIMF benefited from the strategy to remain overweight in selected high dividend yielding companies in the Fertilizer sub-sector, which performed better than the market. At the start of the month, NIMF was around 50% invested in equities. We significantly reduced the Fund's weightage in equities. At the end of the month NIMF was around 36% invested in equities. The weightage of the Fund was reduced in the Oil & Gas and Electricity sectors and Fertilizer sub-sector. The weighted average Yield-to-Maturity (YTM) of the Sukuk portfolio of NIMF is around 29.9% p.a.

NIMF is invested in high dividend yielding Shariah Compliant stocks of defensive sectors. We are monitoring the capital market conditions and will alter the portfolio of NIMF accordingly.

Asset Allocation (% of NAV)

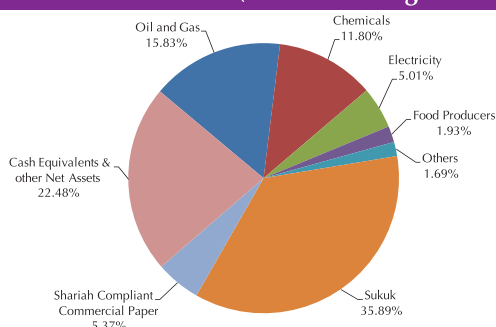
	30-Aug-11	29-Jul-11
Equities / Stocks	36.26%	49.62%
Sukuks	35.89%	35.82%
Shariah Compliant Commercial Paper	5.37%	-
Cash Equivalents	18.53%	9.64%
Other Net Assets	3.95%	4.92%
Total	100.00%	100.00%
Leverage	Nil	Nil

Characteristics of Equity Portfolio***

	PER	PBV	DY
NIMF	6.7	1.9	9.4%
KMI-30	7.3	4.0	8.3%

*** Based on NAFA's estimates

Asset Allocation (as on 30th August 2011)



Top Ten Holdings (as on 30th August 2011)

Name	Asset Class	% of NAV	Name	Asset Class	% of NAV
Kohat Cement Ltd.	Sukuk	11.55%	Hub Power Co. Ltd.	CP	5.37%
Maple Leaf Cement I	Sukuk	11.21%	Hub Power Co. Ltd.	Equity	5.01%
Pakistan Oilfields Ltd.	Equity	8.77%	Fauji Fertilizer Bin Qasim	Equity	4.58%
Pak Elektron Limited	Sukuk	7.23%	Eden Housing II	Sukuk	4.31%
Fauji Fertilizer Co. Ltd.	Equity	7.22%	Pak Petroleum Ltd.	Equity	2.39%

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	48,300,000	16,034,441	****32,265,559	11.55%	11.34%	34.07%
Maple Leaf Cement I	SUKUK	49,936,250	18,618,980	****31,317,270	11.21%	11.00%	29.82%
Eden Housing II	SUKUK	17,343,750	5,296,053	12,047,697	4.31%	4.23%	43.07%
Maple Leaf Cement II	SUKUK	1,875,000	1,875,000	-	0.00%	0.00%	0.00%
Total		117,455,000	41,824,474	75,630,526	27.07%	26.57%	

**** Book Value, performing but below investment grade

Name of the Members of Investment Committee

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

Weighted Average Time to Maturity of Non Equity Assets	Limit	Excess
3.1 years	2 years	1.1 years

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Performance

Performance % *	August 2011	Jan. - Aug. 2011	Trailing 12 Months	Since Launch April 22, 2006
NAFA Income Opportunity Fund <i>Formerly NAFA Cash Fund</i>	2.86%	5.50%	6.17%	7.59%
Benchmark	13.37%	13.69%	13.43%	11.70%

* Represent Annualized Return - (based on morning star formula)
(Returns are net of management fee, Workers' Welfare Fund (WWF) provisioning & all other expenses)

General Information

Launch Date:	April 22, 2006
Fund Size:	Rs. 2,378 million
Type:	Open-end – Income Fund
Dealing Days:	Daily – Monday to Saturday
Dealing Time:	(Mon - Fri) 9:00 A.M to 4:30 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
Fund Stability Rating:	"A (f)" by PACRA
Listing:	Lahore Stock Exchange
Custodian & Trustee:	Central Depository Company (CDC)
Auditors:	KPMG Taseer Hadi & Co. Chartered Accountants
Benchmark:	6-Month KIBOR
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 seek preservation of Capital and earn a reasonable rate of return via investing in money market and debt securities with investment-grade rating, CFS and spread transactions.

Fund Manager Commentary

The Fund generated an annualized return of 2.86% during August 2011. The return is low due to delay in payment by a Real Estate sector TFC.

The Fund has high allocation in TFCs of around 89.9% of the Fund size. All TFCs in your Fund are floating rate instruments linked to KIBOR. During first eight months of CY 2011 average 6-Month KIBOR was around 13.7% as against 12.4% for the same period last year, which is expected to remain high going forward. Hence, your Fund is expected to benefit from stable coupon income on these TFCs. Further, the weighted average price of the TFC portfolio is Rs.83 against the par value of Rs100.

The Yield to Maturity of your Fund is around 21.75% p.a. and that of the TFC portfolio is 23.82% p.a. The weighted average time to maturity of your Fund is 2.79 years. The Fund's sectoral allocation is fairly diversified with exposure to Telecom, Fertilizer, Cement, Textile, Leasing, Real Estate, Banking, Paper & Board and Leisure (Hotel) sub-sectors. However, there are TFCs in the portfolio whose prices may go up and down. Therefore, only long-term investors are advised to invest in this Fund.

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
BRR Guardian Modaraba**	SUKUK	49,843,750	12,460,938	37,382,812	1.57%	1.30%	24.45%
Kohat Cement Limited (Sukuk)**	SUKUK	241,500,000	80,172,204	161,327,796	6.78%	5.63%	34.07%
Maple Leaf Cement (Sukuk I)**	SUKUK	399,490,000	148,951,844	250,538,156	10.54%	8.74%	29.82%
PACE Pakistan Limited	TFC	149,820,000	49,064,402	100,755,598	4.24%	3.51%	34.02%
Saudi Pak Leasing**	TFC	52,310,700	17,772,717	34,537,983	1.45%	1.20%	27.65%
AgriTech Limited	TFC	149,880,000	107,913,600	41,966,400	1.76%	1.46%	44.25%
Azgard Nine Limited (PPTFC)	TFC	249,800,000	179,856,000	69,944,000	2.94%	2.44%	53.27%
Eden Housing (Sukuk II)	SUKUK	31,912,500	9,744,737	22,167,763	0.93%	0.77%	43.07%
Maple Leaf Cement (Sukuk II)**	SUKUK	15,000,000	15,000,000	-	0.00%	0.00%	NA
Dewan Cement Limited	TFC	150,000,000	150,000,000	-	0.00%	0.00%	NA
Gharibwal Cement Limited (PPTFC)	TFC	24,355,500	24,355,500	-	0.00%	0.00%	NA
New Allied Electronics (PPTFC)	TFC	31,706,536	31,706,536	-	0.00%	0.00%	NA
New Allied Electronics (Sukuk II)	SUKUK	44,148,934	44,148,934	-	0.00%	0.00%	NA
Total		1,589,767,920	871,147,412	718,620,508	30.21%	25.05%	

Asset Allocation (% of NAV) 30-Aug-11 30-Jul-11

TFCs / Sukuks	89.94%	91.73%
Cash Equivalents	2.80%	1.25%
Other Net Assets	7.26%	7.02%
Total	100.00%	100.00%
Leverage	Nil	Nil

Top 10 TFC/SUKUK Holdings (as at August 30, 2011)

Name of TFCs / Sukuks	% of Net Assets
Pakistan Mobile Communication (Listed II)	15.31%
Engro Fertilizer Limited (PPTFC)	12.25%
Maple Leaf Cement (Sukuk I)	10.54%
Orix Leasing Pakistan (PPTFC)	8.20%
Kohat Cement Limited (Sukuk)	6.78%
World Call Telecom Limited	6.18%
Avari Hotels Limited	6.04%
PACE Pakistan Limited	4.24%
Jahangir Siddiqui & Company IV	3.80%
Azgard Nine Limited (PPTFC)	2.94%
Total	76.28%

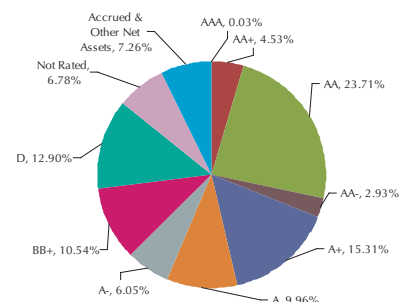
Name of the Members of Investment Committee

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

Excess / (Short) exposures

Particulars	Exposure Type	% of Net Assets	Limit	Excess / (Short) exposures
Engro Fertilizer Limited (PPTFC)	Per Party	12.25%	10%	2.25%
Pakistan Mobile Communication (Listed II)	Per Party	15.31%	10%	5.31%
Cash and Cash Equivalent	Cash Balance	2.80%	25%	(22.20)%

Credit Quality of the Portfolio as of August 30, 2011 (% of NAV)



Performance

Performance % *	August 2011	Jan. - Aug. 2011	Trailing 12 Months	Since Launch October 29, 2007
NAFA Islamic Aggressive Income Fund <i>Formerly NAFA Islamic Income Fund</i>	14.79%	12.77%	8.82%	1.71%
Benchmark	7.92%	7.74%	7.34%	6.46%

* Represent Annualized Return - (based on morning star formula)
(Returns are net of management fee, Workers' Welfare Fund (WWF) provisioning & all other expenses)

General Information

Launch Date:	October 29, 2007
Fund Size:	Rs. 174 million
Type:	Open-end – Shariah Compliant Aggressive Income Fund
Dealing Days:	Daily – Monday to Saturday
Dealing Time:	(Mon - Fri) 9:00 A.M to 4:30 P.M (Saturday) 9:00 A.M to 1:00 P.M
Settlement:	2-3 business days
Pricing Mechanism:	Forward Pricing
Load:	Front end: 1.0%, Back end: 0%
Management Fee:	2.0% per annum
Risk Profile:	Low to Medium
Fund Stability Rating:	"BBB (f)" by PACRA
Listing:	Lahore Stock Exchange
Custodian & Trustee:	Central Depository Company (CDC)
Auditors:	A. F. Ferguson & Co. Chartered Accountants
Benchmark:	Average 3-month deposit rate of Islamic Banks
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 seek maximum possible preservation of capital and a reasonable rate of return via investing primarily in Shariah Compliant money market & debt securities having good credit rating and liquidity.

Fund Manager Commentary

The Fund generated an annualized return of 14.79% in August 2011 against the benchmark return of 7.92%. The annualized return for first eight months of the CY 2011 is 12.77% against the benchmark return of 7.74%, hence an out-performance of 5.03%.

Your Fund is invested in sukuk of Cement, Fertilizer and Consumer Electronics sub-sectors. Around 10% is allocated to the Government Ijara sukuk and 12% in bank deposits, which provide diversification and liquidity to the portfolio.

The Yield-to-Maturity of the sukuk portfolio of your Fund is around 25.51% p.a. while, its weighted average time to maturity is 2.97 years. The weighted average maturity of your Fund is 1.93 years. Hence, for investors with an investment horizon of three to four years, the Fund offers an attractive opportunity to earn handsome returns. However, since there are sukuk in the portfolio and their prices may go up and down; therefore only long-term investors are advised to invest in this Fund.

Asset Allocation (% of NAV) 30-Aug-11 30-Jul-11

	30-Aug-11	30-Jul-11
Sukuk	69.20%	70.00%
GOP Ijara Sukuk - Govt. Backed	9.71%	9.83%
Cash Equivalents	11.98%	12.01%
Other Net Assets	9.11%	8.16%
Total	100.00%	100.00%
Leverage	Nil	Nil

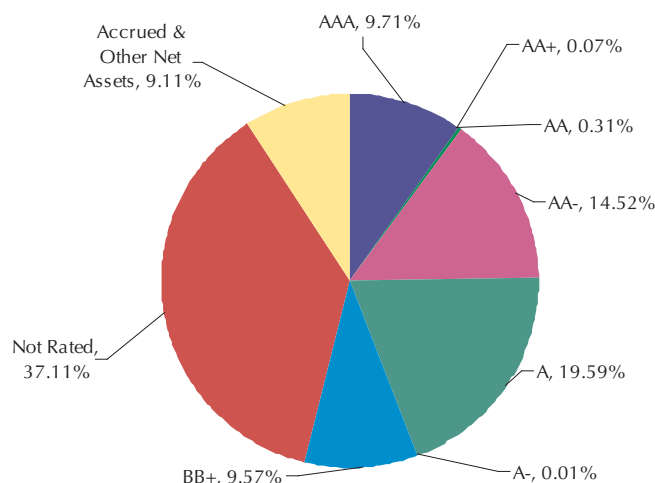
Details of Non-Compliant Investments

Excess exposure				
Particulars	Exposure Type	% of Net Assets	Limit	Excess Exposure
Kohat Cement Limited (Sukuk)	Per Party	37.11%	15.00%	22.11%
Construction and Material	Sector	46.68%	35.00%	11.68%

Top Sukuk Holdings (as at August 30, 2011)

Name of Sukuk	% of Net Assets
Kohat Cement Limited (Sukuk)	37.11%
Engro Fertilizer Limited (Sukuk)	14.38%
Maple Leaf Cement (Sukuk I)	9.57%
Pak Elektron Limited (Sukuk)	8.13%
GOP Ijarah (Sukuk V)	5.66%
GOP Ijarah (Sukuk I)	2.90%
GOP Ijarah (Sukuk VII)	1.16%
Total	78.91%

Credit Quality of the Portfolio as of August 30, 2011 (% of NAV)



Name of the Members of Investment Committee

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



NAFA Stock Fund (NSF)

NBP Fullerton
Asset Management Limited

MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (30/08/2011): Rs.6.1768

August 2011

Performance

Performance % *	August 2011	Jan. - Aug. 2011	Trailing 12 Months	Since Launch January 22, 2007
NAFA Stock Fund	(4.31%)	(1.18%)	21.75%	7.39%
Benchmark	(8.77%)	(8.99%)	12.53%	(21.26%)

* Cumulative returns are net of management fee, Workers' Welfare Fund (WWF) provisioning & all other expenses

General Information

Launch Date:	January 22, 2007
Fund Size:	Rs. 800 million
Type:	Open-end – Equity Fund
Dealing Days:	Daily – Monday to Friday
Dealing Time:	9:00 A.M to 4:30 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-to-High
Listing:	Lahore Stock Exchange
Custodian & Trustee:	Central Depository Company (CDC)
Auditors:	A. F. Ferguson & Co. Chartered Accountants (Retired as of June 30,2011)
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, KSE-30 Index decreased by 8.77% whereas NAFA Stock Fund's (NSF) Net Asset Value (NAV) decreased by 4.31%, thus an out-performance of 4.46% was recorded. Since inception on January 22, 2007 the NAV of NSF has increased by 7.39% while the benchmark has declined by 21.26%, thus to date out-performance is 28.65%. This out-performance is net of management fee and all other expenses.

During the month the stock market portrayed a declining trend taking cue from sell-off in regional markets and weak local investor's sentiment. NSF's out-performance resulted from its under-weight stance in equities. In the Banking sector and Fertilizer sub-sector we remained overweight in key stocks, which performed better than the market. On the contrary, we remained underweight in selected stocks that lagged the market. The Oil & Gas and Electricity sectors also contributed to NSF's out-performance as key holdings performed better than the market. The under-weight stance of the Fund in the Automobile & Parts, Fixed Line Telecommunication and Industrial Engineering sectors also contributed to the out-performance of the Fund during the month. At the start of the month, NSF was around 97% invested in equities. We reduced the Fund's weightage in equities. At the end of the month NSF was around 81% invested in equities. NSF is invested in fundamentally attractive and high dividend yielding stocks in the Electricity, Oil & Gas and Banking sectors and the Fertilizer sub-sector.

We are alert to the happenings in the capital markets and will proactively rebalance the portfolio of NSF.

Asset Allocation (% of NAV) 30-Aug-11 29-Jul-11

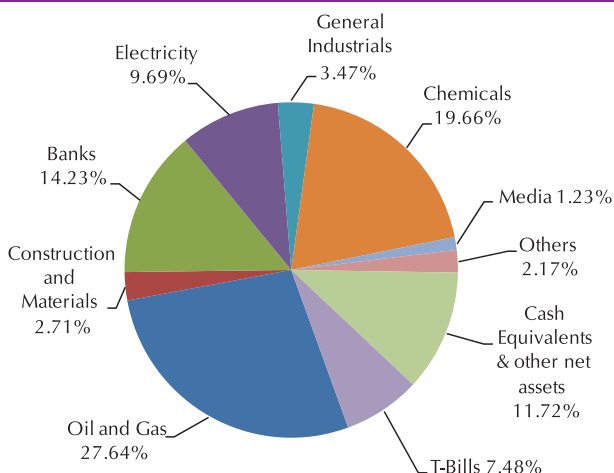
	30-Aug-11	29-Jul-11
Equities / Stock	80.80%	97.11%
Cash Equivalents	12.15%	1.27%
T-Bills	7.48%	-
Other Net (Liabilities) / Assets	-0.43%	1.62%
Total	100.00%	100.00%
Leverage	Nil	Nil

Characteristics of Equity Portfolio**

	PER	PBV	DY
NSF	6.0	1.4	8.0%
KSE-30	6.6	3.1	7.2%

** Based on NAFA's estimates

Asset Allocation (as on 30th August 2011)



Top Ten Equity Holdings (as on 30th August 2011)

Name	% of NAV	Name	% of NAV
Fauji Fertilizer Co. Ltd.	10.22%	MCB Bank Limited	4.10%
Pakistan Oilfields Ltd.	9.81%	Oil & Gas Dev.Co	3.90%
Hub Power Co. Ltd.	8.61%	Meezan Bank Ltd.	3.76%
Fauji Fertilizer Bin Qasim	4.65%	Thal Limited.	3.47%
Pak Petroleum Ltd.	4.12%	Fatima Fertilizer Co.	3.43%

Name of the Members of Investment Committee

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

Disclaimer: This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any fund. All investments in mutual funds are subject to market risks. The NAV based prices of units and any dividends/returns thereon are dependant on forces and factors affecting the capital markets. These may go up or down based on market conditions. Past performance is not necessarily indicative of future results.