

NAFA Funds

Monthly Report (December 2012)



NBP Fullerton
Asset Management Ltd.
A Subsidiary of
National Bank of Pakistan

Managed by:
NBP Fullerton Asset Management Limited

9th Floor, Adamjee House, I. I. Chundrigar Road, Karachi.
Helpline (Toll Free): 0800-20001 FAX: (021) 32467439
UAN (Khi/Lhr/Isb): 111-111-NFA (111-111-632)
Website: www.nafafunds.com
Email: info@nafafunds.com

Your investments & "NAFA" grow together



Joint - Venture Partners



Table of Contents

Performance Summary Sheet of NAFA's Key Funds	Pg. 1
CEO's Write-up	Pg. 2
Capital Market Review	Pg. 3
NAFA Government Securities Liquid Fund	Pg. 4
NAFA Money Market Fund	Pg. 5
NAFA Savings Plus Fund	Pg. 6
NAFA Riba Free Savings Fund	Pg. 7
NAFA Financial Sector Income Fund	Pg. 8
NAFA Asset Allocation Fund	Pg. 9
NAFA Multi Asset Fund	Pg. 10
NAFA Islamic Multi Asset Fund	Pg. 11
NAFA Stock Fund	Pg. 12



“December 2012”

FUND NAME	FUND SIZE (Rs. In million)	FUND LAUNCH DATE	STABILITY RATING / STAR RANKING ***	DECEMBER 2012 *	LAST ONE YEAR *	SINCE LAUNCH **
NAFA Government Securities Liquid Fund ¹	13,873	16-May-09	AAA (f)	7.90%	9.85%	10.77%
NAFA Money Market Fund ¹	23,484	24-Feb-12	AA (f)	8.40%	n/a	10.28%
NAFA Savings Plus Fund ¹	1,302	21-Nov-09	AA- (f)	8.34%	9.96%	10.46%
NAFA Riba Free Savings Fund ¹	1,304	21-Aug-10	AA- (f)	8.42%	9.50%	10.38%
NAFA Financial Sector Income Fund ¹	3,741	28-Oct-11	A+ (f)	8.78%	11.19%	11.46%
NAFA Asset Allocation Fund ²	684	21-Aug-10	***** (5-star)	0.90%	24.35%	51.33%
NAFA Multi Asset Fund ²	691	22-Jan-07	**** (4-star)	1.55%	29.48%	91.46%
NAFA Islamic Multi Asset Fund ²	323	29-Oct-07	**** (4-star)	2.65%	30.07%	66.55%
NAFA Stock Fund ²	1,163	22-Jan-07	**** (4-star)	1.21%	62.59%	71.47%

1 * Simple Annualized return ** Annualized return based on morningstar methodology

2 Cumulative return

n/a = Not applicable

*** Stability rating for Fixed Income Funds and Star Ranking for Equity related Funds.

Funds' Rating Definitions:

AAA(f) : An exceptionally strong capacity to maintain relative stability in returns and possesses negligible exposure to risks.

AA(f) : A very strong capacity to maintain relative stability in returns and possesses very low exposure to risks.

A(f) : A strong capacity to maintain relative stability in returns and possesses low exposure to risks. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions.

4 - Star (****) : Good Performance

5 - Star (*****): Superior Performance

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



Dr. Amjad Waheed, CFA
Chief Executive Officer

The stock market depicted a very healthy performance during CY12, posting around 50% returns with the Index reaching all time high levels. Key drivers for this upbeat performance of the stock market were (i) attractive valuations; (ii) relaxation of Capital Gains Tax regime; (iii) monetary easing with 250 bps reduction in policy rate by the SBP based on the easing in inflationary pressures; and (iv) materialization of much needed inflows on account of Coalition Support Fund. Overall, economic performance remained dismal due to structural issues facing the economy emanating from power shortages, crowding out of the private sector credit by the excessive government borrowing, muted foreign inflows, large foreign loans payments and deteriorating law and order situation in the country.

IMF has projected economic growth of 3.3% for FY2012-13 against 3.7% for the previous year. Large scheduled foreign loan payments and rising trade deficits are depleting foreign exchange reserves, which are exerting pressures on the exchange rates. This trend is expected to continue in CY 2013 as well. Slippages on the already rising fiscal deficit are highly likely in the election year, which is predominantly being financed from the domestic sources due to paucity of foreign flows. Highly inflationary government borrowing from the banking system; supply side bottlenecks due to subdued private sector investment in the wake of power shortages; and imported inflation due to currency depreciation are stocking up inflation expectations.

With general elections around the corner, we expect that the new administration will enact policies aimed at improving the fiscal discipline by rationalizing government expenditures and taxing the non-taxed and under-taxed sectors of the economy. The other key policy priority will be to bring structural reforms for resolving the chronic power sector issues facing the economy. Measures are expected to be introduced to attract foreign flows in the backdrop of unprecedented global monetary easing. New administration will have no option but to enter into a new financing package with IMF under the tougher conditions to buy some time to bring the reeling economy back on its feet. Restructuring and / or privatization of the debt laden and poorly run public sector enterprises will be all the more important to save large government outlays. Blanket subsidies in the agriculture and power sectors need to be reconsidered, while providing the safety net where necessary. Improvement of the law and order situation will also be of paramount importance for the economic uplift. Declining trends in the saving and investment rates will need to be reversed by enacting investment friendly policy measures, which are important to make a real dent in alarmingly high unemployment rate.

Pakistani stock market is currently valued at around 7 times forward earnings, on average, and is offering 7.5% dividend yield. At these levels the market is at a higher discount compared with the regional markets based on the historical comparison (see chart 1). In over view, corporate earnings are expected to grow by around 17% in the next four quarters. As chart 2 reflects, corporate earnings continued to grow at a healthy rate of around 20% per annum versus the nominal GDP growth of 17% per annum during the last 10 years. As we see it, stock market is fairly valued at these levels and may post returns in line with corporate earnings growth rate during the next year. However, investors may witness downside in the short run with the expected rise in inflation and interest rates in the coming months. We like shares of companies with strong balance sheets, healthy dividend payouts and lower business risks. Our preferred investments in the fixed income category are floating rate TFCs belonging to the AA & above rated companies in the banking and corporate sectors; and short maturity T-Bills. We continue to avoid investing in fixed rate PIBs, to protect investors from pricing risk due to latent upside risks to the interest rates and associated liquidity squeeze.

Chart 1

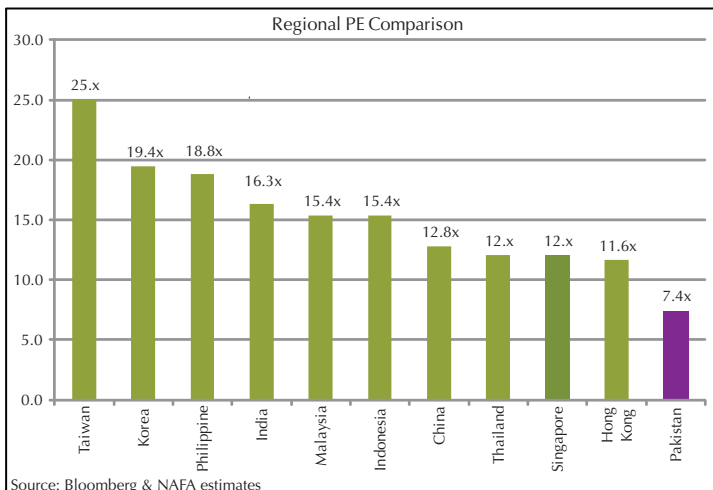
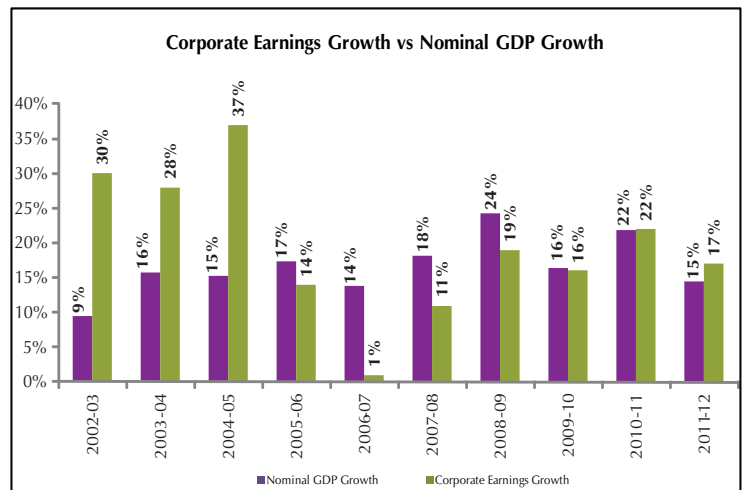


Chart 2



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.



December 2012

Stock Market Review

During the month of December the stock market depicted modest positivity with range bound behavior amid talks of some profit taking by the institutional investors, subdued foreign investors' activity and resurgence of concerns on the external accounts of the economy. Announcement of 50 bps reduction of policy rate by the SBP in line with the market expectations generated little excitement in the market. However, investors took fresh positions in the fundamentally strong companies with sanguine valuations and expectations of healthy payouts. In addition to this, receipt of US \$ 688 million on account of Coalition Support Fund (CSF) buoyed the investors. Trading activity remained healthy with 165 million shares changed hands during the month. Overall, the KSE 100 Index rose by 2% during the month to extend the CY12 gain to around 49%.

On the economic front, in continuation of the monetary easing stance, SBP reduced discount rate by 50 bps in its monetary policy decision in the second week of December. Key considerations among others were declining inflationary trend and spur private sector credit off-take by reducing borrowing cost. YoY inflation as measured by CPI clocked in at 6.9% for month of November. On the other hand, exchange rate is under severe pressures due to depleting foreign exchange reserves in the wake of large foreign loan payments. Likewise, slippages on the fiscal deficits are more pronounced due to higher power sector subsidies. In sum, mounting risks to the economy emanating from fiscal deficit and depleting foreign exchange reserves are key concerns of the investors.

Oil and Gas, Banking, Electricity, Construction and Material and Industrials Engineering sectors performed better than the market. On the other hand, Chemicals, General Industrials and Fixed Line Communication sectors lagged the market. Sanguine valuations and expectations of healthy earnings reports by the key companies in the upcoming result season kept the Oil and Gas sector in the lime light. Healthy payouts at the year-end by the selected banking stocks and news of foreign buying resulted in the out-performance of the Banking sector. Strong dispatches numbers and healthy profit margins buoyed investor's interest in the Construction and Materials sector. Set back to the ICH developments, following intervention by the judiciary clouded the outlook of the Fixed Line Communication sector.

In our view, the market will take direction from corporate earnings reports, announcement of upcoming elections, inflation numbers, and foreign investors' activity.

Fixed Income Review

In line with the market expectation, SBP slashed discount rate by 50 basis points to 9.5% from 10% in its monetary policy announcement on 14th December 2012. The YoY headline inflation as measured by CPI eased further and stood at 6.9% in November 2012 as compared to 7.7% in October 2012, which supported SBP stance of further monetary easing. As we mentioned in the last monthly report the market had already priced in this policy rate reduction in Treasury yields in the secondary market as well as in the last auction. In the T-Bill auctions during the month, MoF accepted Rs 78 billion (realized amount) against the target of Rs 125 billion and maturity of Rs 37 billion. However, MoF scrapped the last auction of the calendar year 2012. We are expecting that interest rates will stabilize at these levels in the short run and after that we may see upward trend in inflation and interest rates.

Trading activity of TFCs in the secondary market remained healthy during the month, with total traded value reported by MUFAP at Rs 596 mln. Banking sector contribution in total traded value of private sector bonds was around 63% during December, while some activity was witnessed in Chemicals and Telecom sectors. Due to lower yields on eligible universe of TFCs and upside risk to the interest rates, we have not built further position in TFCs. We are monitoring the market situation and will rebalance the Portfolio proactively.



Performance				
Performance %	December 2012 *	FYTD Jul 12 - Dec 12 *	Trailing 12 Months (Jan 12 to Dec12) *	Since Launch May 16, 2009**
NAFA Government Securities Liquid Fund	7.90%	9.24%	9.85%	10.77%
Benchmark	8.13%	9.04%	9.85%	10.74%

* Simple Annualized Return - ** (Annualized Return Based on Morningstar Methodology)
(Returns are net of management fee & all other expenses)

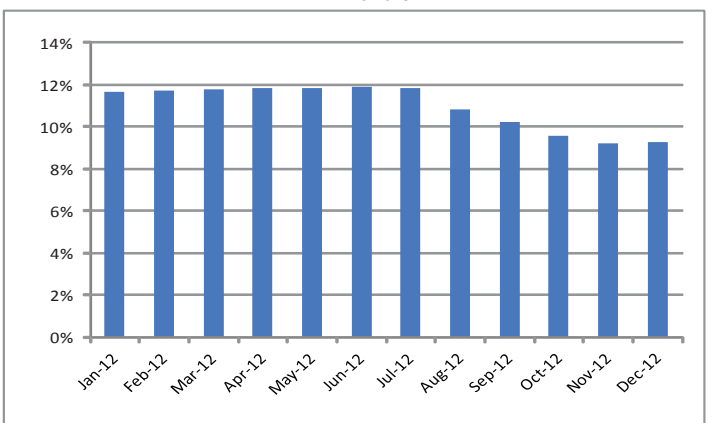
General Information	
Launch Date:	May 16, 2009
Fund Size:	Rs. 13,873 million
Type:	Open-end – Money Market Fund
Dealing Days:	Daily – Monday to Saturday
Dealing Time:	(Mon - Thr) 9:00 A.M to 5:00 P.M (Friday) 9:00 A.M to 5:30 P.M (Saturday) 9:00 A.M to 1:00 P.M
Settlement:	2-3 business days
Pricing Mechanism:	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:	KPMG Taseer Hadi & Co. Chartered Accountants
Benchmark:	70% 3-Month T-Bills & 30% average 3-Month deposit rates (AA & above rated banks)
Fund Manager:	Muhammad Ali Bhabha, CFA, FRM
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-
Asset Manager Rating:	AM2 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 7.90% during December 2012 against the benchmark return of 8.13%. The annualized return in the first six months of FY 2012-13 is 9.24% against the benchmark return of 9.04%. The return generated by the Fund is net of management fees and all other expenses. Lower return of the fund is due to 50-60 bps reduction in T-bills rate in line with reduction in discount rate.
NGSLF's stability rating is 'AAA (f)' awarded by PACRA. The rating reflects exceptionally strong credit and liquidity profile of the Fund. Average daily allocation for the last 365 days' in short-term Government Securities was 89.37% of the Fund size. While, at the end of the month government securities comprised 84.57% of the Total Assets (85.4% of Net Assets). Weighted average time to maturity of the Fund is 36 days. Placements with AA and above Banks/DFIs stand at 11.43% at the end of December.

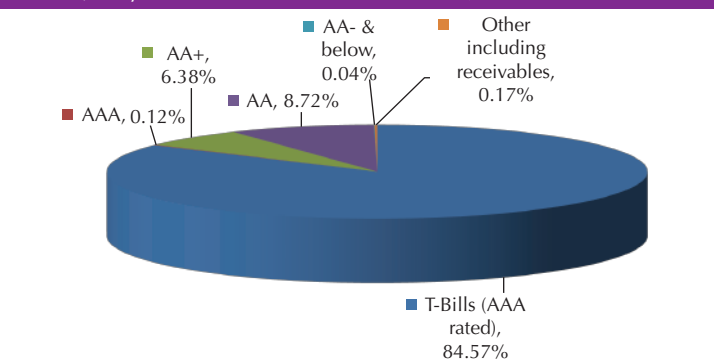
In the last T-Bills auction of December, Ministry of Finance rejected entire bids. The return on the Fund will track the yield on T-Bills and increase in interest rates will bode well for the Fund due to its short maturity.

Monthly Average Yields of 3 month T-Bills for the last 12 Months



Asset Allocation (% of Total Assets)	31-Dec-12	30-Nov-12
T-Bills (Including Reverse Repo via Master Repurchase Agreement)	84.57%	86.90%
Placements with DFIs (AA & above rated)	4.29%	8.50%
Placements with Banks	7.14%	
Cash Equivalents	3.83%	4.44%
Other including receivables	0.17%	0.16%
Total	100.00%	100.00%
Leverage	Nil	Nil

Credit Quality of the Portfolio as of December 31, 2012 (% of Total Assets)



WORKERS' WELFARE FUND (WWF)

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs. 76,231,045/-. If the same were not made the NAV per unit/ last one year return of scheme would be higher by Rs. 0.0552/0.60%. For details investors are advised to read note 10 of the Financial Statements of the Scheme for the period ended September 30, 2012.

Name of the Members of Investment Committee

- Dr. Amjad Waheed, CFA
- Sajjad Anwar, CFA
- Muhammad Ali Bhabha, 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.



MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (31/12/2012): Rs. 10.0338

December 2012

Performance

Performance % *	December 2012 *	FYTD Jul 12 - Dec 12 *	Since Launch February 24, 2012 **
NAFA Money Market Fund	8.40%	9.93%	10.28%
Benchmark	6.38%	6.91%	7.13%

* Simple Annualized Return - ** (Annualized Return Based on Morningstar Methodology)
(Returns are net of management fee & all other expenses)

General Information

Launch Date:	February 24, 2012
Fund Size:	Rs. 23,484 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: 0.5% (Nil on investment above Rs. 5 million), Back end: 0%
Management Fee:	1.00% 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:	3-Month deposit rates (AA & above rated banks)
Fund Manager:	Salman Ahmed
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-
Asset Manager Rating:	AM2 by PACRA

Investment Objective

To provide stable income stream with preservation of capital by investing in AA and above rated banks and money market instruments.

Fund Manager Commentary

The Fund earned an annualized return of 8.40% during December 2012 against the benchmark return of 6.38% p.a., thus registering an out-performance of 2.02% p.a. Since the launch of the Fund in February 2012, the Fund has out-performed its benchmark by 3.15% p.a. by earning an annualized return of 10.28%. This out-performance is net of management fee and all other expenses.

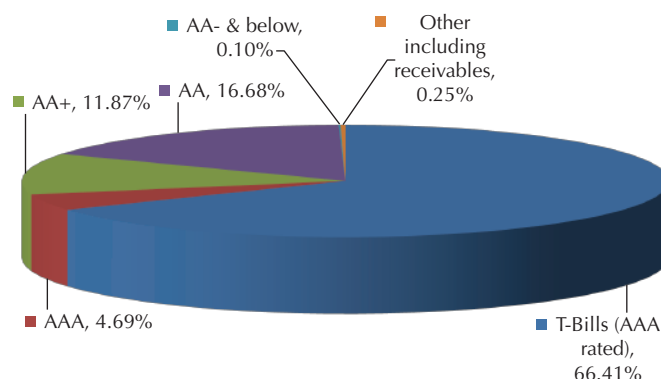
Being a money market scheme, the investment guidelines of the Fund are very restrictive. The authorized investments of the Fund include T-Bills, Bank Deposits and Money Market instruments. Minimum rating is AA, while the Fund is not allowed to invest in any security exceeding six month maturity. The weighted average time to maturity of the Fund cannot exceed 90 days. 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 allocation of the Fund in AAA rated T-Bills is around 66.41% at month-end. The weighted average time to maturity of the Fund is 55 days. The duration of the T-Bill portfolio of the overall Fund is 48 days. We are monitoring the developments in capital market conditions and will proactively rebalance the Portfolio.

Asset Allocation (% of Total Assets) 31-Dec-12 30-Nov-12

	31-Dec-12	30-Nov-12
T-Bills	66.41%	83.38%
Placements with Banks	12.23%	9.11%
Placements with DFIs	2.11%	4.14%
Money Market Placements	1.60%	1.45%
Cash Equivalents	17.40%	1.77%
Others including receivables	0.25%	0.15%
Total	100.00%	100.00%
Leverage	Nil	Nil

Credit Quality of the Portfolio as of December 31, 2012 (% of Total Assets)



WORKERS' WELFARE FUND (WWF)

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs. 29,577,768/-. If the same were not made the NAV per unit/ since inception annualized return of scheme would be higher by Rs. 0.0126/0.16%. For details investors are advised to read note 7 of the Financial Statements of the Scheme for the period ended September 30, 2012.

Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA
Sajjad Anwar, CFA
Muhammad Ali Bhabha, CFA, FRM
Salman Ahmed

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 %	December 2012 *	FYTD Jul 12 - Dec 12 *	Trailing 12 Months Jan 12 - Dec 12 *	Since Launch November 21, 2009**
NAFA Savings Plus Fund	8.34%	9.26%	9.96%	10.46%
Benchmark	6.93%	7.53%	7.98%	8.22%

* Simple Annualized Return - ** (Annualized Return Based on Morningstar Methodology)
(Returns are net of management fee & all other expenses)

General Information

Launch Date:	November 21, 2009
Fund Size:	Rs. 1,302 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: 0.5% (Nil on investment above Rs. 5 million), Back end: 0%
Management Fee:	1.50% 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:	Muhammad Ali Bhabha, CFA, FRM
Minimum Subscription:	Growth Unit: Rs. 1,000/- Income Unit: Rs. 100,000/-
Asset Manager Rating:	AM2 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 8.34% during the month versus the benchmark return of 6.93% thus depicting an out-performance of 1.41% p.a. During CY12, annualized return of the Fund was 9.96% against the benchmark return of 7.98%, hence an out-performance of 1.98% p.a. This out-performance is net of management fee and all other expenses.

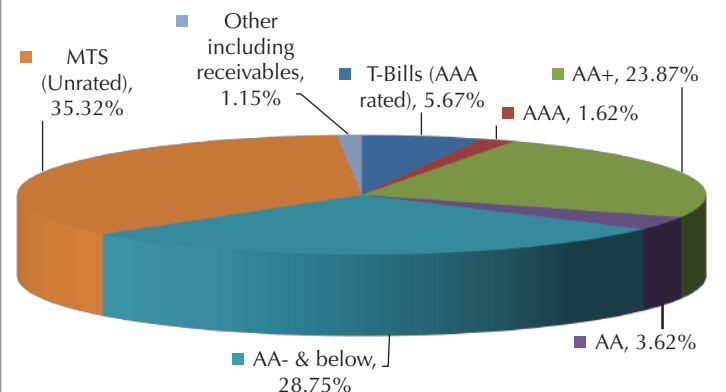
NSPF is one of the highest rated income funds in the market due to its restrictive guidelines. It cannot invest in any avenue which has more than six months maturity nor can it invest in debt securities and Equities. Moreover, it cannot invest in money market instruments below credit rating of 'AA-'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

The portfolio of NSPF is fairly diversified among Treasury bills, COIs, Money market placements, MTS and bank deposits etc. The allocation in T-Bills is around 5.67%, placements with DFIs is around 15.19%, MTS around 35.32% and in Money Market Placements issued by AA+ rated entities around 15.73% with asset class maturities at 24 days, 68 days, 60 days and 101 days respectively. The weighted average maturity of the entire Fund is around 49 days.

Our internal guidelines permit MTS 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.

We are monitoring the developments in capital market conditions and associated expectations and will proactively alter the Fund's allocation accordingly.

Credit Quality of the Portfolio as of December 31, 2012 (% of Total Assets)



Asset Allocation (% of Total Assets) 31-Dec-12 30-Nov-12

Asset Allocation (% of Total Assets)	31-Dec-12	30-Nov-12
T-Bills	5.67%	35.24%
Money Market Placements	15.73%	7.17%
Placements with DFIs	15.19%	15.26%
Margin Trading System (MTS)	35.32%	36.46%
Cash Equivalents	26.94%	5.07%
Other including receivables	1.15%	0.80%
Total	100.00%	100.00%
Leverage	Nil	Nil

WORKERS' WELFARE FUND (WWF)

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs. 4,983,016/-. If the same were not made the NAV per unit/ last one year return of scheme would be higher by Rs. 0.0384/0.42%. For details investors are advised to read note 8 of the Financial Statements of the Scheme for the period ended September 30, 2012.

Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA
Sajjad Anwar, CFA
Muhammad Ali Bhabha, 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.



Performance

Performance % *	December 2012 *	FYTD Jul 12 - Dec12 *	Trailing 12 Months Jan 12 to Dec 12 *	Since Launch August 21, 2010**
NAFA Riba Free Savings Fund	8.42%	9.19%	9.50%	10.38%
Benchmark	6.76%	7.57%	7.96%	8.17%

* Simple Annualized Return - ** (Annualized Return Based on Morningstar Methodology)
(Returns are net of management fee & all other expenses)

General Information

Launch Date: August 21, 2010
Fund Size: Rs. 1,304 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: 0.5% (Nil on investment above Rs. 5 million), 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) (Effective January 11, 2013, the trustee would be changed to MCB Financial Services Ltd.)
Auditors: A. F. Ferguson & Co. Chartered Accountants
Benchmark: Average 6-month deposit rate of A- and above rated Islamic Banks
Fund Manager: Salman Ahmed
Minimum Subscription: Growth Unit: Rs. 10,000/-
Income Unit: Rs. 100,000/-
Asset Manager Rating: AM2 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 Fund generated an annualized return of 8.42% for the month of December 2012 versus the benchmark return of 6.76% thus depicting an out-performance of 1.66% p.a. During the last one year the Fund has out-performed its benchmark by 1.54% by earning an annualized return of 9.50%. This outperformance is net of management fee and all other expenses.

The Fund aims to consistently provide better returns than the 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 allowed to invest in short-term Shariah compliant money market securities of up to six months maturity rated AA- or better. The Fund is not authorized to invest in debt securities and the stock market. With stability rating of AA-(f) awarded by PACRA, NRF SF is amongst the highest rated Islamic Income Funds in the market.

The allocation of the Fund is fairly diversified with significant exposure of around 41.32% in GoP Ijarah sukuks, which are floating rate instruments with 6-months coupon re-setting. The outstanding stock of GOP Ijarah Sukuk is Rs 416 billion compared Rs 282 billion a year ago. Around 21.97% of the Fund size is invested in "AA+" rated Shariah compliant money market instruments and 35.15% in bank deposits.

The weighted average duration of the Fund is 83 days and the weighted average time to maturity of the Fund is 0.81 years. The Fund is invested in floating rate securities. Therefore, the return on the Fund will improve with increase in the interest rates.

Asset Allocation (% of Total Assets)	31-Dec-12	30-Nov-12
GOP Ijarah Sukuk - Govt. Backed	41.32%	45.08%
Islamic Money Market Placements	21.97%	11.07%
Cash	35.15%	41.43%
Other including receivables	1.56%	2.42%
Total	100.00%	100.00%
Leverage	Nil	Nil

Top Holdings (as at December 31, 2012)

Name of Sukuks	% of Total Assets
GOP Ijarah (Sukuk IX)	13.13%
KAPCO Short Term Islamic Sukuk I	10.30%
HUBCO Short Term Islamic Sukuk II	8.39%
GOP Ijarah (Sukuk VIII)	7.64%
GOP Ijarah (Sukuk V)	6.50%
GOP Ijarah (Sukuk XII)	3.82%
GOP Ijarah (Sukuk XIII)	3.59%
GOP Ijarah (Sukuk X)	3.05%
HUBCO Short Term Islamic Sukuk I	1.75%
GOP Ijarah (Sukuk XI)	1.61%
Total	59.78%

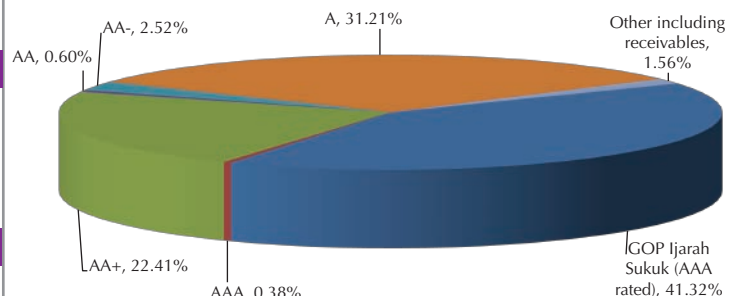
WORKERS' WELFARE FUND (WWF)

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs. 2,841,160/-. If the same were not made the NAV per unit/ last one year return of scheme would be higher by Rs. 0.0220/0.24%. For details investors are advised to read note 8 of the Financial Statements of the Scheme for the period ended September 30, 2012.

Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA
Sajjad Anwar, CFA
Muhammad Ali Bhabha, CFA, FRM
Salman Ahmed

Credit Quality of the Portfolio as of December 31, 2012 (% of Total Assets)



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 %	December 2012 *	FYTD Jul 12 - Dec 12 *	Trailing 12 Months Jan 12 - Dec 12 *	Since Launch October 28, 2011 **
NAFA Financial Sector Income Fund	8.78%	9.64%	11.19%	11.46%
Benchmark	8.34%	9.21%	10.08%	10.18%

* Simple Annualized Return - ** (Annualized Return Based on Morningstar Methodology)
(Returns are net of management fee & all other expenses)

General Information

Launch Date: October 28, 2011
Fund Size: Rs. 3,741 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: 1% (Nil on investment above Rs. 5 million);
Back end: 0%
1.5% per annum
Management Fee:
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: 70% 6-Month KIBOR & 30% average
3-Month deposit rates (A & above rated banks)
Fund Manager: Salman Ahmed
Minimum Subscription: Growth Unit: Rs. 10,000/-
Income Unit: Rs. 100,000/-
Asset Manager Rating: AM2 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

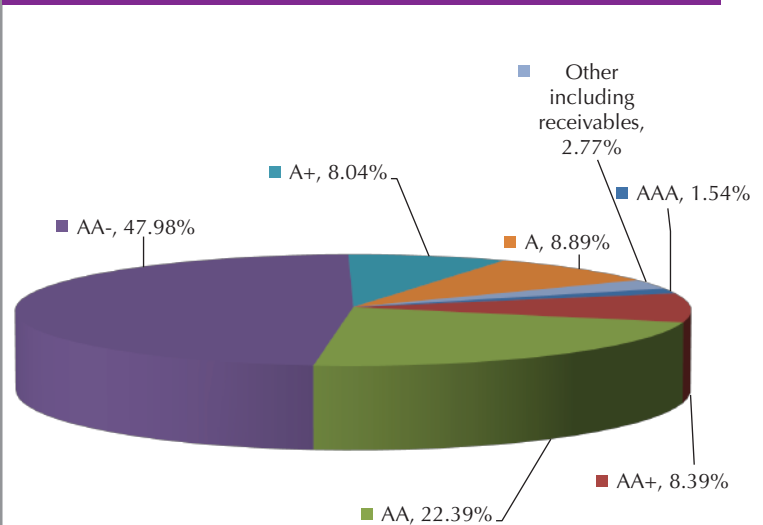
The Fund generated an annualized return of 8.78% for the month of December 2012 versus the benchmark return of 8.34%, thus an out-performance of 0.44% p.a. Since its launch the Fund offered an annualized return of 11.46% against the benchmark return of 10.18%, hence out-performance of 1.28% p.a. This out-performance 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 minus. This minimizes credit risk and at the same time enhances liquidity of the Fund. 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 liquidity profile of the Fund.

Exposure in TFCs was 51.70% at the end of the month with average time to maturity of 4.22 years and Yield to Maturity of 10.63%. Exposure in COI and TDR was around 11.27% and 2.65% respectively. The TFC portfolio of the Fund is predominantly floating rate linked to KIBOR. Therefore, in case of increase in interest rates, the coupon income of the Fund will improve.

The weighted average time-to-maturity of the Fund is 2.23 years. We will rebalance the allocation of the portfolio proactively based on the capital market outlook.

Credit Quality of the Portfolio as of December 31, 2012 (% of Total Assets)



Asset Allocation (% of Total Assets) 31-Dec-12 30-Nov-12

Asset Allocation (% of Total Assets)	31-Dec-12	30-Nov-12
T-Bills	-	22.50%
TFCs	51.70%	52.49%
Money Market Placements	4.99%	3.72%
Placement with DFIs	11.27%	10.10%
Placement with Banks	2.65%	-
Cash Equivalents	26.62%	8.00%
Other including receivables	2.77%	3.19%
Total	100.00%	100.00%
Leverage	Nil	Nil

Top 10 TFC (Including Short Term Sukuk) (as at December 31, 2012)

Name of TFC / Money Market Placement	% of Total Assets
United Bank Limited IV	11.92%
Bank Alfalah Limited IV - FT	9.73%
Faysal Bank Limited III	8.01%
NIB Bank Limited	7.25%
HUBCO Short Term Islamic Sukuk	3.66%
Askari Bank Limited III	3.60%
Jahangir Siddiqui & Company Limited V	1.80%
Bank Alfalah Limited IV - FX	1.66%
Allied Bank Limited II	1.60%
Standard Chartered Bank (Pakistan) Limited IV	1.34%
Total	50.57%

WORKERS' WELFARE FUND (WWF)

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs. 5,921,517/-. If the same were not made the NAV per unit/ last one year return of scheme would be higher by Rs. 0.0164/0.18%. For details investors are advised to read note 8 of the Financial Statements of the Scheme for the period ended September 30, 2012.

Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA
Sajjad Anwar, CFA
Muhammad Ali Bhabha, CFA, FRM
Salman Ahmed

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.



MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (31/12/2012): Rs.11.4448

December 2012

Performance				
Performance %	December 2012	Jul. 2012 - Dec. 2012	Trailing 12 Months Jan 2012 - Dec 2012	Since Launch August 21, 2010
NAFA Asset Allocation Fund *	0.90%	10.74%	24.35%	51.33%
Benchmark	1.28%	7.87%	17.45%	30.78%

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

General Information

Launch Date: August 21, 2010
Fund Size: Rs.684 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: Ammar Rizki
Minimum Subscription: Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-
Asset Manager Rating: AM2 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's Commentary

During the month under review, NAFA Asset Allocation Fund's (NAAF) Net Asset Value (NAV) increased by 0.90% while the benchmark increased by 1.28%. Thus your Fund under-performed the benchmark by 0.38%. In CY2012, the NAV of NAAF increased by 24.35%, while the benchmark increased by 17.45%, resulting into an outperformance of 6.90%. Since inception on August 21, 2010 the Fund's unit price has increased by 51.33%, while the Benchmark has increased by 30.78%. Thus, to-date the out-performance of your Fund stands at 20.55%. This out-performance is net of management fee and all other expenses.

During the month, the market's trend remained modestly positive. NAAF remained over-weight in equities during most of the month and at the end of month the Fund was around 54% invested in the stock market. During the month, NAAF's key holdings in the Construction & Materials and Food Producers sectors performed better than the benchmark, which benefited the Fund. On the other hand, drag on the Fund performance was its under-weight stance in key stocks in the Banking sector, which out-performed. During the month of December, the weightage of NAAF in the Banking, Chemicals and Oil & Gas sectors was increased and was reduced in the Food Producers sector.

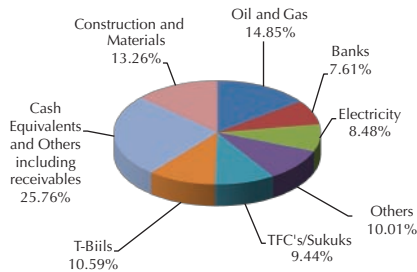
Asset Allocation (% of Total Assets)	31-Dec-12	30-Nov-12
Equities / Stocks	54.21%	50.07%
TFCs	9.44%	6.77%
Cash Equivalents	24.42%	28.80%
T-Bills	10.59%	10.98%
Others including receivables	1.34%	3.38%
Total	100.00%	100.00%
Leverage	Nil	Nil

Characteristics of Equity Portfolio**

	PER	PBV	DY
NAAF	6.3	2.0	8.1%
KSE-30	8.3	3.8	7.3%

** Based on NAFA's estimates

Asset Allocation (% of Total Assets)(as on 31st December, 2012)



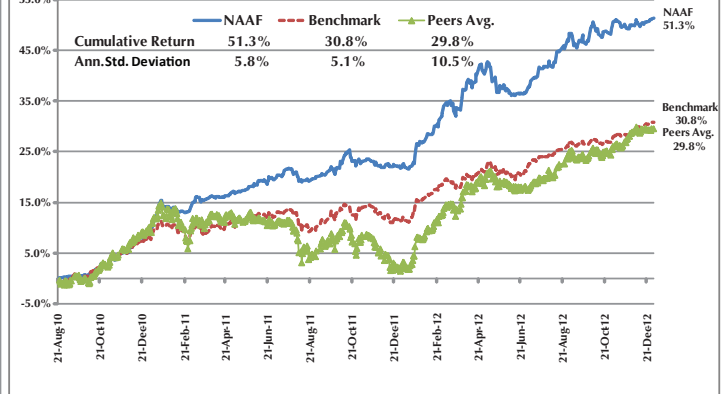
WORKERS' WELFARE FUND (WWF)

The scheme has maintained provision against Workers' Welfare Fund's liability to the tune of Rs 3,105,847/- if the same were not made the NAV per unit/ last one year return of scheme would be higher by Rs 0.0520/0.57%. For details investors are advised to read the Note 8 of the Financial Statements of the Scheme for the period ended Sep 30, 2012.

Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA
Sajjad Anwar, CFA
Muhammad Ali Bhabha, CFA, FRM
Ammar Rizki

Relative Performance of NAFA Asset Allocation Fund (NAAF) Since Launch



Top Ten Holdings (as on 31st December, 2012)

Name	Asset Class	% of Total Assets
Pakistan Oilfields Ltd	Equity	7.72%
Hub Power Company Ltd	Equity	6.62%
Attock Cement Pakistan Ltd	Equity	4.37%
Kot Addu Power Company Ltd	Short Term Sukuk	4.32%
Lucky Cement Ltd	Equity	4.09%
Fauji Fertilizer Co Ltd	Equity	4.04%
Pakistan Petroleum Ltd	Equity	3.66%
Allied Bank Limited I	TFC	3.66%
Nishat Mills Ltd.	Equity	3.59%
Oil & Gas Dev.Co Ltd	Equity	3.46%
Total		45.53%

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.



MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (31/12/2012): Rs.11.6592

December 2012

Performance

Performance %	December 2012	Jul. 2012- Dec. 2012	Trailing 12 Months Jan 2012 - Dec 2012	Since Launch January 22, 2007
NAFA Multi Asset Fund*	1.55%	12.10%	29.48%	91.46%
Benchmark	1.66%	10.16%	22.82%	47.76%

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

General Information

Launch Date: January 22, 2007
Fund Size: Rs 691 million
Type: Open-end – Balanced Fund
Dealing Days: Daily – Monday to Friday (Mon-Thr) 9:00 A.M to 5:00 P.M (Friday) 9:00 A.M to 5:30 P.M
Dealing Time: 2-3 business days
Settlement: Forward Pricing
Pricing Mechanism: Front end – 3%, Back end - 0%
Load: 2% per annum
Management Fee: Moderate
Risk Profile: Lahore Stock Exchange
Listing: Central Depository Company (CDC)
Custodian & Trustee: M. Yousuf Adil Saleem & Co.
Auditors: 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 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's Commentary

During the month under review, NAFA Multi Asset Fund's (NMF) Net Asset Value (NAV) increased by 1.55% while the benchmark increased by 1.66%. Thus your Fund under-performed the benchmark by 0.11%. In CY2012, the NAV of NMF increased by 29.48%, while the benchmark increased by 22.82%, resulting into an outperformance of 6.66%. Since inception on January 22, 2007 your Fund's unit price has increased by 91.46%, while the benchmark has increased by 47.76%. Thus, to-date the out-performance of your Fund stands at 43.70%. This out-performance is net of management fee and all other expenses.

The market's trend remained modestly positive. NMF remained over-weight in equities during most of the month and at the end of December the Fund was around 59% invested in the stock market. During the month the performance of NMF's key holdings in the Construction & Materials sector was better than the benchmark, which benefited the Fund. In addition recovery in Sukuk of a Construction & Material-sector company also benefited the Fund. During December, the allocation of NMF in the Banking and Chemicals sectors was increased, while it was reduced in Media and Food Producers Sectors.

Asset Allocation (% of Total Assets) 31-Dec-12 30-Nov-12

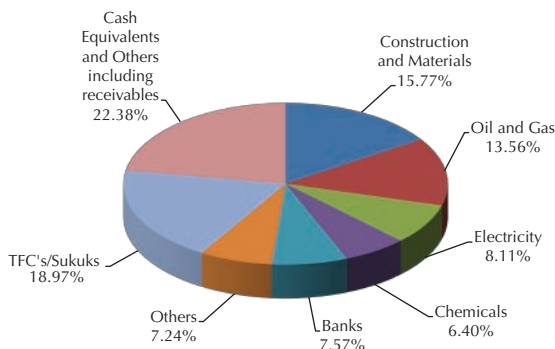
	31-Dec-12	30-Nov-12
Equities / Stocks	58.65%	56.74%
TFCs / Sukuks	18.97%	19.76%
Cash Equivalents	20.40%	21.16%
Others including receivables	1.98%	2.34%
Total	100.00%	100.00%
Leverage	Nil	Nil

Characteristics of Equity Portfolio**

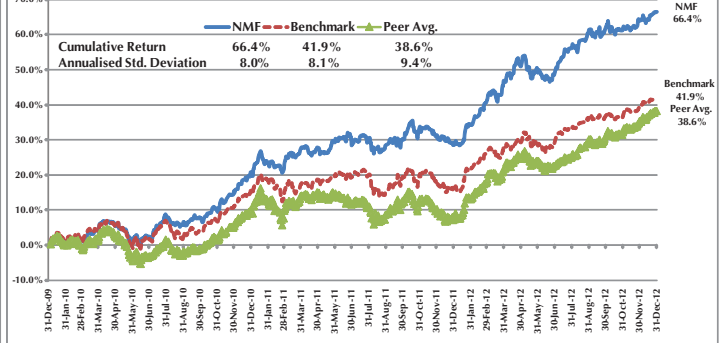
	PER	PBV	DY
NMF	5.9	2.0	8.7%
KSE-30	8.3	3.8	7.3%

** Based on NAFA's estimates

Asset Allocation (% of Total Assets)(as on 31st December, 2012)



Relative Performance of NAFA Multi Asset Fund (NMF) from January 2010 to December 2012



Top Ten Holdings (as on 31st December, 2012)

Name	Asset Class	% of Total Assets	Name	Asset Class	% of Total Assets
Hub Power Company Ltd	Equity	6.96%	Fauji Fertilizer Co Ltd	Equity	4.53%
Pakistan Oilfields Ltd	Equity	6.51%	D. G. Khan Cement Co Ltd	Equity	3.83%
Lucky Cement Ltd	Equity	4.75%	Oil & Gas Dev.Co Ltd	Equity	3.66%
Maple Leaf Cement I	Sukuk	4.72%	Avari Hotels Ltd	TFC	3.40%
Cherat Cement Co Ltd	Equity	4.72%	Pakistan Petroleum Ltd	Equity	3.31%

Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA
Sajjad Anwar, CFA
Muhammad Ali Bhabha, CFA, FRM
Ammar Rizki

WORKERS' WELFARE FUND (WWF)

The scheme has maintained provision against Workers' Welfare Fund's liability to the tune of Rs 7,029,242/-If the same were not made the NAV per unit/ last one year return of scheme would be higher by Rs 0.1187/1.32%.For details investors are advised to read the Note 7 of the Financial Statements of the Scheme for the period ended Sep 30, 2012.

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	31,951,260	-	21,080,675	3.05%	2.97%	27.23%
Eden Housing (Sukuk II)	SUKUK	24,375,000	8,497,393	15,877,607	2.30%	2.24%	63.04%
Maple Leaf Cement (Sukuk I)	SUKUK	83,830,065	50,298,039	33,532,026	4.86%	4.72%	37.07%
Pak Elektron Limited (Sukuk)	SUKUK	17,142,857	8,647,611	8,495,246	1.23%	1.20%	90.21%
Maple Leaf Cement (Sukuk II)	SUKUK	1,473,333	1,473,333	-	-	-	-
New Allied Electronics (Sukuk I)	SUKUK	10,000,000	10,000,000	-	-	-	-
Total		168,772,515	78,916,376	78,985,554	11.44%	11.13%	

***Said TFC is performing but classified as non Compliant on the basis of required rating. Due to this the difference between the Value of Investment before provision and after provision is mark to market loss instead of provisioning.

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.



MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (31/12/2012): Rs 11.7225

December 2012

Performance

Performance %	December 2012	Jul. 2012- Dec. 2012	Trailing 12 Months Jan 2012 - Dec 2012	Since Launch October 29, 2007
NAFA Islamic Multi Asset Fund*	2.65%	13.70%	30.07%	66.55%
Benchmark	1.35%	12.82%	25.09%	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. 323 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:	2% per annum (Effective Oct 28, 2012)
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 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's Commentary

During the month under review, Net Asset Value (NAV) of NAFA Islamic Multi Asset Fund (NIMF) increased by 2.65%, whereas the benchmark increased by 1.35%, thus your Fund out-performed the benchmark by 1.30%. In CY2012, the NAV of NIMF increased by 30.07%, while the benchmark increased by 25.09%, resulting into an outperformance of 4.98%. The management fee of the Fund has been reduced to 2% p.a. with effect from October 28, 2012.

The market's trend remained modestly positive. NIMF remained over-weight in equities during most of the month and at the end of December the Fund was around 56% invested in the stock market. The out-performance was mainly attributable to the Fund's over-weight stance in key holdings in the General Industrial and Industrial Engineering sectors. In addition, a gain was realized in the Commercial Paper holdings in the Construction & Material sector, which also benefited the Fund. During December, the allocation of NIMF in the Chemical sector was increased and was reduced in the Industrial Engineering sector.

Asset Allocation (% of Total Assets)

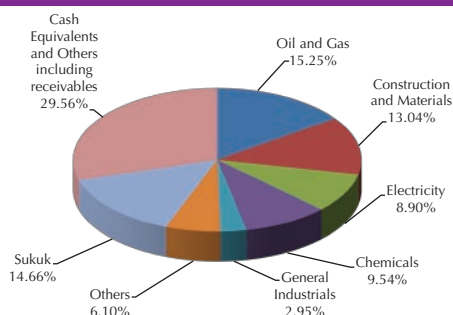
	31-Dec-12	30-Nov-12
Equities / Stocks	55.78%	53.52%
Sukuks	14.66%	16.06%
Cash Equivalents	27.05%	27.77%
Others including receivables	2.51%	2.65%
Total	100.00%	100.00%
Leverage	Nil	Nil

Characteristics of Equity Portfolio***

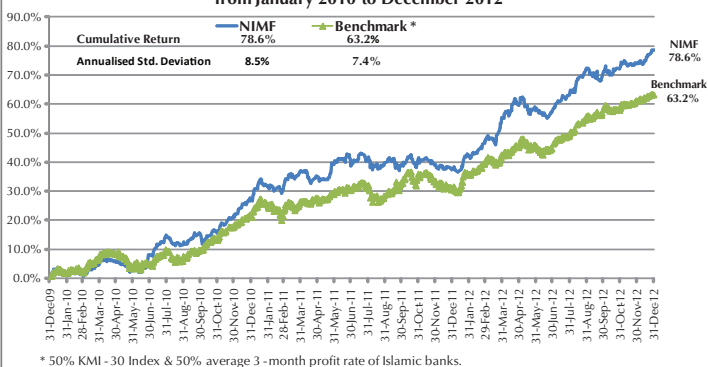
	PER	PBV	DY
NIMF	6.7	3.4	8.8%
KMI-30	8.3	4.7	8.3%

*** Based on NAFA's estimates

Asset Allocation (% of Total Assets) (as on 31st December, 2012)



Relative Performance of NAFA Islamic Multi Asset Fund (NIMF) from January 2010 to December 2012



Top Ten Holdings (as on 31st December, 2012)

Name	Asset Class	% of Total Assets	Name	Asset Class	% of Total Assets
Hub Power Company Ltd	Equity	8.90%	Pakistan Petroleum Ltd	Equity	4.90%
Pakistan Oilfields Ltd	Equity	6.94%	Lucky Cement Ltd	Equity	4.69%
Maple Leaf Cement I	Sukuk	5.77%	Sitara Chemical Ind Ltd	Equity	4.15%
Fauji Fertilizer Co Ltd	Equity	5.40%	Oil & Gas Dev.Co	Equity	3.39%
D. G. Khan Cement Co Ltd	Equity	4.99%	Pak Elektron Ltd	Sukuk	3.23%

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
Kohat Cement Limited (Sukuk)****	SUKUK	11,475,508	-	8,606,631	2.67%	2.62%	9.59%
Eden Housing (Sukuk II)	SUKUK	12,187,500	4,248,697	7,938,803	2.46%	2.41%	63.04%
Maple Leaf Cement (Sukuk I)	SUKUK	47,393,750	28,436,250	18,957,500	5.87%	5.77%	37.07%
Pak Elektron Limited (Sukuk)	SUKUK	21,428,571	10,809,514	10,619,057	3.29%	3.23%	90.21%
Maple Leaf Cement (Sukuk II)	SUKUK	833,333	833,333	-	-	-	-
Total		93,318,662	44,327,794	46,121,991	14.29%	14.03%	

****Said TFC is performing but classified as non Compliant on the basis of required rating. Due to this the difference between the Value of Investment before provision and after provision is mark to market loss instead of provisioning.

Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA
Sajjad Anwar, CFA
Muhammad Ali Bhabha, CFA, FRM
Ammar Rizki

WORKERS' WELFARE FUND (WWF)

The scheme has maintained provision against Workers' Welfare Fund's liability to the tune of Rs. 3,411,522/-If the same were not made the NAV per unit/ last one year return of scheme would be higher by Rs 0.1238/1.37%. For details investors are advised to read the Note 10 of the Financial Statements of the Scheme for the period ended Sep 30, 2012.

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.



MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (31/12/2012): Rs.9.0791

December 2012

Performance

Performance %	December 2012	Jul. 2012- Dec. 2012	Trailing 12 Months Jan 2012-Dec 2012	Since Launch January 22, 2007
NAFA Stock Fund*	1.21%	24.21%	62.59%	71.47%
Benchmark	2.55%	15.45%	35.22%	2.77%

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

General Information

Launch Date:	January 22, 2007
Fund Size:	Rs. 1,163 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
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 by PACRA

Investment Objective

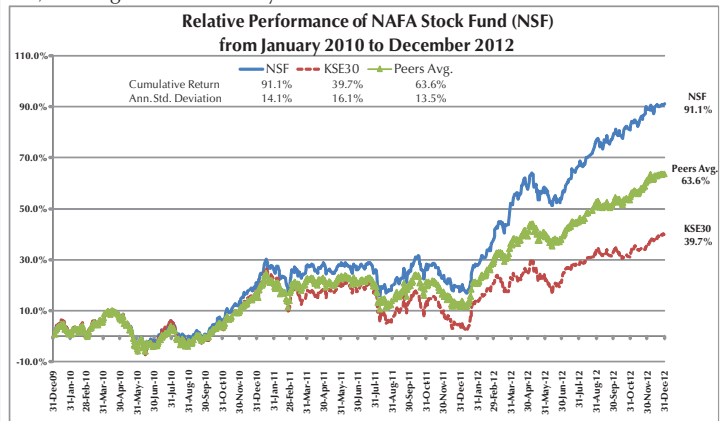
To provide investors with long term capital growth from an actively managed portfolio invested primarily in listed companies in Pakistan. The risk profile of the Fund will be moderate to high.

Fund Manager's Commentary

During the month under review, the benchmark increased by 2.55% whereas NAFA Stock Fund's (NSF) Net Asset Value (NAV) increased by 1.21%, thus an under-performance of 1.34% was recorded. In CY2012, the NAV of NSF increased by 62.59%, while the benchmark increased by 35.22%, resulting into an outperformance of 27.37%. Since inception on January 22, 2007 the NAV of NSF has increased by 71.47% while the benchmark has increased by 2.77%, thus to date out-performance is 68.70%. This out-performance is net of management fee and all other expenses.

The market's trend remained modestly positive. NSF remained around 95% invested in equities during most of the month. The under-performance of the Fund is mainly attributable to being underweight in key stocks in the Banking and the Oil & Gas sectors which performed better than the market. During December, the allocation of NSF in the Banking, Chemicals and Oil & Gas sectors was increased. On the other hand, the weightage in Media, Industrial Metals & Mining and Food Producers was reduced.

NSF is invested in stocks with attractive valuations and healthy growth expectations. The portfolio of NSF is priced at forward earnings multiple of 6.0, offering 7.8% dividend yield.



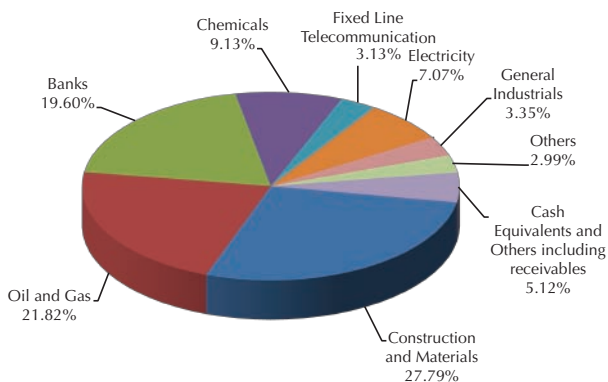
Asset Allocation (% of Total Assets)	31-Dec-12	30-Nov-12
Equities / Stock	94.88%	94.85%
Cash Equivalents	4.57%	3.77%
Others including receivables	0.55%	1.38%
Total	100.00%	100.00%
Leverage	Nil	Nil

Characteristics of Equity Portfolio**

	PER	PBV	DY
NSF	6.0	1.6	7.8%
KSE-30	8.3	3.8	7.3%

** Based on NAFA's estimates

Asset Allocation (% of Total Assets) (as on 31st December, 2012)



WORKERS' WELFARE FUND (WWF)

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs 16,555,349/-, if the same were not made the NAV per unit/ last one year return of scheme would be higher by Rs 0.1292/2.31%. For details investors are advised to read the Note 10 of the Financial Statements of the Scheme for the period ended Sep 30, 2012.

Top Ten Equity Holdings (as on 31st December, 2012)

Name	% of Total Assets	Name	% of Total Assets
Pakistan Oilfields Ltd	9.10%	Lucky Cement Ltd	5.79%
Cherat Cement Co Ltd	8.26%	Allied Bank Ltd	4.90%
Hub Power Company Ltd	7.07%	Meezan Bank Ltd	4.69%
Pakistan Petroleum Ltd	6.81%	Engro Corporation Ltd	4.62%
Oil & Gas Dev.Co Ltd	5.91%	National Bank Of Pakistan Ltd	4.51%

Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA
Sajjad Anwar, CFA
Ammar Rizki

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.