

NAFA Funds

Monthly Report (Jan 2010)



Managed by:
National Fullerton Asset Management Limited

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Joint - Venture Partners



National Fullerton
Asset Management Limited

NAFA Government Securities Liquid Fund (NGSLF)

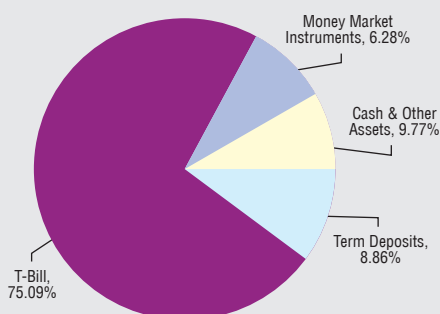
Unit Price (31/01/2010): Rs. 10.3549

January 2010

Investment Objective	Performance					
	Performance (%)*	May - Jun 2009	Jul - Sep 2009	Oct - Dec 2009	January 2010	Since Launch May 16, 2009
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	NAFA Government Securities Liquid Fund	11.88%	10.25%	10.85%	10.65%	10.79%
	Benchmark	12.58%	11.41%	11.34%	11.26%	11.57%
	* Represents Annualized Return (Returns are net of management fee & all other expenses)					

General Information		Fund Manager's Commentary
Launch Date: May 16, 2009 Fund Size: Rs. 4,513 million Type: Open-end – Money Market Fund Dealing Days: Daily – Monday to Friday Settlement: 2-3 business days Pricing Mechanism: Forward Pricing Load: No entry or exit load Management Fee: 1.5% 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: 70% 3-Month T-Bills and 30% average 3-Month deposit rates (AA and above rated banks) Fund Manager: Ahmad Nouman, CFA Minimum Subscription: Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/- Asset Manager Rating: AM2-	<p>The Fund earned an annualized return of 10.65% during the month. The annualized return earned during the previous month was 10.76%. Average T-bill rates have eased from 12.13% in December to 11.97% in January. The unit price of NGSLF has not declined on any day since the launch of the Fund in May, 2009. This is an indicator of the stability and safety of your Fund based on its investment policy of investing only in short-term Govt. T-Bills and AA and above rated banks.</p> <p>The State Bank of Pakistan kept the policy rate unchanged at 12.5% in its Monetary Policy Statement announced on January 30, 2010. Month on Month CPI during December 2009 was negative 0.5%, however, we believe this trend may not sustain because of gradual removal of subsidies and recent deteriorating weekly data of Sensitive Price Indicator (SPI) inflation. Many recent macro economic indicators suggest the country is on the path of economic recovery, with challenges in few areas. Positives include improving current account deficit and foreign exchange reserves and limited Govt. borrowing from the State Bank.</p>

Asset Allocation (as on 31st January 2010)



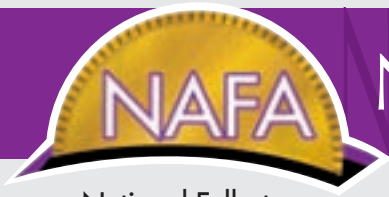
Credit split of Fund's Assets is as follows:

Rating	% Allocation (January)	% Allocation (December)
AAA	75.10%	73.0%
AA+	4.74%	6.3%
AA	19.67%	19.5%
Accrued, deferred & unrealized sales	0.49%	1.2%

Leverage: (Amount of leveraging / borrowing done by the Fund.)	Nil
Name of the members of Investment Committee:	Dr. Amjad Waheed, CFA Irfan Malik, CFA Ahmad Nouman, CFA Sajjad Anwar, CFA Tanvir Abid, CFA

In the last T-Bill auction held on January 28, 2010, the cut-off rates for 3-Months and 6-Months were 11.87% and 11.98%, respectively. Compared to the previous auction of December 2009, 3-Month and 6-Month cut-off rates declined by 18 bps and 11 bps respectively. Going forward the return of your fund is expected to remain fairly stable.

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NAFA Savings Plus Fund (NSPF)

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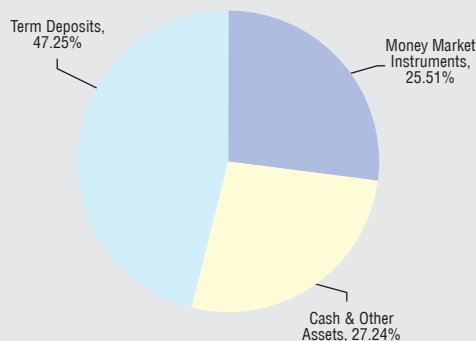
Unit Price (31/01/2010): Rs. 10.2004

January 2010

Investment Objective	Performance			
	Performance (%)*	December 2009	January 2010	Since Launch November 21, 2009
To minimize risk, preserve capital and generate a reasonable return along with a high degree of liquidity from a portfolio of primarily constituted of bank deposits and money market instruments.	NAFA Savings Plus Fund	10.07%	10.03%	10.74%
	Benchmark	7.91%	8.32%	8.64%
	* Represents Annualized Return (Returns are net of management fee & all other expenses)			

General Information	Fund Manager's Commentary														
<p>Launch Date: Nov 21, 2009 Fund Size: Rs. 529 million Type: Open-end – Income Fund Dealing days: Daily – Monday to Saturday Settlement: 2-3 business days Pricing Mechanism: Forward Pricing Load: No entry or exit load Management Fee: 2.0% per annum Risk Profile: Very Low Fund Stability Rating: "AA-(f)" by PACRA</p> <p>Listing: Lahore Stock Exchange Custodian & Trustee: Central Depository Company (CDC) Auditors: A. F. Ferguson & Co. Chartered Accountants Benchmark: Average 6-Month deposit rates (A and above rated banks) Fund Manager: Irfan Malik, CFA Minimum Subscription: Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/- Asset Manager Rating: AM2-</p>	<p>During January, the Fund earned an annualized return of 10.03%, thereby outperforming the benchmark return by 1.71%.</p> <p>Current distribution of assets on the basis of credit quality is as given below:</p> <table border="1"> <thead> <tr> <th>Rating</th> <th>Percentage Allocation</th> </tr> </thead> <tbody> <tr> <td>AAA</td> <td>0.15%</td> </tr> <tr> <td>AA+</td> <td>16.45%</td> </tr> <tr> <td>AA</td> <td>51.19%</td> </tr> <tr> <td>AA-</td> <td>31.72%</td> </tr> <tr> <td>A</td> <td>0.04%</td> </tr> <tr> <td>Accruals, & deferred costs & unrealized sales</td> <td>0.45%</td> </tr> </tbody> </table>	Rating	Percentage Allocation	AAA	0.15%	AA+	16.45%	AA	51.19%	AA-	31.72%	A	0.04%	Accruals, & deferred costs & unrealized sales	0.45%
Rating	Percentage Allocation														
AAA	0.15%														
AA+	16.45%														
AA	51.19%														
AA-	31.72%														
A	0.04%														
Accruals, & deferred costs & unrealized sales	0.45%														

Asset Allocation (as on 31st January 2010)



Leverage: (Amount of leveraging / borrowing done by the Fund.)	Nil
Name of the members of Investment Committee:	Dr. Amjad Waheed, CFA Irfan Malik, CFA Ahmad Nouman, CFA Sajjad Anwar, CFA Tanvir Abid, CFA

Your Fund is expected to remain invested mainly in Bank deposits (A rated and above banks), money market instruments (AA rated and above) and T-bills (AAA rated).

The State Bank of Pakistan kept the policy rate unchanged at 12.5% in its Monetary Policy Statement announced on January 30, 2010. Month on Month CPI during December 2009 was negative 0.5%, however, we believe this trend may not sustain because of gradual removal of subsidies and recent deteriorating weekly data of Sensitive Price Indicator (SPI) inflation. Many recent macro economic indicators suggest the country is on the path of economic recovery, with challenges in few areas. Positives include improving current account deficit and foreign exchange reserves and limited Govt. borrowing from the State Bank. Demand for private sector borrowing has finally started to emerge. This will also have a positive impact on your Fund's return going forward.

The challenges faced by Pakistan's economy are largely, fiscal austerity, timely materialization of expected foreign inflows, improvement in supply side of basic necessities and law and order situation.

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NAFA Cash Fund (NCF)

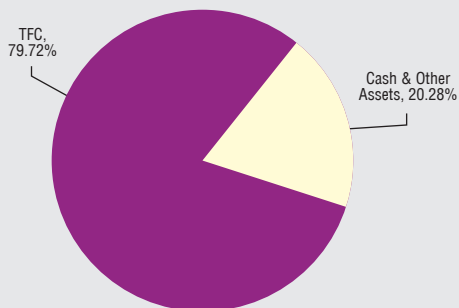
Unit Price (31/01/2010): Rs. 10.0863

January 2010

Investment Objective	Performance						
	Performance (%)	Apr - Dec 2006*	Jan - Dec 2007*	Jan - Dec 2008*	Jan - Dec 2009*	January 2010**	Since Launch April 22, 2006*
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.	NAFA Cash Fund	10.65%	10.28%	2.92%	12.54%	(0.79)%	8.46%
	Benchmark	9.87%	10.07%	12.95%	13.63%	1.06%	11.80%
	* Represents Annualized Return ** Represents cumulative Return (Returns are net of management fee & all other expenses)						

General Information	Fund Manager's Commentary
Launch Date: April 22, 2006 Fund Size: Rs. 4,666 million Type: Open-end – Income Fund Dealing Days: Daily - Monday to Friday Settlement: 2-3 business days Pricing Mechanism: Forward Pricing Load: No entry or exit load Management Fee: 1.5% per annum Risk Profile: Low Fund Stability Rating: "A+ (f)" by PACRA	During the month of January, 2010, the TFC market experienced selling pressure as an income fund resorted to selling due to heavy redemptions. As a result, prices of some TFCs such as Engro, JS and Orix Leasing declined. These TFCs are rated AA, with very low credit risk. Due to the decline in prices, these TFCs are now yielding around 20% p.a., which makes them very attractive. Since all mutual funds are required to use traded prices of TFCs to calculate Net Asset Values of their Funds, the unit price of NAFA Cash Fund declined by 0.79% during January. We believe that this is a temporary phenomenon and the market should correct this anomaly as liquidity eases in the system in the coming months.
Listing: Lahore Stock Exchange Custodian & Trustee: Central Depository Company (CDC) Auditors: A. F. Ferguson & Co. Chartered Accountants Benchmark: 1-Month KIBOR Fund Manager: Irfan Malik, CFA Minimum Subscription: Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/- Asset Manager Rating: AM2-	

Asset Allocation (as on 31st January 2010)



Leverage: (Amount of leveraging / borrowing done by the Fund.)	Nil
Name of the members of Investment Committee:	Dr. Amjad Waheed, CFA Irfan Malik, CFA Ahmad Nouman, CFA Sajjad Anwar, CFA Tanvir Abid, CFA

The State Bank of Pakistan kept the policy rate unchanged at 12.5% in its Monetary Policy Statement announced on January 30, 2010. Many recent macro economic indicators suggest the country is on the path of economic recovery, with challenges in few areas. Positives include improving current account deficit and foreign exchange reserves and limited Govt. borrowing from the State Bank. Month on Month CPI during December 2009 was negative 0.5%, while headline Year on Year inflation was 10.5%. However, we believe this trend may not sustain because of gradual removal of subsidies and recent deteriorating weekly data of Sensitive Price Indicator (SPI) inflation. Expected increase in Foreign Direct Investment and Foreign loans inflows will likely enhance the domestic liquidity enabling prices of financial assets including TFCs to improve. Effects of improved liquidity expectations have caused 6m KIBOR to decline by 20bps during the month to close at 12.23% on January-end.

The weighted average yield to maturity on the TFCs held in NAFA Cash Fund (NCF) is around 15.6% p.a. Overall, your Fund is well positioned to earn attractive returns going forward in line with the last calendar year performance of 12.5%.

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NAFA Income Fund (NIF)

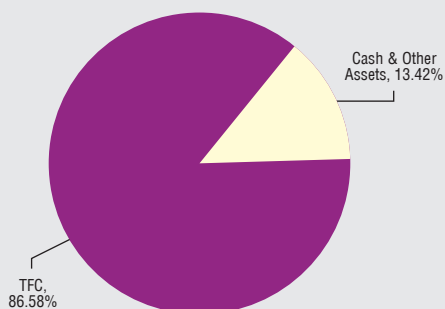
Unit Price (31/01/2010): Rs. 10.3714

January 2010

Investment Objective	Performance				
	Performance (%)	Mar - Dec 2008*	Jan - Dec 2009*	January 2010**	Since Launch March 29, 2008**
To earn a competitive rate of return while preserving capital to the extent possible by investing in liquid assets.	NAFA Income Fund	(2.04)%	13.50%	(1.06)%	10.55%
	Benchmark	12.53%	13.18%	1.02%	25.09%
	* Represents Annualized Return ** Represents Cumulative Return (Returns are net of management fee & all other expenses)				

General Information	Fund Manager's Commentary
Launch Date: March 29, 2008 Fund Size: Rs. 643 million Type: Open-end – Income Fund Dealing Days: Daily – Monday to Friday Settlement: 2-3 business days Pricing Mechanism: Forward Pricing Load: Front end: 1.0% Management Fee: 1.5% per annum Risk Profile: Low Fund Stability Rating: "A(f)" by PACRA	<p>During the month of January, 2010, the TFC market experienced selling pressure as an income fund resorted to selling due to heavy redemptions. As a result, prices of some TFCs such as Engro have declined. This TFC is rated AA, with very low credit risk. Since all mutual funds are required to use traded prices of TFCs to calculate Net Asset Values of their Funds, the unit price of NAFA Income Fund declined by 1.06% during January. We believe that this is a temporary phenomenon and the market should correct this anomaly as liquidity eases in the system in the coming months.</p> <p>The State Bank of Pakistan kept the policy rate unchanged at 12.5% in its Monetary Policy Statement announced on January 30, 2010. Many recent macro economic indicators suggest the country is on the path of economic recovery, with challenges in few areas. Positives include improving current account deficit and foreign exchange reserves and limited Govt. borrowing from the State Bank. The challenges faced by Pakistan's economy are largely, fiscal austerity, timely materialization of expected foreign inflows, improvement in supply side of basic necessities and law and order situation.</p>
Listing: Lahore Stock Exchange Custodian & Trustee: Central Depository Company (CDC) Auditors: A. F. Ferguson & Co. Chartered Accountants Benchmark: 3-Month T-Bills Fund Manager: Ahmad Nouman, CFA Minimum Subscription: Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/- Asset Manager Rating: AM2-	

Asset Allocation (as on 31st January 2010)



Leverage: (Amount of leveraging / borrowing done by the Fund.)	Nil
Name of the members of Investment Committee:	Dr. Amjad Waheed, CFA Irfan Malik, CFA Ahmad Nouman, CFA Sajjad Anwar, CFA Tanvir Abid, CFA

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NAFA Islamic Income Fund (NIIF)

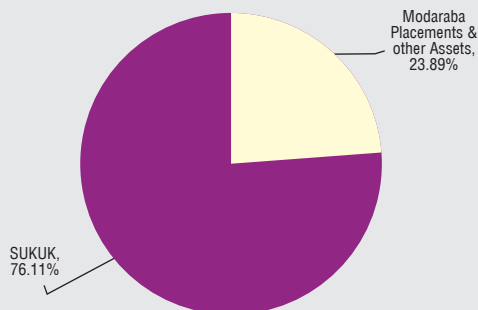
Unit Price (31/01/2010): Rs. 7.1123

January 2010

Investment Objective	Performance					
	Performance (%)	Oct - Dec 2007**	Jan - Dec 2008**	Jan - Dec 2009**	January 2010*	Since Launch October 29, 2007**
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.	NAFA Islamic Income Fund	1.30%	(7.90)%	(18.91)%	10.49%	(23.70)%
	Benchmark	0.91%	5.59%	7.19%	6.61%	14.83%
	* Represents Annualized Return ** Represents Cumulative Return (Returns are net of management fee & all other expenses)					

General Information	Fund Manager's Commentary
<p>Launch Date: October 29, 2007</p> <p>Fund Size: Rs. 233 million</p> <p>Type: Open-end – Shariah Compliant Income Fund</p> <p>Dealing Days: Daily – Monday to Friday</p> <p>Settlement: 2-3 business days</p> <p>Pricing Mechanism: Forward Pricing</p> <p>Load: Front end: 1.0%</p> <p>Management Fee: 1.5% per annum</p> <p>Risk Profile: Low to Medium</p> <p>Fund Stability Rating: In process by PACRA</p>	<p>During the month of January, your Fund earned an annualized return of 10.49%. We expect NIIF to out-perform the benchmark of Islamic Banks deposit rates during the current calendar year. We have significantly provided for the Sukuks which defaulted during last year's financial crises. As these securities restructure and start performing according to new arrangements, it will enable us to gradually reverse provisioning and book meaningful gains in the future.</p>
<p>Listing: Lahore Stock Exchange</p> <p>Custodian & Trustee: Central Depository Company (CDC)</p> <p>Auditors: A. F. Ferguson & Co. Chartered Accountants</p> <p>Benchmark: Average 1-month deposit rate of Islamic banks</p> <p>Fund Manager: Irfan Malik, CFA</p> <p>Minimum Subscription: Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-</p> <p>Asset Manager Rating: AM2-</p>	
<p>The State Bank of Pakistan kept the policy rate unchanged at 12.5% in its Monetary Policy Statement announced on January 30, 2010. Many recent macro economic indicators suggest the country is on the path of economic recovery, with challenges in few areas. Positives include improving current account deficit and foreign exchange reserves and limited Govt. borrowing from the State Bank. The challenges faced by Pakistan economy, fiscal austerity, timely materialization of expected foreign inflows, improvement in supply side of basic necessities and law and order situation.</p>	

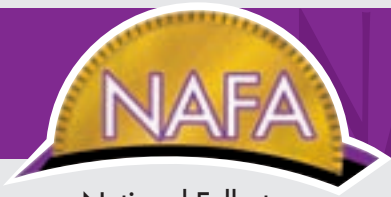
Asset Allocation (as on 31st January 2010)



Leverage: (Amount of leveraging / borrowing done by the Fund.)	Nil
Name of the members of Investment Committee:	Dr. Amjad Waheed, CFA Irfan Malik, CFA Ahmad Nouman, CFA Sajjad Anwar, CFA Tanvir Abid, CFA

Month on Month CPI during December 2009 was a negative 0.5%, while headline Year on Year inflation was 10.5%. However, we believe this trend may not sustain because of gradual removal of subsidies and recent deteriorating weekly data of Sensitive Price Indicator (SPI) inflation. Expected increase in Foreign Direct Investment and Foreign loans inflows will likely enhance the domestic liquidity enabling prices of financial assets including Sukuks to improve. Effects of improved liquidity expectations have caused 6m KIBOR to decline by 20bps during the month to close at 12.23% on January-end.

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NAFA Multi Asset Fund (NMF)

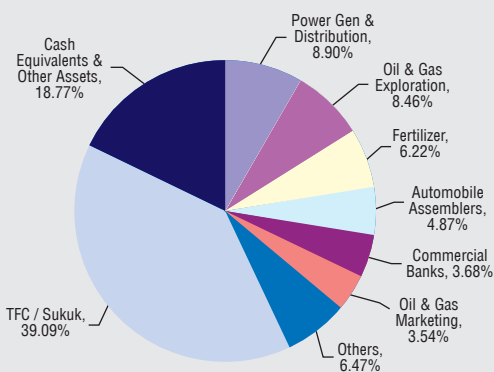
Unit Price (31/01/2010): Rs. 9.3852

January 2010

Investment Objective	Performance						
	Performance (%)*	Jan - Jun 2007	Jul - Jun 2007 - 08	Jul - Jun 2008 - 09	Jul - Dec 2009	January 2010	Since Launch January 22, 2007
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.	NAFA Multi Asset Fund	28.96%	5.12%	(22.56)%	9.60%	0.89%	16.08%
	Benchmark (50% KSE-30 Index & 50% 1-month KIBOR)	15.22%	(2.49)%	(20.83)%	18.17%	1.60%	6.78%
	*Returns are net of management fee & all other expenses						

General Information		Fund Manager's Commentary
Launch Date:	January 22, 2007	<p>During the month under review, NAFA Multi Asset Fund's (NMF) Net Asset Value (NAV) increased by 0.89% while the benchmark (50% KSE-30 index & 50% 1-month KIBOR) increased by 1.60%. Thus your Fund under-performed the benchmark by 0.71% during the month. Since inception on January 22, 2007 your Fund has increased by 16.08%, while the benchmark has increased by 6.78%. Thus, to-date the out-performance of your Fund stands at 9.30%.</p> <p>The key factor responsible for the under performance of the Fund during the month was underperformance of some of our holdings in Jute, Technology and communication and automobile sectors. We are expecting that these stocks will perform well due to their attractive valuations. In the beginning of the month we had around 60% weight in equity. Anticipating a correction in the stock market we reduced our allocation in equity below the market weight during the latter half of the month.</p> <p>The Stock market performed very well during the first half of the month. KSE-30 Index increased by around 6.6% as of January 19, 2010. However, the release of detailed decision by Supreme Court of Pakistan on NRO judgment prompted fear of rift between presidency and judiciary that dampened the investors' confidence. Moreover, statement of imposition of capital gain tax on the stock market by the Finance Minister created anxiety among the investors. Foreign portfolio Investment activity also remained subdued. Trading activity improved in the month of January with average daily traded volume recorded at 187.2 million shares as against 119.2 million shares during the previous month.</p> <p>In its Monetary Policy Statement of January 2010 State Bank of Pakistan kept the policy rate unchanged at 12.5%. Interest rates showed declining trend during the month. 6-month KIBOR declined by 20 basis points to close the month at 12.23% from 12.43% at the start of the month. Year-on-year CPI inflation in the month of December was recorded at 10.5%.</p> <p>We are expecting the performance of the Fund to improve as we are holding positions in high dividend yielding stocks with stable earnings stream and superior management quality.</p>
Fund Size:	Rs. 1,055 million	
Type:	Open-end – Balanced Fund	
Dealing Days:	Daily – Monday to Friday	
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	
Benchmark:	50% KSE-30 Index & 50% 1-month KIBOR	
Fund Manager:	Sajjad Anwar, CFA	
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-	
Asset Manager Rating:	AM2-	

Asset Allocation (as on 31st January 2010)



Leverage: (Amount of leveraging / borrowing done by the Fund.)	Nil
Name of the members of Investment Committee:	Dr. Amjad Waheed, CFA Sajjad Anwar, CFA Tanvir Abid, CFA Irfan Malik, CFA

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NAFA Islamic Multi Asset Fund (NIMF)

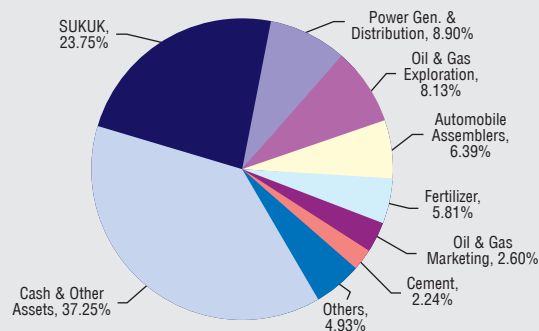
Unit Price (31/01/2010): Rs. 9.5079

January 2010

Investment Objective	Performance						
	Performance (%)*	Oct - Dec 2007	Oct - Jun 2007 - 08	Jul - Jun 2008 - 09	Jul - Dec 2009	January 2010	Since Launch October 29, 2007
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.	NAFA Islamic Multi Asset Fund	(2.64)%	(4.64)%	(10.09)%	8.76%	1.97%	(4.92%)
	*Returns are net of management fee & all other expenses						

General Information		Fund Manager's Commentary
Launch Date: Fund Size: Type:	October 29, 2007 Rs. 508 million Shariah Compliant - Open-end Balanced Fund	During the month of January 2010, Net Asset Value (NAV) of NAFA Islamic Multi Asset Fund (NIMF) increased by 1.97%, whereas the benchmark increased by 1.96%, thus your Fund performed in line with the benchmark.
Dealing Days: Settlement: Price Mechanism Load: Management Fee: Risk Profile	Daily - Monday to Friday 2-3 business days Forward Pricing Front end -3%, Back end-0% 3% per annum Moderate	
Listing: Custodian & Trustee:	Lahore Stock Exchange Central Depository Company (CDC)	NIMF is a balanced fund and market weight implies 50% weight in equity and 50% in fixed income asset class. In the beginning of the month we were over-weight in equity and under-weight in the fixed income asset class. During the latter half of the month we reduced our allocation in equity below the market weight due to uncertain political situation and news of imposition of capital gain tax on the stock market.
Auditors:	A. F. Ferguson & Co. Chartered Accountants	
Benchmark:	50% KMI - 30 Index & 50% average 1-month profit rate of Islamic banks.	
Fund Manager: Minimum Subscription: Asset Manager Rating	Sajjad Anwar, CFA Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/- AM2-	

Asset Allocation (as on 31st January 2010)



Leverage: (Amount of leveraging / borrowing done by the Fund.)	Nil
Name of the members of Investment Committee:	Dr. Amjad Waheed, CFA Sajjad Anwar, CFA Tanvir Abid, CFA Irfan Malik, CFA

Ahead of the result season the Stock market performed very well during the first half of the month. KMI-30 Index closed at 14,660 levels on January 15, 2010 showing an increase of around 6.58%. However, the release of detailed report by Supreme Court of Pakistan on NRO judgment prompted fear of rift between presidency and judiciary that dampened the investors' confidence. Moreover, statement of imposition of capital gain tax on the stock market by the Finance Minister created anxiety among the investors. Foreign portfolio Investment activity also remained subdued. Trading activity improved in the month of January with average daily traded volume recorded at 187.2 million shares as against 119.2 million shares during the previous month.

State Bank of Pakistan in its Monetary Policy Statement of January 2010 kept the policy rate unchanged at 12.5%. SBP's decision to transfer the oil import payment to the market put some pressure on the exchange rate. 6-month KIBOR declined by 20 basis points to close the month at 12.23% from 12.43% at the start of the month. Year-on-year CPI inflation in the month of December was recorded at 10.5%.

Key triggers for the stock market in our views are: I) political stability II) growth in corporate earnings; III) rationalization of government borrowing and expenditures IV) foreign inflows; V) availability of financing product. Going forward, we are expecting the Fund to perform well as we are holding positions in high dividend yielding stocks with stable earnings stream and superior management quality.

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Asset Management Limited

NAFA Stock Fund (NSF)

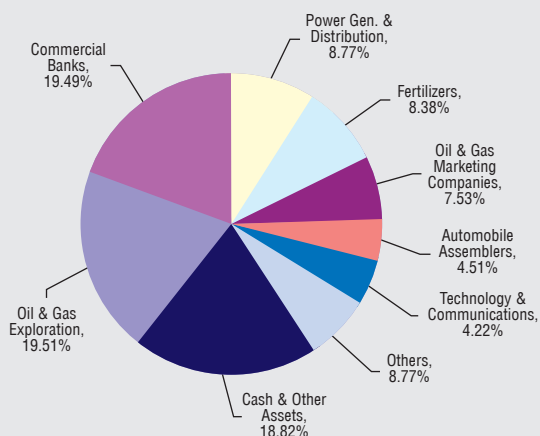
Unit Price (31/01/2010): Rs. 7.3028

January 2010

Investment Objective	Performance						
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.	Performance (%)*	Jan - Jun 2007	Jul - Jun 2007 - 08	Jul - Jun 2008 - 09	Jul - Dec 2009	January 2010	Since Launch January 22, 2007
	NAFA Stock Fund	43.47%	(3.18)%	(45.63)%	18.78%	1.32%	(9.12)%
	Benchmark	26.89%	(15.70)%	(47.15)%	30.10%	2.09%	(24.91)%
*Returns are net of management fee & all other expenses							

General Information	Fund Manager's Commentary
<p>Launch Date: January 22, 2007 Fund Size: Rs. 1,259 million Type: Open-end – Equity Fund Dealing Days: Daily – Monday to Friday 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</p>	<p>During the month under review, KSE-30 Index increased by 2.09%, whereas NAFA Stock Fund's (NSF) Net Asset Value (NAV) increased by 1.32%, thus an under-performance of 0.77% was recorded. Since inception on January 22, 2007 the NAV of NSF has declined by 9.12% and the benchmark has declined by 24.91%, thus to date out-performance is 15.79%.</p> <p>At the start of the month NSF was 98.00% invested in equities. Initially during the month the market performed well on the back of sanguine corporate earnings expectations and hopes of monetary easing. However, subsequently, market sentiment weakened following the release of the Supreme Court of Pakistan's detailed judgment on the NRO decision, which heightened concerns of escalation of rifts between the judiciary and the current administration. Prospects of imposition of capital gains tax from the next fiscal year dampened the mood of investors. Moreover, the exchange rate remained under pressure following transfer of oil import payment to the market. Anticipating the weak market trend, we reduced our weightage in equities to 81%.</p>
<p>Listing: Lahore Stock Exchange Custodian & Trustee: Central Depository Company (CDC) Auditors: A. F. Ferguson & 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-</p>	

Asset Allocation (as on 31st January 2010)



Leverage: (Amount of leveraging / borrowing done by the Fund.)	Nil
Name of the members of Investment Committee:	Dr. Amjad Waheed, CFA Sajjad Anwar, CFA Tanvir Abid, CFA

Net foreign portfolio inflows during January stood at US\$ 15.27 million compared to US\$ 4.20 million in December. The Market's Average Daily Traded Value stood at PKR 8.0 billion against PKR 5.2 billion during December. Local investors maintained a cautious stance on lack of domestic liquidity. No notable positives emanated from the FoDP moot and there was no progress on the launch of a leverage product in the market. During the month NSF reduced exposure in banks and energy exploration. The weightage in the power sector was increased on the back of high dividend yields.

The SBP has maintained interest rates in the January review. The inflationary figures over the next few months are likely to depict a spiraling trend, especially with the recent increase in domestic petroleum prices. Therefore, the market seems to lack positive triggers in the immediate term. NSF remains invested in fundamentally attractive and undervalued stocks that are expected to perform better than the market.

Key triggers for the stock market in our views are: I) political stability; II) growth in corporate earnings; III) rationalization of government borrowing and expenditures; IV) foreign inflows; V) availability of financing product.

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 the fund. All investments in mutual funds are subject to market risks. The price of units may go up as well as down. Past performance is not necessarily indicative of future results.



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Joint - Venture Partners

Management Quality Rating AM2-
(Good Quality Management)