

# NAFA Funds

Monthly Report (July 2011)



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*Joint - Venture Partners*

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Dr. Amjad Waheed, CFA  
Chief Executive Officer

A concern that I commonly hear from investors is whether the stock market will continue to perform well considering the economic and security risks facing Pakistan. The concern arises as the stock market represents large corporations of Pakistan, and no company can be fully immune to the macro-economic dynamics in which it operates. However, it is a question of extent to which a company can continue to perform well despite macro-economic uncertainties.

Over the last 10 years, Pakistan's real economic (GDP) growth has averaged 4.6% per annum whereas; the nominal economic growth rate (that includes inflation) averaged 15.3% per annum. The stock market posted average return of 26.5% per annum during the same period. Table 1 compares the real and nominal economic growth rate of Pakistan with corporate earnings growth over the last 10-years and the last 3-years. Table 2 shows that 11 percent of the variation in corporate earnings is explained by the real economic growth rate. This means that 89% of the variation in corporate earnings is related to factors other than economic growth. Thus, to a large extent these companies have been able to grow despite the slow economic growth rate of the country. Of special importance are the last three years where earnings grew by 19% per annum whereas, the real GDP depicted only 2.6% per annum growth (see Chart – 1 below). This is partly explained by relatively high inflation rate over the last three years, where companies have raised their output prices to compensate for high inflation.

Table – 1

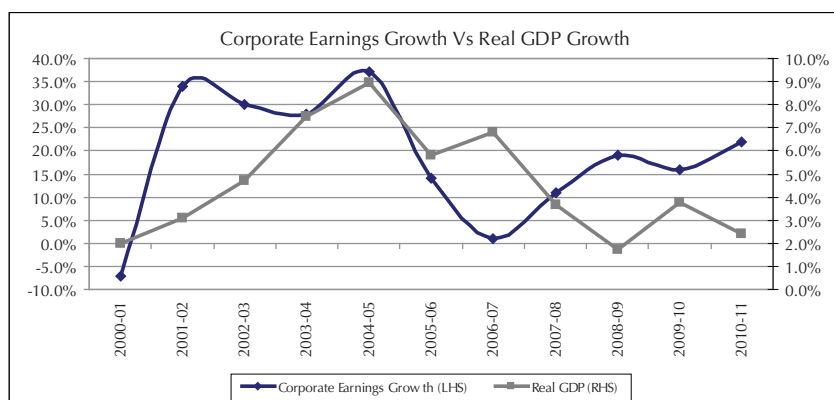
	Last 10 years (Average)	Last 3 years (Average)
Nominal GDP growth rate	15.3%	20.9%
Real GDP growth rate	4.6%	2.6%
Corporate earnings growth rate	18.6%	19%

Table – 2

	R <sup>2</sup>	Significance
Nominal GDP and corporate earnings growth	1%	No
Real GDP and corporate earnings growth	11%	No
KSE-100 and corporate earnings growth	21%	Yes

Our projection of the real economic (GDP) growth is 4% per year over the next 5 years and nominal economic growth rate is 15% per year for the same period. Corporate earnings are expected to rise by 20 % per annum, on average, over the same period. However, this is based on a status quo scenario. Continued fiscal indiscipline and deterioration in the law and order situation will cause economic and corporate earnings growth to slow down considerably. On the other hand, efforts on the part of the government to address structural issues, especially energy shortages and tax collection; and rationalization of government expenditures, may result in the real economic growth rate rebounding to 6% per annum or higher.

Chart – 1



Corporate earnings have grown well over the last several years and are expected to continue to grow at a healthy rate in the coming years. However, there are question marks about the quality of corporate earnings. The Oil Marketing and Power sub-sectors have shown decent profitability trends. However, where is the CASH behind those earnings! Several of these companies are stuck in the circular debt. Similarly, what would have been the earnings growth of banks if the State Bank of Pakistan had not relaxed provisioning rules over the last few years. Further, the vulnerability of highly leveraged companies has increased as their debt servicing costs have risen substantially due to the high interest rate environment.

Corporate earnings growth is a key driver of stock market performance. Earnings have grown at around 19% over the last three years despite downturns in real GDP growth rate. Currently, the stock market seems fairly priced, trading at forward earnings of 7.3 times. The stock market is expected to rise in line with projected corporate earnings growth of 20% per annum in the coming years.

July 2011

## Stock Market Review

The stock market depicted volatile and dull behavior with thin volumes ahead of the results season. Fluid domestic political situation, tensions over Pak-US relations, deteriorating law and order situation, global equity sell off related to the US debt standoff, and foreign portfolio outflows grappled the market. Better than expected result announcements by the key companies failed to improve investors' confidence in the market. News of suspension of aid to Pakistan by US and worsening Gas supply situation to the fertilizer sector added to the woes of the investor. However, expectation of healthy corporate earnings announcement and sanguine valuations of key companies kept alive the interest of the local investor. The month started with KSE-30 Index at around 11,586 levels and after touching a low of 11,503 levels on July 28, closed the month at 11,560 levels. Overall, during the month KSE-30 Index decreased by around 0.23%.

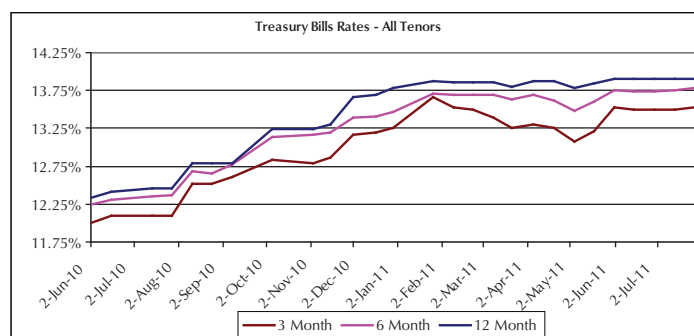
Economic indicators paint a mixed picture. External accounts improved amid healthy exports performance and record workers' remittances. Comfortable balance of payment situation and buildup in foreign exchange reserves are lending stability to the exchange rate. However, upside risk to the inflation expectations emanate from relentless Government borrowing to finance widening fiscal deficit from the local sources. Foreign investors were net sellers in the market during the month. Trading activity remained thin and Average Daily Traded Volume during the month was recorded at around 58 million shares.

During the month, Oil & Gas, Financial Services, Electricity, and Construction and Materials sectors performed better than the market. Whereas, Banking, Chemicals, and Personal Goods sectors under-performed the market. Expectations of healthy corporate result announcements by the key companies in the Refineries and the Oil and Gas Explorations subsectors contributed to the outperformance of the Oil and Gas sector. Curtailment of Gas supply to selected companies in the Fertilizer subsector resulted in underperformance of the Chemical sector. Risk of further increase in Non Performing Loans (NPLs) and associated high provisioning kept the investors away from taking positions in the banking sector. Expectations of healthy dividend payouts attracted investors' confidence in the Power subsector. Cement subsector performed better than the market due to expectations of healthy corporate earnings announcements.

Going forward, key drivers of the stock market will be: Foreign Portfolio Investment activity, earnings announcements, Pak-US relations, domestic political situation, and Bilateral and multilateral financial inflows.

## Fixed Income Review

In its Monetary Policy Announcement on July 30, 2011, State Bank of Pakistan reduced the Policy/ Discount Rate by 50 bps to 13.50%. The T-Bills auctions bid pattern of July 2011 is similar to the trend observed in the earlier three months that suggests the market continues to prefer six months and one year T-Bills over three month papers. In the two T-bills auctions of July, SBP cumulatively accepted Rs. 232.75 billion against the target of Rs. 210 billion. The cut off yields for the last T-bills auction were noted at 13.53%, 13.78% and 13.92% for the 3 months, 6 months and 12 months maturities respectively.



On the corporate debt sphere, market volumes reported by MUFAP were thin in July as compared to the previous month. Total traded value reported by MUFAP for July 2011 was Rs 687 mln, as against a value of Rs. 1,486 mln in June 2011. Banking, Telecom and Chemical sectors bonds accounted for 93% of the traded value.

Inflation (CPI) was 13.9% for FY 2011 as against 11.7% in FY 2010. Growth in Broad Money (M2) was 15.89% in FY 11 in comparison to a growth of 12.46% in FY 10. Government borrowing from the scheduled banks is consistently increasing to finance fiscal deficit. In FY-11 it exceeded the official target set a year back. Scheduled banks' Advances to Deposit ratio has declined (June 2008 76.8%, July 2011 63.8%) and Investments (mainly T-Bills) to Deposit Ratio has increased (June 2008 26.3%, July 2011 47.8%) over the last three years, resulting in dismal private sector borrowing. A silver lining has been current account surplus in FY 2011 owing to rising workers' remittances and higher exports. However, there are concerns on the sustainability of this trend. In brief, interest rates may remain high in the long run despite recent reduction in Discount Rate.

Market's risk aversion has led 'AAA(f)' rated NAFA Government Securities Liquid Fund cross Rs. 12 bln mark, which makes it one of the largest money market funds in industry. 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. 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.



**NBP Fullerton**  
Asset Management Limited

# NAFA Funds' Performance Summary Sheet

“July 2011”

FUND NAME	FUND SIZE (Rs. In million)	FUND LAUNCH DATE	STABILITY RATING	Jul- 2011	LAST ONE YEAR	SINCE LAUNCH
NAFA Government Securities Liquid Fund * <sup>1</sup>	12,350	16-May-09	AAA (f)	11.84%	11.56%	11.08%
NAFA Savings Plus Fund * <sup>1</sup>	573	21-Nov-09	AA- (f)	11.50%	10.81%	10.48%
NAFA Income Opportunity Fund (Formerly NAFA Cash Fund) * <sup>1</sup>	2,398	22-Apr-06	A (f)	14.51%	5.99%	7.67%
NAFA Income Fund * <sup>1</sup>	437	29-Mar-08	A- (f)	-5.15%**	-4.90%	1.40%
NAFA Islamic Aggressive Income Fund (Formerly NAFA Islamic Income Fund) * <sup>1</sup>	172	29-Oct-07	BBB (f)	9.91%	9.57%	1.43%
NAFA Riba Free Savings Fund * <sup>1</sup>	397	21-Aug-10	AA- (f)	13.87%	n/a	10.76%
NAFA Islamic Multi Asset Fund ** <sup>2</sup>	281	29-Oct-07	***	1.32%	23.26%	31.06%
NAFA Multi Asset Fund ** <sup>2</sup>	704	22-Jan-07	***	0.81%	19.34%	49.02%
NAFA Stock Fund ** <sup>2</sup>	892	22-Jan-07	***	-0.84%	18.98%	12.23%
NAFA Asset Allocation Fund ** <sup>2</sup>	301	21-Aug-10	***	1.02%	n/a	20.67%
<b>Total AUM</b>	<b>18,505</b>					
* Annualized return ** Cumulative return *** Not applicable <sup>1</sup> upto July 30, 2011 <sup>2</sup> upto July 29, 2011						

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

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## Performance

Performance % **	July 2011	Jan. - Jul. 2011	Trailing 12 Months	Since Launch May 16, 2009
NAFA Government Securities Liquid Fund	11.84%	11.89%	11.56%	11.08%
Benchmark	11.70%	11.59%	11.42%	11.11%

\* Ex-Dividend Price

\*\* 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. 12,350 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 11.84% during July 2011, which is better than the benchmark return by 14 basis points (bps). The annualized return for first seven months of the CY 2011 is 11.89% against the benchmark return of 11.59%, hence an out-performance of 30 bps.

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.

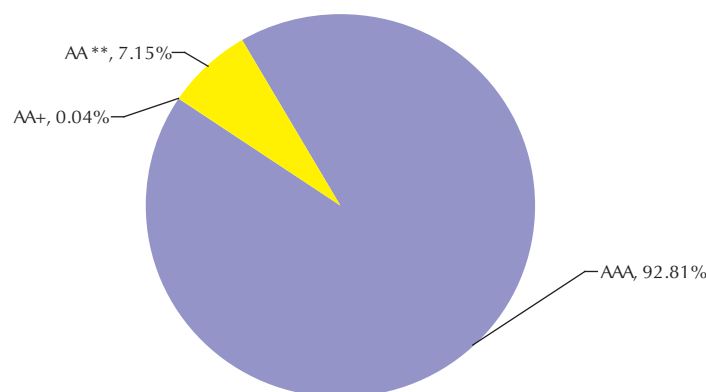
Over last three years Government has been relying heavily on scheduled banks to finance its fiscal deficit. As a result, outstanding stock of T-Bills is now over Rs1.85 trillion. Persistent continuation of this trend suggests that interest rates may remain high. This is likely to keep the return of your Fund attractive.

The SBP reduced the Policy Rate / Discount Rate by 50 bps to 13.5% in its bi-monthly Monetary Policy Announcement at end of July. The inter-bank money market remained very tight during the month with over-night repo rate average of 13.75% against 12.49% in previous month.

In the first seven months of the calendar year 2011 daily average allocation in short-term Government Securities is 88.5%. In the same period, T-Bills asset class maturity has 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 38 days.

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

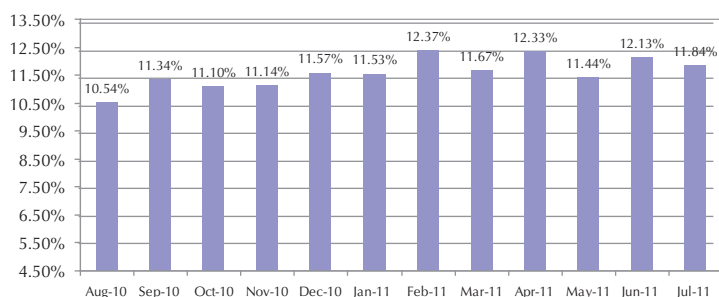


\*\* Net of Other Liabilities

## Asset Allocation (% of NAV)

	30-Jul-11	30-Jun-11
T-Bills (Including Reverse Repo via Master Repurchase Agreement)	92.73%	86.28%
Placements with Banks	4.86%	9.48%
Cash Equivalents	2.53%	4.14%
Other (Liabilities) / Assets	-0.12%	0.10%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>
Leverage	Nil	Nil

## 12-Month Trailing Annualized Returns of NGSLF



## Name of the Members of Investment Committee

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



MONTHLY REPORT (MUFAP's Recommended Format)

Unit Price (30/07/2011): Rs. 10.1181\*

July 2011

## Performance

Performance % **	July 2011	Jan. - Jul. 2011	Trailing 12 Months	Since Launch November 21, 2009
NAFA Savings Plus Fund	11.50%	11.31%	10.81%	10.48%
Benchmark	8.82%	8.59%	8.46%	8.30%

\* Ex-Dividend Price

\*\* 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. 573 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- (i)" 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 11.50% during the month versus benchmark return of 8.82%, thus depicting an out-performance of 2.68%. The calendar year to date annualized return is 11.31% out-performing the benchmark by 2.72%. Since inception the out-performance of the Fund against the benchmark is 2.18%. The Fund intends to provide its investors consistently better returns than the bank deposit rates.

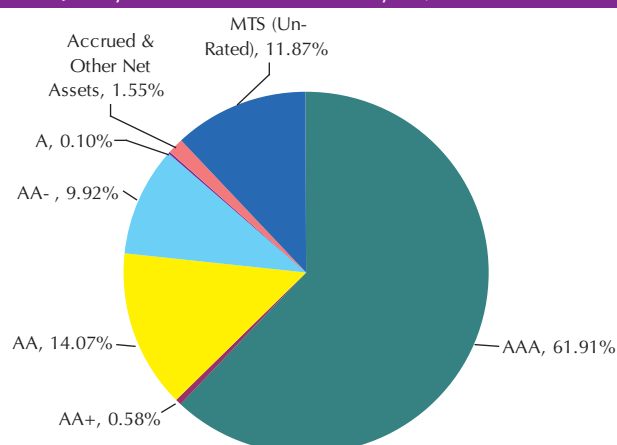
The Fund maintained its weightage in Margin Trading System at around 12% during the month. Our internal guidelines permit financing in only fundamentally strong companies with lower volatility. It is pertinent to mention that in this asset class the Fund provides financing at only pre-determined rate 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 AAA rated T-Bills was increased to around 62% from around 54% in previous month as these were offering high returns. Going forward, the Fund intends to tap opportunities in relatively high yielding Commercial Papers if issued by corporates rated AA- and above.

The average maturity of your Fund is around 45 days.

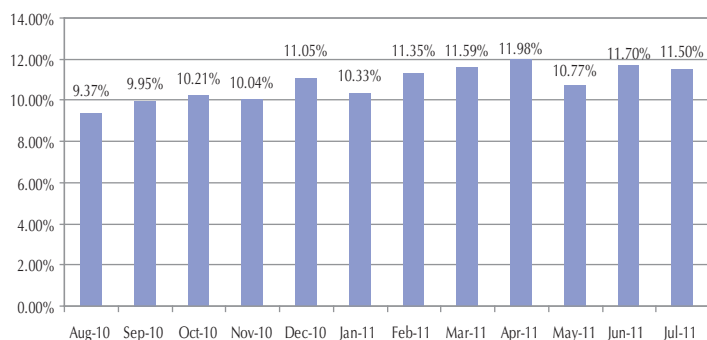
## Credit Quality of the Portfolio as of July 30, 2011 (% of NAV)



## Asset Allocation (% of NAV)

	30-Jul-11	30-Jun-11
T-Bills	61.74%	54.15%
Placements with Banks	-	13.76%
Placements with DFIs	17.44%	9.17%
Margin Trading System (MTS)	11.87%	10.89%
Cash Equivalents	7.39%	10.64%
Other Assets	1.56%	1.39%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>
Leverage	Nil	Nil

## 12-Month Trailing Annualized Returns of NSPF



## Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA  
Ahmad Nouman, 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.

## Performance

Performance % **	July 2011	Jan. - Jul. 2011	Since Launch August 21, 2010
NAFA Riba Free Savings Fund	13.87%	11.68%	10.76%
Benchmark	8.52%	8.32%	8.31%

\* Ex-Dividend Price

\*\* 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. 397 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 July 2011 is 13.87%. The annualized return for first seven months of the current CY 2011 is 11.68% against the benchmark return of 8.32%, hence an out-performance of 3.36%. Since the Fund's inception eleven months ago, the Fund has out-performed its benchmark by 2.45%. The price of all GOP Ijarah Sukuks in your Fund have shown an upward trend during the month.

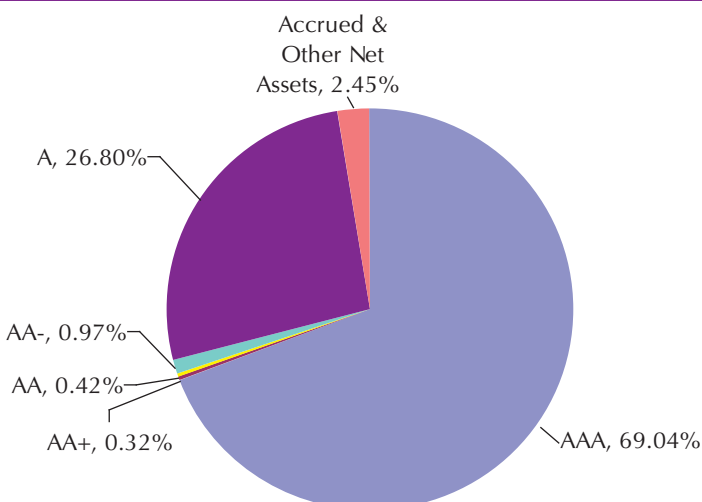
We aim to consistently provide better returns than profit rates offered by Islamic Banks / Islamic windows of commercial banks, while also providing easy liquidity along with a high quality credit profile. The Fund is not authorized to invest in corporate sukuk and the stock market.

At the month end around 69% of your Fund's portfolio is invested in AAA rated Shariah Compliant Government securities. This has substantially increased the liquidity of the Fund. In FY 2011, SBP conducted four auctions of GOP Ijarah, and the accepted amount was Rs 182.35 bln against the target of Rs 170 billion. Currently, the outstanding amount of GOP Ijarah sukuk is around Rs.235 billion. GOP Ijarah sukuk 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 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 56 days.

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



## Asset Allocation (% of NAV)

	30-Jul-11	30-Jun-11
GOP Ijarah Sukuk - Govt. Backed	68.67%	70.48%
Cash Equivalents	28.88%	27.49%
Other Net Assets	2.45%	2.03%
Total	100.00%	100.00%
Leverage	Nil	Nil

## GOP Ijarah SUKUK Holdings (as at July 30, 2011)

Name of Sukuk	% of Net Assets
GOP Ijarah Sukuk VII	31.19%
GOP Ijarah Sukuk VIII	20.25%
GOP Ijarah Sukuk V	8.86%
GOP Ijarah Sukuk VI	8.37%
Total	68.67%

## Name of the Members of Investment Committee

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





# NAFA Income Fund (NIF)

MONTHLY REPORT (MUFAP's Recommended Format)  
Unit Price (30/07/2011): Rs. 9.2104

July 2011

## Performance

Performance %	July 2011*	Jan. - Jul. 2011 *	Trailing 12 Months **	Since Launch March 29, 2008**
NAFA Income Fund	-5.15%	-7.89%	-4.90%	1.40%
Benchmark	1.07%	7.73%	13.32%	12.47%

\* Represent Cumulative Return

\*\* 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:	March 29, 2008
Fund Size:	Rs. 437 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's unit price declined by 5.15% during July 2011. This is owing to provisioning in Agritech TFC. Now the TFC is marked at Rs 28 against Face Value of Rs 100. Second restructuring of this issue is in the advance stage and we expect the losses to reverse in the coming months.

The Fund's allocation to TFCs / Sukuks is around 72%. All TFCs in your Fund are floating rate instruments linked to KIBOR. During first seven months of CY 2011 average 6-Month KIBOR was around 13.74% as against 12.34% 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 21.46% p.a. while its weighted average time to maturity is 3.16 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.

## Details of Non-Compliant Investments

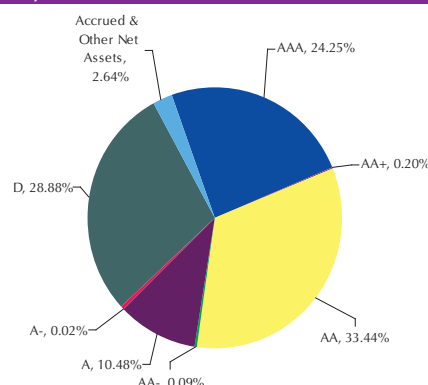
Particulars	Type of Investment	Value of Investments before Provision	Provision held	Value of Investments after Provision	% of Net Assets	% of Gross Assets	Yield to Maturity per annum
Agritech Limited II	TFC	149,880,000	107,913,600	41,966,400	9.60%	9.52%	34.19%
Saudi Pak Leasing***	TFC	52,637,100	17,883,585	34,753,515	7.95%	7.88%	26.22%
Eden Housing Sukuk II	Sukuk	71,250,000	21,756,758	49,493,242	11.32%	11.23%	42.20%
New Allied Electronics Sukuk II	Sukuk	49,054,371	49,054,371	-	0.00%	0.00%	0.00%
<b>Total</b>		<b>322,821,471</b>	<b>196,608,314</b>	<b>126,213,157</b>	<b>28.87%</b>	<b>28.63%</b>	

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

Excess / (Short) exposures

Particulars	Exposure Type	% of Net Assets	Limit	Excess / (Short) Exposure
Engro Fertilizer Limited (PPTFC)	Per Party	21.51%	10.00%	11.51%
Chemical Sector	Sector	31.11%	25.00%	6.11%

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



## Asset Allocation (% of NAV) 30-Jul-11 31-Jun-11

TFCs / Sukuks	72.08%	73.64%
T-Bills	24.21%	22.22%
Cash Equivalents	1.07%	1.59%
Other Net Assets	2.64%	2.55%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>
Leverage	Nil	Nil

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

Name of TFCs / Sukuks	% of Net Assets
Engro Fertilizer Limited (PPTFC)	21.51%
Eden Housing Limited (Sukuk)	11.32%
UBL IV	11.25%
World Call Telecom Limited	10.45%
Agritech Limited (PPTFC II)	9.60%
Saudi Pak Leasing	7.95%
<b>Total</b>	<b>72.08%</b>

## Name of the Members of Investment Committee

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

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## Performance

Performance % **	July 2011	Jan. - Jul. 2011	Since Launch August 21, 2010
NAFA Asset Allocation Fund	1.02%	10.19%	20.67%
Benchmark	0.49%	4.11%	12.76%

\* Ex-Dividend Price

\*\* 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. 301 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) increased by 1.02% while the benchmark (1/3 of average 3-month bank deposit rate; 1/3 of 6-month KIBOR; 1/3 of KSE 30 Index) increased by 0.49%. Thus your Fund out-performed the benchmark by 0.53%. Since inception on August 21, 2010 your Fund has increased by 20.67%, while the Benchmark has increased by 12.76%. Thus, to-date the out-performance of your Fund stands at 7.91%. This out-performance is net of management fee, WWF and all other expenses.

In CYTD 2011, the Fund has posted 10.19% return versus -0.67% average return by the peer group, thus an outperformance of 10.86%.

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 27% of the portfolio was invested in equities. Ahead of the results season, the stock market remained sideways to slightly positive during most of July 2011. However, towards the end of the month the market weakened on the back of foreign selling.

We enhanced the weightage of NAAF in the Fertilizer, Refineries and the Oil & Gas Exploration sub-sectors. While, we reduced weightage in the Power and Oil & Gas Marketing sub-sectors. Our strategy to remain overweight in the selected high dividend yielding companies in the Fertilizer and Power sub-sectors continued to significantly contribute to the out-performance of the Fund. Moreover, NAAF benefited from the under-weight stance in the Personal Goods, Banking and Construction & Materials sectors. At the end of the month, NAAF was around 29% invested in equities, 36% in money market instruments and around 17% in "AA" rated category TFCs.

NAAF's equity portfolio is predominantly invested in high dividend yielding stocks with stable earnings stream and low business risk. We are monitoring the capital market conditions and will rebalance the portfolio proactively.

## Asset Allocation (% of NAV)

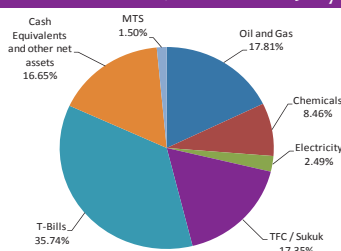
	29-Jul-11	30-Jun-11
Equities / Stocks	28.76%	27.06%
TFCs	17.35%	18.47%
Cash Equivalents	12.68%	22.27%
T-Bills	35.74%	24.63%
MTS	1.50%	4.48%
Other Net Assets	3.97%	3.09%
Total	100.00%	100.00%
Leverage	Nil	Nil

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

	PER	PBV	DY
NAAF	7.0%	2.2%	9.7%
KSE-30	7.3%	3.3%	7.1%

\*\*\* Based on NAF's estimates

## Asset Allocation (as on 29th July 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 29th July 2011)

Name	Asset Class	% of NAV
Pak Petroleum Ltd.	Equity	6.73%
Pakistan Oilfields Ltd.	Equity	6.64%
Engro Corp. Rupiya Certificate	TFC	5.60%
United Bank Ltd III	TFC	5.03%
Fauji Fertilizer Co. Ltd.	Equity	4.57%
Fauji Fertilizer Bin Qasim	Equity	3.87%
Allied Bank Limited I	TFC	3.39%
Bank Alfalah - II	TFC	3.33%
Oil & Gas Dev.Co	Equity	2.51%
Hub Power co. Ltd.	Equity	2.49%
Total		44.16%

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## Performance

Performance % **	July 2011	Jan. - Jul. 2011	Trailing 12 Months	Since Launch January 22, 2007
NAFA Multi Asset Fund	0.81%	7.22%	19.34%	49.02%
Benchmark	0.40%	3.78%	12.41%	24.76%

\* Ex-Dividend Price

\*\* 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. 704 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) increased by 0.81% while the benchmark (50% KSE-30 index & 50% 3-month KIBOR) increased by 0.40%. Thus your Fund out-performed the benchmark by 0.41%. Since inception on January 22, 2007 your Fund has increased by 49.02%, while the benchmark has increased by 24.76%. Thus, to-date the out-performance of your Fund stands at 24.26%. 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. Ahead of the results season, the stock market remained sideways to slightly positive during most of July 2011. However, towards the end of the month the market weakened on the back of foreign selling. At the start of the month, NMF was around 50% invested in equities. We enhanced the weightage of the Fund in the Banking sector and Fertilizer sub-sector. On the contrary, the allocation of NMF was reduced in the Electricity and Oil & Gas sectors. At the end of the month NMF was around 50% invested in equities. The Fund's allocation strategy in the Fertilizer sub-sector continued to significantly contribute to the out-performance of NMF. The Fund remained overweight in the selected high dividend yielding companies in the Fertilizer sub-sector, which out-performed the market and underweight in the key fertilizer stock that lagged the market, which benefited NMF. Furthermore, the Fund's key holdings in the Oil & Gas and Electricity sectors performed better than the market, which also contributed to the out-performance. The weighted average Yield-to-Maturity (YTM) of the TFC / Sukuk portfolio of NMF is around 23.67% 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 shift the allocations of NMF.

## Top Ten Holdings (as on 29th July 2011)

Name	Asset Class	% of NAV	Name	Asset Class	% of NAV
Fauji Fertilizer Co. Ltd.	Equity	8.08%	Hub Power co. Ltd.	Equity	4.98%
Pakistan Oilfields Ltd.	Equity	8.08%	Orix Leasing Pakistan	PPTFC	4.30%
Maple Leaf Cement I	Sukuk	7.87%	Oil & Gas Dev.Co	Equity	4.08%
Pak Petroleum Ltd.	Equity	7.73%	Eden Housing Ltd.	Sukuk	3.52%
Fauji Fertilizer Bin Qasim	Equity	5.61%	Avani Hotels Ltd.	TFC	3.49%

## 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 Sukuk I	Sukuk	88,327,239	32,933,253	****55,393,986	7.87%	7.77%	30.04%
Saudi Pak Leasing	TFC	35,091,400	11,922,408	****23,168,992	3.29%	3.25%	26.46%
Eden Housing Sukuk II	Sukuk	35,625,000	10,878,379	24,746,621	3.52%	3.47%	42.15%
Maple Leaf Cement Sukuk II	Sukuk	3,315,000	3,315,000	-	-	-	-
New Allied Electronics Sukuk I	Sukuk	10,000,000	10,000,000	-	-	-	-
Total		172,358,639	69,049,040	103,309,599	14.68%	14.49%	

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

Weighted Average Time to Maturity of Non Equity Assets	Limit	Excess
2.55 years	2 years	0.55 years

## Asset Allocation (% of NAV)

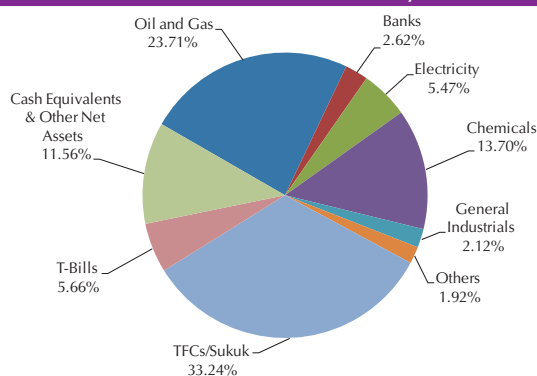
	29-Jul-11	30-Jun-11
Equities / Stocks	49.54%	50.49%
TFCs / Sukuks	33.24%	34.70%
T-Bills	5.66%	-
Cash Equivalents	7.84%	12.61%
Other Net Assets	3.72%	2.20%
Total	100.00%	100.00%
Leverage	Nil	Nil

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

	PER	PBV	DY
NMF	6.4	1.7	9.3%
KSE-30	7.3	3.3	7.1%

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

## Asset Allocation (as on 29th July 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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NBP Fullerton  
Asset Management Limited

# NAFA Islamic Multi Asset Fund (NIMF)

MONTHLY REPORT (MUFAP's Recommended Format)

Unit Price (29/07/2011): Rs.9.2244\*

July 2011

## Performance

Performance % **	July 2011	Jan. - Jul. 2011	Trailing 12 Months	Since Launch October 29, 2007
NAFA Islamic Multi Asset Fund	1.32%	10.23%	23.26%	31.06%
Benchmark	0.95%	7.89%	20.35%	NA ***

\* Ex-Dividend Price

\*\* 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. 281 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) increased by 1.32%, whereas the benchmark (50% KMI-30 index & 50% average 3-month profit rate of Islamic Banks) increased by 0.95%, thus your Fund out-performed the benchmark by 0.37%. During the first seven months of current Calendar Year, the Fund earned a return of 10.23% and outperformed its benchmark by 2.34%.

NIMF is a Balanced Fund and market weight implies 50% weight in equities and 50% in fixed income asset class. Ahead of the results season, the stock market remained sideways to slightly positive during most of July 2011. However, towards the end of the month the market weakened on the back of foreign selling. At the start of the month NIMF was around 50% invested in equities. The weightage of the Fund in the Electricity sector and Refineries sub-sector was increased. The weightage of NIMF in the Fertilizer sub-sector was maintained. On the other hand, the Fund's allocation in the Oil & Gas Exploration and Oil Marketing Companies sub-sectors was reduced. At the end of the month NIMF was around 50% invested in equities. NIMF's strategy to remain overweight in the selected high dividend yielding companies belonging to the Fertilizer sub-sector, which performed better than the market, continued to significantly contribute to the out-performance of the Fund. NIMF also benefited from the under-weight stance in the Fixed Line Telecommunication sector, which lagged the market. The weighted average Yield-to-Maturity (YTM) of the Sukuk portfolio of NIMF is around 29.92% p.a.

NIMF is invested in high dividend yielding Shariah Compliant stocks of defensive sectors. We are vigilant to the developments in the capital markets and will proactively alter the portfolio of NIMF.

## Asset Allocation (% of NAV)

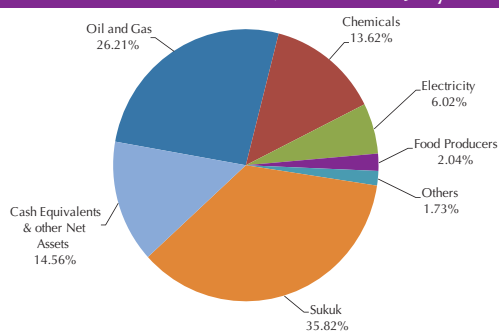
	29-Jul-11	30-Jun-11
Equities / Stocks	49.62%	49.71%
Sukuks	35.82%	35.23%
Cash Equivalents	9.64%	12.05%
Other Net Assets	4.92%	3.01%
Total	100.00%	100.00%
Leverage	Nil	Nil

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

	PER	PBV	DY
NIMF	7.1	2.0	8.8%
KMI-30	7.8	4.3	7.9%

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

## Asset Allocation (as on 29th July 2011)



## Name of the Members of Investment Committee

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

## Top Ten Holdings (as on 29th July 2011)

Name	Asset Class	% of NAV	Name	Asset Class	% of NAV
Kohat Cement Ltd.	Sukuk	11.49%	Pak Petroleum Ltd.	Equity	6.46%
Maple Leaf Cement 1	Sukuk	11.15%	Hub Power Co. Ltd.	Equity	6.02%
Pakistan Oilfields Ltd.	Equity	9.30%	Eden Housing Ltd.	Sukuk	4.41%
Fauji Fertilizer Co. Ltd.	Equity	9.28%	Fauji Fertilizer Bin Qasim	Equity	4.34%
Pak Elektron Ltd.	Sukuk	7.19%	Oil & Gas Dev.Co	Equity	3.59%

## 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	Sukuk	48,300,000	16,034,441	*****32,265,559	11.49%	11.27%	34.00%
Maple Leaf Cement Sukuk I	Sukuk	49,936,250	18,618,980	*****31,317,270	11.15%	10.94%	30.04%
Eden Housing Limited Sukuk II	Sukuk	17,812,500	5,439,189	12,373,311	4.41%	4.32%	42.15%
Maple Leaf Cement Sukuk II	Sukuk	1,875,000	1,875,000	-	-	-	-
Total		117,923,750	41,967,610	75,956,140	27.05%	26.53%	

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

Weighted Average Time to Maturity of Non Equity Assets	Limit	Excess
3.22 years	2 years	1.22 years

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## Performance

Performance % **	July 2011	Jan. - Jul. 2011	Trailing 12 Months	Since Launch April 22, 2006
NAFA Income Opportunity Fund Formerly NAFA Cash Fund	14.51%	5.85%	5.99%	7.67%
Benchmark	13.80%	13.74%	13.38%	11.67%

\* Ex-Dividend Price

\*\* 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. 2,398 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 14.51% during July 2011. We believe that aside from stable coupon income on the Fund's TFC portfolio, there is room of recovery in prices in the presently non-performing TFCs/ Sukuks.

The Fund has high allocation in TFCs of around 92% of the Fund size. All TFCs in your Fund are floating rate instruments linked to KIBOR. During first seven months of CY 2011 average 6-Month KIBOR was around 13.74% as against 12.34% 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.84 against the par value of Rs100.

The Yield to Maturity of your Fund is around 21.70% p.a. and that of the TFC portfolio is 23.51% p.a. The weighted average time to maturity of your Fund is 2.90 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.

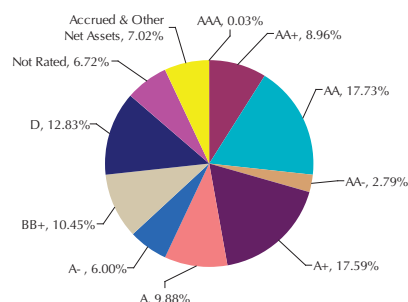
## Details of Non-Compliant Investments

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
AgriTech Limited	TFC	149,880,000	107,913,600	41,966,400	1.75%	1.46%	67.17%
Azgard Nine Limited PPTFC	TFC	249,800,000	179,856,000	69,944,000	2.92%	2.43%	44.76%
Kohat Cement Limited***	Sukuk	241,500,000	80,172,204	161,327,796	6.73%	5.60%	34.03%
Maple Leaf Cement Sukuk I***	Sukuk	399,490,000	148,951,844	250,538,156	10.45%	8.69%	30.06%
BRR Guardian Nodaraba Sukuk***	Sukuk	50,000,000	12,500,000	37,500,000	1.56%	1.30%	23.53%
Saudi Pak Leasing***	TFC	52,637,100	17,883,613	34,753,487	1.45%	1.21%	26.22%
Eden Housing Sukuk II	Sukuk	32,775,000	10,008,108	22,766,892	0.95%	0.79%	42.20%
PACE Pakistan Limited***	TFC	149,820,000	49,064,402	100,755,598	4.20%	3.50%	34.16%
Maple Leaf Cement Sukuk II***	Sukuk	15,000,000	15,000,000	-	0.00%	0.00%	0.00%
Gharibwal Cement Limited PPTFC	TFC	24,355,500	24,355,500	-	0.00%	0.00%	0.00%
New Allied Electronics PPTFC	TFC	31,706,536	31,706,536	-	0.00%	0.00%	0.00%
Dewan Cement Limited	TFC	150,000,000	150,000,000	-	0.00%	0.00%	0.00%
New Allied Electronics Sukuk II	Sukuk	44,148,934	44,148,934	-	0.00%	0.00%	0.00%
Total		1,591,113,070	871,560,741	719,552,329	30.01%	24.98%	

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

Excess / (Short) exposures	Particulars	Exposure Type	% of Net Assets	Limit	Excess / (Short) exposures
Engro Fertilizer Limited (PPTFC)	Per Party		12.15%	10%	2.15%
Pakistan Mobile Comm (L2)	Per Party		15.50%	10%	5.50%
Cash and Cash Equivalent	Cash Balance		1.25%	25%	(23.75)%

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



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

Name of TFCs / Sukuks	% of Net Assets
Pakistan Mobile Communication (Listed II)	15.50%
Engro Fertilizer Limited (PPTFC)	12.15%
Maple Leaf Cement (Sukuk I)	10.45%
Orix Leasing Pakistan (PPTFC)	8.20%
Kohat Cement Limited (Sukuk)	6.73%
World Call Telecom Limited	6.13%
Avari Hotels Limited	5.99%
Pace Pakistan Limited	4.20%
Jahangir Siddiqui & Company IV	3.79%
Allied Bank Limited II	2.74%
Total	75.88%

## Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA  
Ahmad Nouman, CFA  
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Hussain Yasar

**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 % **	July 2011	Jan. - Jul. 2011	Trailing 12 Months	Since Launch October 29, 2007
NAFA Islamic Aggressive Income Fund <i>Formerly NAFA Islamic Income Fund</i>	9.91%	12.47%	9.57%	1.43%
Benchmark	7.94%	7.71%	7.20%	6.43%

\* Ex-Dividend Price

\*\* 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. 172 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 9.91% in July 2011 against the benchmark return of 7.94%. The annualized return for first seven months of the CY 2011 is 12.47% against the benchmark return of 7.71%, hence an out-performance of 4.76%.

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 25.83% p.a. while, its weighted average time to maturity is 3.15 years. The weighted average maturity of your Fund is 2.51 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-Jul-11 30-Jun-11

Sukuk	70.00%	68.96%
GOP Ijara Sukuk - Govt. Backed	9.83%	9.45%
Cash Equivalents	12.01%	14.65%
Other Net Assets	8.16%	6.94%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>
Leverage	Nil	Nil

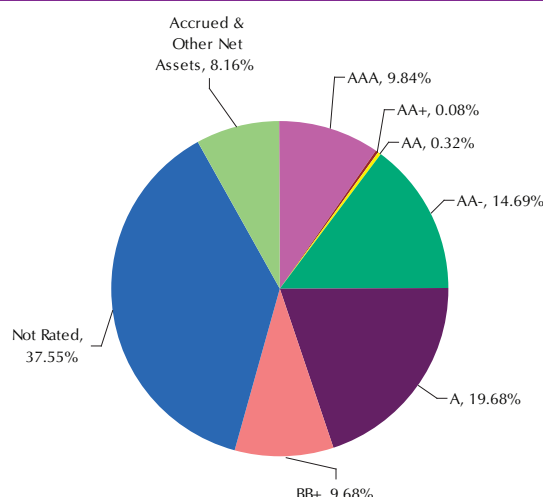
## Details of Non-Compliant Investments

Excess exposure				
Particulars	Exposure Type	% of Net Assets	Limit	Excess Exposure
Kohat Cement Limited (Sukuk)	Per Party	37.55%	15.00%	22.55%
Construction and Materials	Sector	47.23%	35.00%	12.23%

## Top Sukuk Holdings (as at July 30, 2011)

Name of Sukuks	% of Net Assets
Kohat Cement Limited (Sukuk)	37.55%
Engro Fertilizer Limited (Sukuk)	14.55%
Maple Leaf Cement Limited (Sukuk I)	9.68%
Pak Elektron Limited (Sukuk)	8.22%
GOP Ijarah (Sukuk) V	5.73%
GOP Ijarah (Sukuk) I	2.93%
GOP Ijarah (Sukuk) VII	1.17%
<b>Total</b>	<b>79.83%</b>

## Credit Quality of the Portfolio as of July 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



NBP Fullerton  
Asset Management Limited

# NAFA Stock Fund (NSF)

MONTHLY REPORT (MUFAP's Recommended Format)  
Unit Price (29/07/2011): Rs.6.4551\*

July 2011

## Performance

Performance % **	July 2011	Jan. - Jul. 2011	Trailing 12 Months	Since Launch January 22, 2007
NAFA Stock Fund	(0.84%)	3.27%	18.98%	12.23%
Benchmark	(0.23%)	(0.24%)	10.97%	(13.68%)

\* Ex-Dividend Price

\*\* 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. 892 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 0.23% whereas NAFA Stock Fund's (NSF) Net Asset Value (NAV) decreased by 0.84%, thus an under-performance of 0.61% was recorded. Since inception on January 22, 2007 the NAV of NSF has increased by 12.23% while the benchmark has declined by 13.68%, thus to date out-performance is 25.91%. This out-performance is net of management fee and all other expenses.

At the start of the month, NSF was around 94% invested in equities. Ahead of the results season, the stock market remained sideways to slightly positive during most of July 2011. However, towards the end of the month the market weakened on the back of foreign selling. Among others, NSF's key holding in the Cement sub-sector lagged the market that contributed to the under-performance of the Fund. In addition, the Fund was under-weight in selected companies in the banking sector, which out-performed the market. NSF's key holding in the Electricity sector performed better than the market, which contributed to the performance of the Fund. Our strategy to remain overweight in the selected high dividend yielding companies in the Fertilizer sub-sector, which out-performed the market, benefited NSF. Moreover, our underweight stance in the key fertilizer stock that lagged the market also benefited the Fund. NSF's under-weight stance in the Fixed Line Telecommunication sector, which lagged the market, also contributed to its performance during the month.

We enhanced the weightage of NSF in the Banking sector and Refineries and Textile sub-sectors. We reduced the weightage of the Fund in the Construction & Materials sector and Oil Marketing Companies sub-sector. On the other hand, the allocation of NSF was almost maintained in the Electricity sectors and Fertilizer sub-sector. At the end of the month, NSF was around 97% invested in equities.

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

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

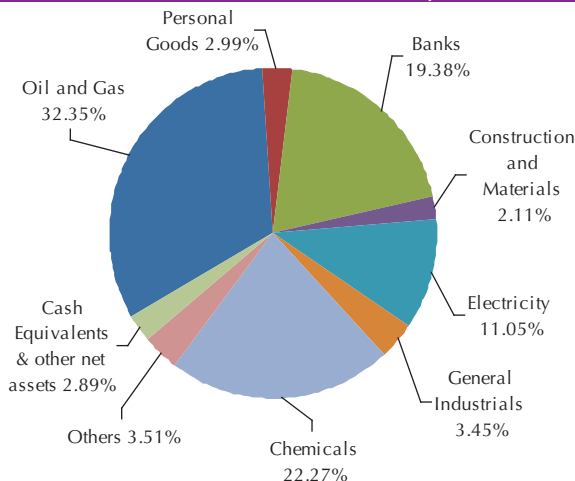
Equities / Stock	97.11%	93.90%
Cash Equivalents	1.27%	10.51%
Other Net Assets / (Liabilities)	1.62%	-4.41%
Total	100.00%	100.00%
Leverage	Nil	Nil

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

	PER	PBV	DY
NSF	6.3	1.3	7.4%
KSE-30	7.3	3.3	7.1%

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

## Asset Allocation (as on 29th July 2011)



## Top Ten Equity Holdings (as on 29th July 2011)

Name	% of NAV	Name	% of NAV
Fauji Fertilizer Co. Ltd.	10.63%	MCB Bank Limited	6.23%
Hub Power Co. Ltd.	9.16%	Fauji Fertilizer Bin Qasim	4.98%
Pakistan Oilfields Ltd.	8.68%	National Refinery Ltd.	3.92%
Oil & Gas Dev.Co	6.84%	Attock Refinery Ltd.	3.83%
Pak Petroleum Ltd.	6.31%	Engro Corporation Ltd.	3.60%

## Name of the Members of Investment Committee

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