

# NAFA Funds

## Monthly Report (July 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](http://www.nafafunds.com)  
Email: [info@nafafunds.com](mailto:info@nafafunds.com)

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Dr. Amjad Waheed, CFA  
Chief Executive Officer

Investing for the long-term, and relatively at a higher rate of return, compounds the value of your investments due to re-investment of profits over the investment horizon. Table 1 below illustrates this impact. For example, if an investor invests Rs 100,000, earning a rate of return of 10% per annum the value of his or her investment will grow to about Rs 673,000 in 20 years. The same investment earning a rate of return of 15% per annum would grow to Rs 1.64 million in the same time period. Thus, whereas the rate of return differential is 50% (15% p.a. versus 10% p.a.), the increase in the value of investment is more than double (Rs 1.64 million versus Rs 673,000). Another interesting fact to note from Table 1 is that there is incredible benefit of investing early. For example, Rs 100,000 invested at 15% p.a. for 20 years, will grow to about Rs 1.6 million. The same Rs 100,000 invested at the same rate of return of 15% p.a. for 25 years rather than 20 years will grow to about Rs 3.3 million – double the amount. Thus, by investing 5 years early, you can actually double your money.

Compounding also depicts how the value of an investment erodes if it earns a return less than the inflation rate. As can be seen from Table 2, if an investor keeps Rs 100,000 in a current account of a bank earning 0%, whereas inflation rate is 10% per annum, the inflation-adjusted value of his or her Rs 100,000 will erode to about Rs 62,000 in 5 years, and Rs 24,000 in 15 years. Table 2 also shows that the investor has to earn a return equal to the prevailing inflation rate to keep the real value of his or her investment intact. To achieve real growth in investment value, the return on the investment should be higher than the inflation rate. For example, if the prevailing inflation rate is 10% per annum, and the investor is earning a 15% per annum rate of return on his or her investment, the inflation-adjusted value of the investment will almost double in 15 years.

Some of the takeaways for investors from the tables below are that: (i) the sooner you start to save, the greater the benefit will be; (ii) a slightly higher rate of return will have a substantial impact on the value of your investment over the medium to long term; and (iii) a higher rate of return than inflation will ensure that the value of your investment increases in the real term. Stock market and real estate offer a higher rate of return over the long term versus bank deposits. Therefore, investors are advised to invest a portion of their assets in these two asset classes. If an investor had placed Rs 100,000 in a bank in Pakistan 15 years ago earning a profit rate of 9% per annum, his or her investment would have grown to about Rs 364,000 at present. If the same investment were made in the Pakistani stock market, it would have grown to about Rs 733,000 in the same period, at an average rate of return of 14.2% per annum. If an investor is not willing or able to invest in the stock market and / or real estate, then we suggest investing in money market funds that are presently providing a rate of return of around 10% per annum. This is better than keeping money in a current account or a savings account of a bank.

**Table 1**

Initial Investment of Rs. 100,000			
Years	10%	15%	20%
1	110,000	115,000	120,000
5	161,051	201,136	248,832
10	259,374	404,556	619,174
15	417,725	813,706	1,540,702
20	672,750	1,636,654	3,833,760
25	1,083,471	3,291,895	9,539,622

**Table 2**

Initial Investment of Rs. 100,000, Expected Inflation of 10% Per Annum				
Years	Inflation Adjusted Value at 0% p.a. Return	Inflation Adjusted Value at 5% p.a. Return	Inflation Adjusted Value at 10% p.a. Return	Inflation Adjusted Value at 15% p.a. Return
1	90,909	95,455	100,000	104,545
5	62,092	79,247	100,000	124,889
10	38,554	62,801	100,000	155,974
15	23,939	49,768	100,000	194,795
20	14,864	39,440	100,000	243,278
25	9,230	31,255	100,000	303,829

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July 2012

## Stock Market Review

During the month of July the stock market rebounded from the lackluster trend witnessed during the previous month amid positive developments on the Pak-US diplomatic relations associated with the restoration of NATO supply route, better than expected results announcements by the key companies, and positive trend in the global equity markets. Foreign investors also took fresh positions against the net selling during the previous month. Pakistan's sovereign rating downgrade by the Moody's rating agency added to the worries of the local as well as foreign investors. However, Standard and Poor's decision to maintain the rating of Pakistan helped restore the confidence of the investors. Investors are betting on the strong profit announcements in the undergoing result season. The month started with KSE-100 Index at 13,801 levels and closed the month at 14,577 levels, showing an increase of 5.6%.

The State Bank of Pakistan is scheduled to announce its Monetary Policy decision for the next two months on August 10, 2012. Wherein the market is expecting a cut in the Policy Rate by the SBP. Key consideration in this scenario is anchored inflation expectations despite excessive government borrowing from the banking system. The materialization of foreign flows from the Coalition Support Fund (CSF) to the tune of US \$ 1.2 billion and the Military aid from the US will buttress the deteriorating external accounts and the balance of the payment situation. Moreover, these inflows will improve the liquidity in the market and lend much needed support to the fiscal balance which is heavily relying on the domestic sources.

Banking, Construction and Material and Industrial Engineering sectors performed better than the market. On the other hand, Oil and Gas, Chemicals and Electricity sectors lagged the market. Sanguine valuations resulted in the out-performance of the banking sector. Construction and Material sector was among the best performing sector due to expectations of strong results announcements amid healthy profit margins. Strong sales growth of the tractors paced the gains of the Industrial Engineering sector. Non-availability of the Gas to the selected fertilizer companies clouded the outlook of the Chemical sector resulting in the lackluster price performance. The prolonged circular debt issue continued to haunt the performance of the power companies despite healthy earnings growth.

As per our estimates, stocks in KSE-30 Index are valued at 7.6x estimated earnings on average. In our view, materialization of the foreign flows, SBP's Policy Rate decision, and development in the domestic politics will be the key drivers of the market.

## Fixed Income Review

During FY12 the M2 (Broad Money) which includes deposits and currency in circulation grew by Rs. 946 billion translating into 14% expansion. The major contributory factor in this monetary growth was Government borrowing which increased on net basis by 41% or Rs 1,237 billion. More importantly, the net foreign assets of banking system declined by 32.5%, while the net domestic assets grew by 20.3%. This phenomenon fueled the inflationary pressures and squeezed liquidity in the system. Therefore, during FY13 foreign inflows will be crucial to finance the yawning fiscal deficit. Moreover, due to scheduled payments to IMF these flows are important to shore up the FX Reserves and the Rupee.

Interest rates in the interbank inched downwards during the month on anticipation that SBP may reduce the Policy Rate in its upcoming bi-monthly announcement on the back of lower inflation numbers. This was evident in T-Bills auction bidding pattern which skewed towards one year and six month T-Bills as compared to interest in three month T-Bills observed in previous months. Considering future external loan repayments, and recent PKR depreciation, any such action by the Central Bank might be short lived.

Trading activity of TFCs in the secondary market remained healthy during the month, with total traded value reported by MUFAP at Rs 454 mln. Banking sector bonds contribution in the total traded value of private sector bonds was around 75% during July, while remaining volume was in Chemicals sector bonds.

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

"July 2012"

FUND NAME	FUND SIZE (Rs. In million)	FUND LAUNCH DATE	STABILITY RATING / STAR RANKING *	July-2012	LAST ONE YEAR	SINCE LAUNCH
NAFA Government Securities Liquid Fund <sup>1</sup>	14,882	16-May-09	AAA (f)	10.43%	10.74%	10.97%
NAFA Money Market Fund <sup>1</sup>	21,255	24-Feb-12	AA+ (f)	10.51%	n/a	10.60%
NAFA Savings Plus Fund <sup>1</sup>	1,343	21-Nov-09	AA- (f)	10.21%	10.90%	10.64%
NAFA Riba Free Savings Fund <sup>1</sup>	944	21-Aug-10	AA- (f)	10.24%	10.51%	10.63%
NAFA Financial Sector Income Fund <sup>1</sup>	3,050	28-Oct-11	A+ (f)	11.22%	n/a	12.51%
NAFA Asset Allocation Fund <sup>2</sup>	499	21-Aug-10	n/a	3.95%	17.43%	42.05%
NAFA Multi Asset Fund <sup>2</sup>	654	22-Jan-07	★★★★ (4-star)	5.28%	19.68%	79.81%
NAFA Islamic Multi Asset Fund <sup>2</sup>	284	29-Oct-07	★★★★ (4-star)	3.94%	15.16%	52.24%
NAFA Stock Fund <sup>2</sup>	1,222	22-Jan-07	★★★★ (4-star)	8.63%	32.67%	49.96%

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

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

#### HEAD OFFICE

9th Floor, Adamjee House, I.I. Chundrigar Road, Karachi. UAN: 021-111-1111-632, Toll Free: 0800-20001 Fax: 021-32467439

#### Islamabad Office

Address: Plot # 395, 396 Industrial Area,  
I-9/3, Islamabad  
UAN: 051-1111-1111-632  
Fax: 051-4859029

#### Lahore Office

Address: House # 10 - A, Block -S,  
Gulberg - II, Lahore.  
UAN: 042 111-1111-NFA (632)  
Fax No: (+92-42) 3576037

#### Peshawar Office

Address: 1st Floor,  
Haji Tehmas Center, Near KFC,  
University Road, Peshawar  
UAN: 091-111-111-632  
Fax: 091-5711780

#### Multan Office

Address: NBP City Branch, Hussain-a-  
Gahi, Multan.  
Phone No: 061-4502204  
Fax No: 061-4502203



MONTHLY REPORT (MUFAP's Recommended Format)  
Unit Price (31/07/2012): Rs. 10.0529

July 2012

**Performance**

Performance % *	July 2012	Trailing 12 Months (Aug 11 to Jul 12)	Since Launch May 16, 2009
NAFA Government Securities Liquid Fund	10.43%	10.74%	10.97%
Benchmark	10.67%	10.69%	10.98%

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

**General Information**

Launch Date: May 16, 2009  
Fund Size: Rs. 14,882 million  
Type: Open-end – Money Market Fund  
Dealing Days: Daily – Monday to Saturday  
Dealing Time: (Mon - Thr) 9:00 A.M to 5:00 P.M  
(Friday) 9:00 A.M to 5:30 P.M  
(Saturday) 9:00 A.M to 1:00 P.M  
Settlement: 2-3 business days  
Pricing Mechanism: Forward Pricing  
Load: Front end: 0%, Back end: 0%  
Management Fee: 1.25% per annum  
Risk Profile: Exceptionally Low  
Fund Stability Rating: "AAA (f)" by PACRA  
Listing: Lahore Stock Exchange  
Custodian & Trustee: Central Depository Company (CDC)  
Auditors: A. F. Ferguson & Co.  
Chartered Accountants  
Benchmark: 70% 3-Month T-Bills & 30% average 3-Month deposit rates (AA & above rated banks)  
Fund Manager: Ahmad Nouman, CFA  
Minimum Subscription: Rs. 10,000/-  
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 10.43% during July 2012 against the benchmark return of 10.67%. The return is net of management fees and all other expenses.

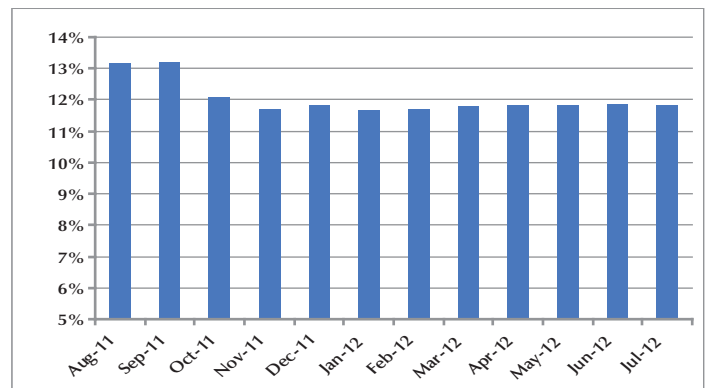
NGSLF's stability rating is 'AAA (f)' awarded by PACRA. The rating reflects exceptionally strong credit and liquidity profile of the Fund. Last 365 days' average daily allocation in short-term Government Securities was 89.11%. The allocation at month end is 93.38%. The investment value of NGSLF has not declined on any day since its launch in May 2009. Weighted average time to maturity of T-Bills asset class in your Fund is 42 days, while that of overall Fund is 41 days. Placements with AA banks/DFIs were reduced to 4.56% from 8.62% during the month.

In the two T-Bill auctions of July, MoF cumulatively accepted around Rs. 673 billion in realized value against the target of Rs. 500 billion. The cut-off annualized yields for the last T-Bill auction were noted at 11.83%, 11.87% and 11.89% for the 3-month, 6-month and 1 year tenors, respectively. During the month of July a change in T-Bills auctions bid pattern was depicted with major participation in 6 months and one year tenors, while considerably small interest was observed in 3 months.

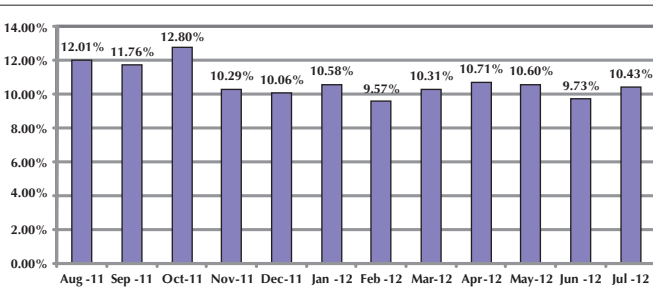
**Asset Allocation (% of Total Assets) 31-July-12 30-June-12**

T-Bills (Including Reverse Repo via Master Repurchase Agreement)	93.38%	85.03%
Placements with Banks	-	4.68%
Placements with DFIs (AA+ & above rated)	4.56%	3.94%
Cash Equivalents	1.90%	5.95%
Other including receivables	0.16%	0.40%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>
Leverage	Nil	Nil

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



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



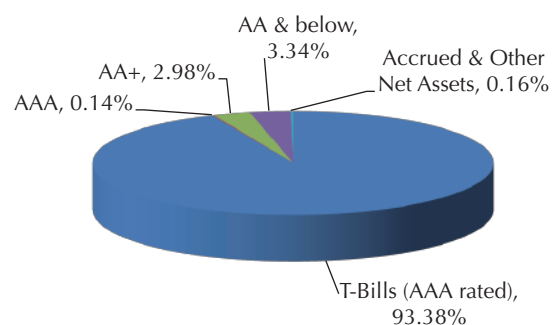
**WORKERS' WELFARE FUND (WWF)**

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs. 65,385,854/-. If the same were not made the NAV per unit/ last one year return of scheme would be higher by Rs. 0.0442/0.49%. For details investors are advised to read note 5 of the Financial Statement of the Scheme for the period ended March 31, 2012 .

**Name of the Members of Investment Committee**

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

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



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MONTHLY REPORT (MUFAP's Recommended Format)  
Unit Price (31/07/2012): Rs. 10.0171

July 2012

## Performance

Performance % *	July 2012	Since Launch February 24, 2012
NAFA Money Market Fund	10.51%	10.60%
Benchmark	7.70%	7.43%

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

## General Information

Launch Date:	February 24, 2012
Fund Size:	Rs. 21,255 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:	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 10.51% during July 2012 against the benchmark return of 7.70% p.a., thus registering an out-performance of 2.81% p.a. Since the launch of Fund in February 2012, it has earned an annualized return of 10.60%, thus outperforming its benchmark by 3.17% p.a. 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.

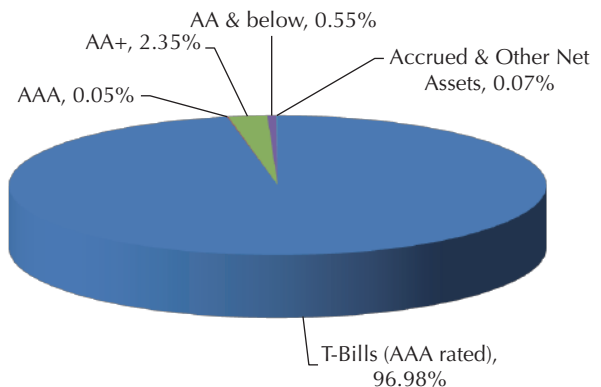
The allocation of the Fund in AAA rated T-Bills is around 96.98% at month-end. The weighted average time to maturity of the T-bill portfolio and overall Fund is 84 days.

In the T-Bill auctions during CY 2012, MoF cumulatively accepted around Rs. 2,204 billion in realized value against the target of Rs. 2,070 billion and maturities of 1,967 billion. The cut-off annualized yield for the last T-Bill auction was noted at 11.83%, 11.87% and 11.89% for the 3-month, 6-month and 1-year tenors, respectively. During the month of July a change in the T-Bills auction bid pattern was depicted in which major participation was observed in 6 month and one year tenors, while considerably small interest was observed in 3 months.

## Asset Allocation (% of Total Assets) 31-July-12 30-June-12

	31-July-12	30-June-12
T-Bills	96.98%	97.82%
Placements with DFIs	2.19%	1.03%
Money Market Placements	0.54%	0.67%
Cash Equivalents	0.22%	0.43%
Others including receivables	0.07%	0.05%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>
Leverage	Nil	Nil

## Credit Quality of the Portfolio as of July 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. 10,990,770/-. If the same were not made the NAV per unit/ since inception annualized return of scheme would be higher by Rs. 0.0052/0.13%. For details investors are advised to read note 7 of the Financial Statements of the Scheme for the period ended March 31, 2012.

## Name of the Members of Investment Committee

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

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MONTHLY REPORT (MUFAP's Recommended Format)

Unit Price (31/07/2012): Rs. 10.0400

July 2012

## Performance

Performance % *	July 2012	Trailing 12 Months (Aug11 - Jul 12)	Since Launch November 21, 2009
NAFA Savings Plus Fund	10.21%	10.90%	10.64%
Benchmark	8.46%	8.37%	8.33%

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

## General Information

Launch Date:	November 21, 2009
Fund Size:	Rs. 1,343 million
Type:	Open-end – Income fund
Dealing Days:	Daily – Monday to Saturday
Dealing Time:	(Mon - Thr) 9:00 A.M to 5:00 P.M (Friday) 9:00 A.M to 5:30 P.M (Saturday) 9:00 A.M to 1:00 P.M
Settlement:	2-3 business days
Pricing Mechanism:	Forward Pricing
Load:	Front end: 0%, Back end: 0%
Management Fee:	1.50% per annum (w.e.f March 11, 2012)
Risk Profile:	Very Low
Fund Stability Rating:	"AA- (f)" by PACRA
Listing:	Lahore Stock Exchange
Custodian & Trustee:	Central Depository Company (CDC)
Auditors:	A. F. Ferguson & Co. Chartered Accountants
Benchmark:	Average 6-Month deposit rate (A & above rated banks)
Fund Manager:	Ahmad Nouman, CFA
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-
Asset Manager Rating:	AM2 by PACRA

## Investment Objective

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

## Fund Manager Commentary

The Fund earned an annualized return of 10.21% during the month versus the benchmark return of 8.46% p.a., thus depicting an out-performance of 1.75% p.a. Last one year return of the Fund is 10.90% against benchmark return of 8.37%, hence an out-performance of 2.53%. Since its inception the out-performance of the Fund against its benchmark is 2.31% p.a. This out-performance is net of management fee and all other expenses.

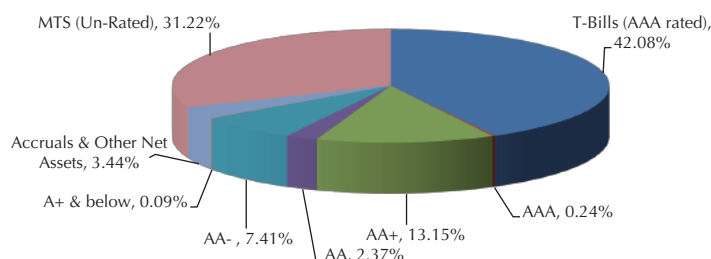
NSPF is one of the highest rated income funds in the market. It cannot invest in any avenue which has more than six months maturity, nor can it invest in debt securities and Equities. Moreover, it cannot invest in money market instruments below credit rating of 'AA-'. The investment value of the Fund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

The portfolio of NSPF is fairly diversified among Treasury bills, Money market placements, MTS and bank deposits etc. The allocation in T-Bills is around 42.08%, placements with DFIs is around 15.03%, MTS is around 31.22% and allocation in Money Market Placements issued by AA+ and AA rated entities is around 5.87% with asset class maturities at 55 days, 32 days, 60 days and 13 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 maturity of the Fund.

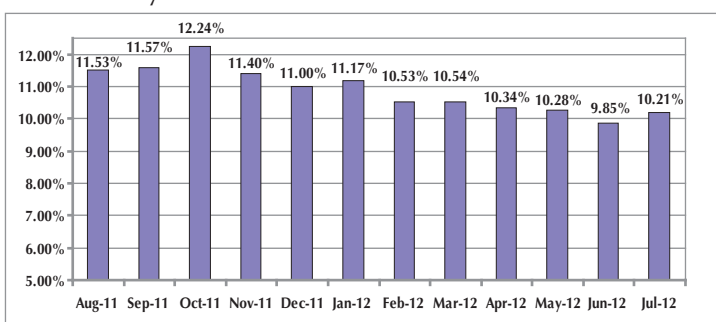
## Credit Quality of the Portfolio as of July 31, 2012 (% of Total Assets)



## Asset Allocation (% of Total Assets) 31-July-12 30-June-12

Asset Allocation (% of Total Assets)	31-July-12	30-June-12
T-Bills	42.08%	38.40%
Money Market Placements	5.87%	6.41%
Placements with DFIs	15.03%	15.34%
Placements with Banks	-	7.30%
Margin Trading System (MTS)	31.22%	26.33%
Cash Equivalents	2.36%	2.81%
Other including receivables	3.44%	3.41%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>
Leverage	Nil	Nil

## Monthly Annualized Returns of NSPF for last 12 months



## WORKERS' WELFARE FUND (WWF)

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs. 4,017,551/-. If the same were not made the NAV per unit/ last one year return of scheme would be higher by Rs. 0.0300/0.33%. For details investors are advised to read note 6 of the Financial Statement of the Scheme for the period ended March 31, 2012.

## Name of the Members of Investment Committee

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

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MONTHLY REPORT (MUFAP's Recommended Format)  
Unit Price (31/07/2012): Rs. 10.0749

July 2012

### Performance

Performance % *	July 2012	Trailing 12 Months Aug 11 to Jul 12	Since Launch August 21, 2010
NAFA Riba Free Savings Fund	10.24%	10.51%	10.63%
Benchmark	8.08%	8.26%	8.28%

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

### General Information

Launch Date:	August 21, 2010
Fund Size:	Rs. 944 million
Type:	Open-end – Shariah Compliant Income Fund
Dealing Days:	Daily – Monday to Saturday
Dealing Time:	(Mon - Thr) 9:00 A.M to 5:00 P.M (Friday) 9:00 A.M to 5:30 P.M (Saturday) 9:00 A.M to 1:00 P.M
Settlement:	2-3 business days
Pricing Mechanism	Forward Pricing
Load:	Front end: 0%, Back end: 0%
Management Fee:	1.25% per annum (w.e.f March 11, 2012)
Risk Profile:	Very Low
Fund Stability Rating:	"AA-(f)" by PACRA
Listing:	Lahore Stock Exchange
Custodian & Trustee:	Central Depository Company (CDC)
Auditors:	A. F. Ferguson & Co. Chartered Accountants
Benchmark:	Average 6-month deposit rate of A- and above rated Islamic Banks
Fund Manager:	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 10.24% for the month of July 2012 thus out-performing its benchmark by 2.16%. During the last one year, the Fund has out-performed its benchmark by 2.25% by earning an annualized return of 10.51%. This outperformance is net of management fee and all other expenses.

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

### Asset Allocation (% of Total Assets)

	31-July-12	30-June-12
GOP Ijara Sukuk - Govt. Backed	48.41%	50.51%
Islamic Money Market Placements	16.23%	19.56%
Cash Equivalents	32.81%	28.14%
Other including receivables	2.55%	1.79%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>
Leverage	Nil	Nil

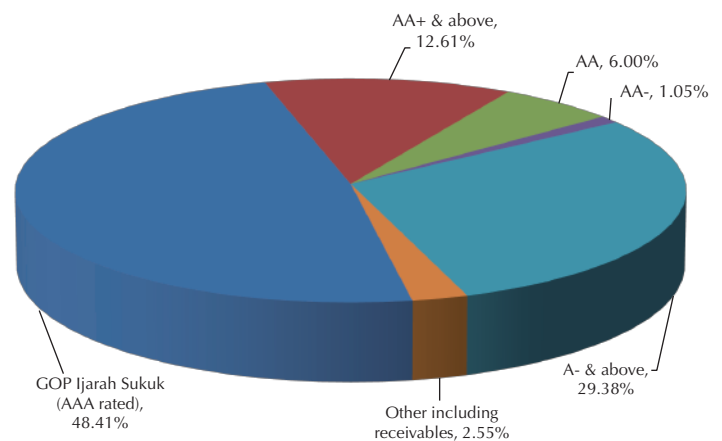
The allocation of the Fund is fairly diversified with significant exposure of more than 48.4% in GoP Ijarah sukuks, which are floating rate instruments with 6-months coupon re-setting. The SBP has set a target of Rs. 45 billion in the next GOP Ijara Sukuk auction scheduled in mid September 2012. The remaining assets of the Fund are invested in "AA" and above rated Shariah compliant money market instruments and bank deposits. This minimizes the credit risk and enhances the liquidity profile of the Fund.

### Top Holdings (as at July 31, 2012)

Name of Sukuks	% of Total Assets
GOP Ijarah (Sukuk IX)	16.54%
GOP Ijarah (Sukuk VIII)	10.55%
HUBCO Short Term Islamic Sukuk	10.54%
GOP Ijarah (Sukuk V)	8.97%
Engro Fertilizer Ltd. Short Term Sukuk	5.69%
GOP Ijarah (Sukuk X)	4.22%
GOP Ijarah (Sukuk XII)	3.17%
GOP Ijarah (Sukuk XI)	2.22%
GOP Ijarah (Sukuk VI)	1.90%
GOP Ijarah (Sukuk VII)	0.84%
<b>Total</b>	<b>64.64%</b>

The average duration of the Fund is 59 days and the weighted average time to maturity of the Fund is 1.01 years.

### Credit Quality of the Portfolio as of July 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. 2,010,204/-. If the same were not made the NAV per unit/ last one year return of scheme would be higher by Rs. 0.0215/0.24%. For details investors are advised to read note 5 of the Financial Statement of the Scheme for the period ended March 31, 2012 .

### Name of the Members of Investment Committee

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

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**Performance**

Performance % *	July 2012	Jan. - Jul. 2012	Since Launch October 28, 2011
NAFA Financial Sector Income Fund	11.22%	12.35%	12.51%
Benchmark	10.82%	10.76%	10.76%

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

**General Information**

Launch Date:	October 28, 2011
Fund Size:	Rs. 3,050 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%, 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:	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 11.22% for the month of July 2012 versus the benchmark return of 10.82% p.a. thus an out-performance of 0.40%. Since its launch the Fund offered an annualized return of 12.51% against benchmark return of 10.76% p.a., hence out-performance of 1.75%. This outperformance is net of management fee and all other expenses.

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

The Fund Size increased by around 10.21% during the month. Exposure in TFCs was 56.69% at the end of the month. Exposure to Government Securities was around 28.53%, while placement with financial institutions were 6.53% at month end.

The weighted average time-to-maturity and yield-to-maturity of the Fund is 2.53 years and 12.12% p.a. respectively, while that of the TFC portfolio is 4.38 years and 13.12%. The weighted average credit quality of the Fund is AA-.

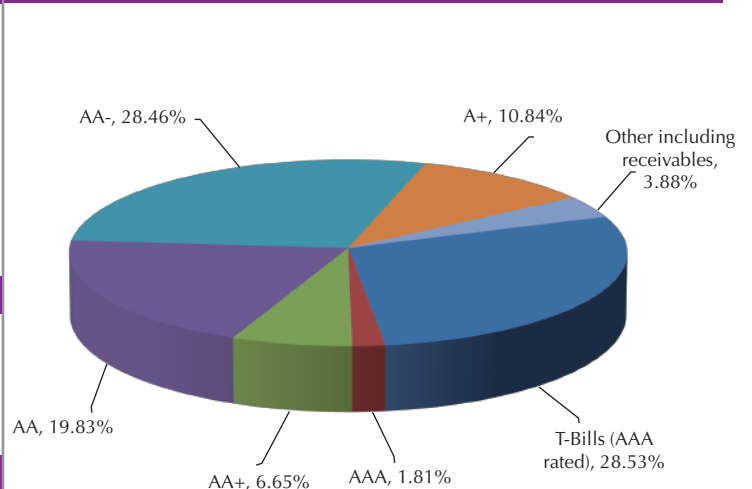
**Asset Allocation (% of Total Assets) 31-July-12 30-June-12**

Asset Allocation (% of Total Assets)	31-July-12	30-June-12
T-Bills	28.53%	26.02%
TFCs	56.69%	62.91%
Placement with DFIs	6.53%	4.31%
Cash Equivalents	4.37%	3.81%
Other including receivables	3.88%	2.95%
Total	100.00%	100.00%
Leverage	Nil	Nil

**Top TFC Holdings (as at July 31, 2012)**

Name of TFCs	% of Total Assets
United Bank Limited IV	13.66%
Bank Alfalah Limited IV - FT	11.91%
Faysal Bank Limited III	9.95%
NIB Bank Limited	8.89%
Jahangir Siddiqui & Company Limited V	2.22%
Allied Bank Limited II	2.14%
Bank Alfalah Limited IV - FX	1.96%
Soneri Bank Limited	1.96%
Standard Chartered Bank (Pakistan) Limited IV	1.63%
Allied Bank Limited I	0.73%
Total	55.05%

**Credit Quality of the Portfolio as of July 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. 3,251,666/-. If the same were not made the NAV per unit/ since inception annualized return of scheme would be higher by Rs. 0.0109/0.16%. For details investors are advised to read note 7 of the Financial Statement of the Scheme for the period ended March 31, 2012.

**Name of the Members of Investment Committee**

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

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MONTHLY REPORT (MUFAP's Recommended Format)  
Unit Price (31/07/2012): Rs.10.7432

July 2012

Performance			
Performance % *	July 2012	Trailing 12 Months Aug. 2011-Jul. 2012	Since Launch August 21, 2010
NAFA Asset Allocation Fund	3.95%	17.43%	42.05%
Benchmark	2.42%	9.90%	24.17%

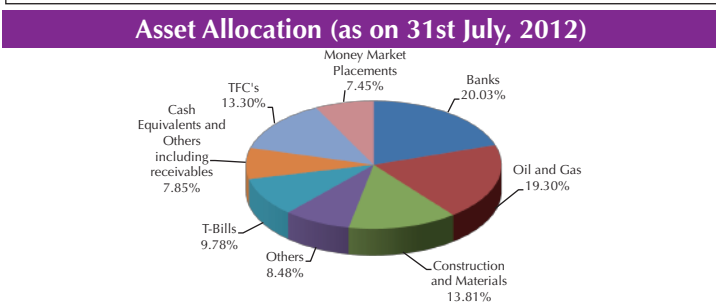
\* Cumulative returns are net of management fee & all other expenses

General Information		Investment Objective
Launch Date:	August 21, 2010	To generate income by investing in Debt & Money Market securities and to generate capital appreciation by investing in equity and equity related securities.
Fund Size:	Rs.499 million	
Type:	Open-end – Asset Allocation Fund	<b>Fund Manager's Commentary</b>
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	During the month under review, NAFA Asset Allocation Fund's (NAAF) Net Asset Value (NAV) increased by 3.95% while the benchmark increased by 2.42%. Thus your Fund out-performed the benchmark by 1.53%. Since inception on August 21, 2010 the Fund has increased by 42.05%, while the Benchmark has increased by 24.17%. Thus, to-date the out-performance of your Fund stands at 17.88%.
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	At the beginning of the month, NAAF was around 27% invested in equities. Expecting a positive trend in the market we increased the NAAF's allocation in equities. NAAF's key holdings in the Banking and Cement sub-sectors performed better than the market, which contributed to its out-performance. The Fund also benefited from its under-weight position in selected fertilizer sub-sector and Fixed Line Telecommunication stocks that lagged the market. During the month we increased the weightage of NAAF in the Banks, Construction & Material sectors and Oil & Gas Exploration and Fertilizer sub-sectors. At the end of the month the Fund was around 62% invested in equities.
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-	
Asset Manager Rating:	AM2 by PACRA	

Asset Allocation (% of Total Assets)	31-July-12	29-June-12
Equities / Stocks	61.62%	27.32%
TFCs	13.30%	12.66%
Cash Equivalents	5.87%	9.82%
Money Market Placements (Short Term Sukuk)	7.45%	7.15%
T-Bills	9.78%	40.26%
Others including receivables	1.98%	2.79%
Total	100.00%	100.00%
Leverage	Nil	Nil

Characteristics of Equity Portfolio**			
	PER	PBV	DY
NAAF	5.9	2.4	8.0%
KSE-30	7.6	3.7	7.7%

\*\* Based on NAFA's estimates



**WORKERS' WELFARE FUND (WWF)**  
The scheme has maintained provision against Workers' Welfare Fund's liability to the tune of Rs 2,358,700/-If the same were not made the NAV per unit/return of scheme would be higher by Rs.0.0508/ 0.56%.For details investors are advised to read the Note 6 of the Financial Statements of the Scheme for the period ended 31, March 2012.

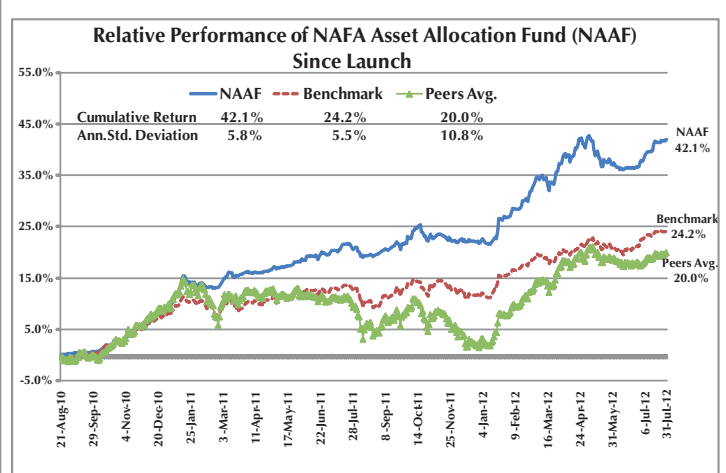
Name of the Members of Investment Committee	
Dr. Amjad Waheed, CFA	Sajjad Anwar, CFA
Tanvir Abid, CFA, FRM	Ahmad Nouman, CFA
Hussain Yasar	

**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 3.95% while the benchmark increased by 2.42%. Thus your Fund out-performed the benchmark by 1.53%. Since inception on August 21, 2010 the Fund has increased by 42.05%, while the Benchmark has increased by 24.17%. Thus, to-date the out-performance of your Fund stands at 17.88%.

At the beginning of the month, NAAF was around 27% invested in equities. Expecting a positive trend in the market we increased the NAAF's allocation in equities. NAAF's key holdings in the Banking and Cement sub-sectors performed better than the market, which contributed to its out-performance. The Fund also benefited from its under-weight position in selected fertilizer sub-sector and Fixed Line Telecommunication stocks that lagged the market. During the month we increased the weightage of NAAF in the Banks, Construction & Material sectors and Oil & Gas Exploration and Fertilizer sub-sectors. At the end of the month the Fund was around 62% invested in equities.

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



Top Ten Holdings (as on 31st July, 2012)		
Name	Asset Class	% of Total Assets
Pakistan Petroleum Ltd	Equity	9.04%
Pakistan Oilfields Ltd	Equity	8.27%
Hub Power Company	SUKUK	7.45%
MCB Bank Ltd	Equity	6.92%
Fauji Fertilizer Co Ltd	Equity	6.78%
D. G. Khan Cement Co	Equity	5.13%
Allied Bank Ltd I	TFC	4.95%
Attock Cement Pakistan Ltd	Equity	4.91%
Bank Al-Falah Ltd	Equity	4.57%
Lucky Cement Ltd	Equity	3.77%
<b>Total</b>		<b>61.79%</b>

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MONTHLY REPORT (MUFAP's Recommended Format)  
Unit Price (31/07/2012): Rs.10.9497

July 2012

## Performance

Performance % *	July 2012	Trailing 12 Months Aug. 2011-Jul. 2012	Since Launch January 22, 2007
NAFA Multi Asset Fund	5.28%	19.68%	79.81%
Benchmark	3.34%	10.81%	38.62%

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

## General Information

Launch Date:	January 22, 2007
Fund Size:	Rs.654 million
Type:	Open-end – Balanced Fund
Dealing Days:	Daily – Monday to Friday
Dealing Time:	(Mon-Thr) 9:00 A.M to 5:00 P.M (Friday) 9:00 A.M to 5:30 P.M
Settlement:	2-3 business days
Pricing Mechanism:	Forward Pricing
Load:	Front end – 3%, Back end - 0%
Management Fee:	2% per annum (Effective Jan 22,2012)
Risk Profile:	Moderate
Listing:	Lahore Stock Exchange
Custodian & Trustee:	Central Depository Company (CDC)
Auditors:	M. Yousuf Adil Saleem & Co. Chartered Accountants
Benchmark:	50% KSE-30 Index & 50% 3-month KIBOR
Fund Manager:	Sajjad Anwar, CFA
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-
Asset Manager Rating:	AM2 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 5.28% while the benchmark increased by 3.34%. Thus your Fund out-performed the benchmark by 1.94%. Since inception on January 22, 2007 your Fund has increased by 79.81%, while the benchmark has increased by 38.62%. Thus, to-date the out-performance of your Fund stands at 41.19%. This out-performance is net of management fee and all other expenses.

NMF is a Balanced Fund and market weight implies 50% weight in equities and 50% in fixed income asset class. The market depicted a positive trend during the month. NMF remained over-weight in equities throughout the month. The Fund out-performed as its key holdings in the Construction & Materials sector and Jute sub-sector performed better than the market. The Fund also benefited from its under-weight position in selected fertilizer sub-sector stocks that lagged the market. NMF's weightage in the Banks, Chemicals, Construction & Materials and Oil & Gas sectors was enhanced. On the other hand, the Fund's weightage in the Electricity sector was maintained. At the end of the month, NMF was around 68% invested in equities.

## Asset Allocation (% of Total Assets) 31-July-12 29-June-12

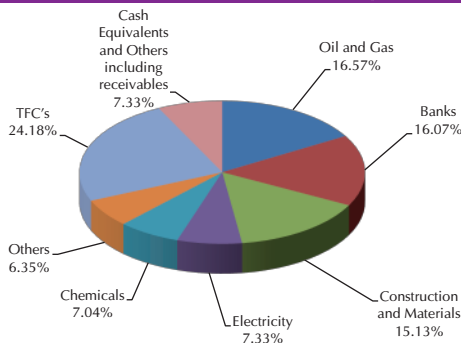
Asset Allocation (% of Total Assets)	31-July-12	29-June-12
Equities / Stocks	68.49%	48.06%
TFCs / Sukuks	24.18%	23.99%
Cash Equivalents	6.13%	8.22%
T-Bills	-	18.56%
Others including receivables	1.20%	1.17%
Total	100.00%	100.00%
Leverage	Nil	Nil

## Characteristics of Equity Portfolio\*\*

	PER	PBV	DY
NMF	5.8	2.2	8.1%
KSE-30	7.6	3.7	7.7%

\*\* Based on NAFA's estimates

## Asset Allocation (as on 31st July, 2012)

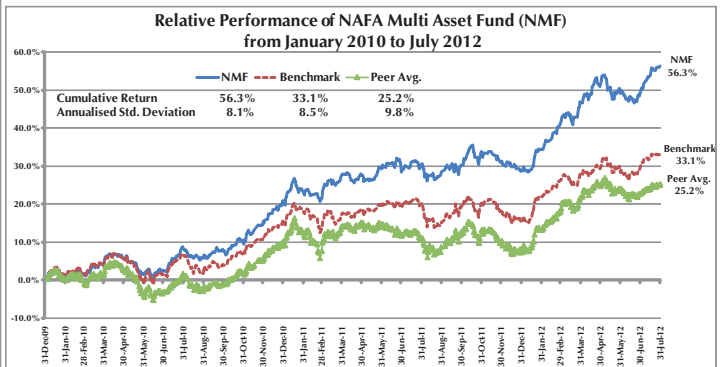


## Name of the Members of Investment Committee

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

## WORKERS' WELFARE FUND (WWF)

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs 6,147,751/-. If the same were not made the NAV per unit/return of scheme would be higher by Rs 0.103/1.13%. For details investors are advised to read the Note 9 of the Financial Statements of the Scheme for the period ended March 31, 2012.



## Top Ten Holdings (as on 31st July, 2012)

Name	Asset Class	% of Total Assets	Name	Asset Class	% of Total Assets
Pakistan Petroleum Ltd	Equity	8.53%	D. G. Khan Cement Co	Equity	6.75%
Pakistan Oilfields Ltd	Equity	7.79%	MCB Bank Limited	Equity	4.35%
Hub Power Company Ltd	Equity	7.33%	Lucky Cement Limited	Equity	4.21%
Maple Leaf Cement I	SUKUK	7.31%	Cherat Cement Co Ltd	Equity	4.16%
Fauji Fertilizer Co. Ltd.	Equity	7.03%	Bank Al-Falah Ltd	Equity	4.07%

## Details of Non-Compliant Investments

Particulars	Type of Investment	Value of Investments before Provision	Provision held	Value of Investments after Provision	% of Net Assets	% of Gross Assets	Yield to Maturity per annum
Eden Housing (Sukuk II)	SUKUK	29,062,500	10,131,507	18,930,993	2.90%	2.85%	52.50%
Maple Leaf Cement (Sukuk I)	SUKUK	88,252,065	39,713,429	48,538,636	7.42%	7.31%	41.66%
Pak Elektron Limited (Sukuk)	SUKUK	17,142,857	5,742,977	11,399,880	1.74%	1.72%	9.50%
Saudi Pak Leasing	TFC	32,952,280	11,195,636	21,756,644	3.33%	3.28%	19.70%
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		180,724,702	80,098,549	100,626,153	15.39%	15.16%	

Weighted Average Time to Maturity of Non Equity Assets	Limit	Excess / (Shortfall)
2.03 years	2 years	0.03 years

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MONTHLY REPORT (MUFAP's Recommended Format)  
Unit Price (31/07/2012): Rs.10.7157

July 2012

## Performance

Performance % *	July 2012	Trailing 12 Months Aug. 2011-Jul. 2012	Since Launch October 29, 2007
NAFA Islamic Multi Asset Fund	3.94%	15.16%	52.24%
Benchmark	3.12%	13.00%	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.284 million  
Type: Shariah Compliant - Open-end - Balanced Fund  
Dealing Days: Daily - Monday to Friday  
Dealing Time: (Mon-Thr) 9:00 A.M to 5:00 P.M (Friday) 9:00 A.M to 5:30 P.M  
Settlement: 2-3 business days  
Pricing Mechanism: Forward Pricing  
Load: Front end - 3%, Back end - 0%  
Management Fee: 3% per annum  
Risk Profile: Moderate  
Listing: Lahore Stock Exchange  
Custodian & Trustee: Central Depository Company (CDC)  
Auditors: KPMG Taseer Hadi & Co. Chartered Accountants  
Benchmark: 50% KMI - 30 Index & 50% average 3-month profit rate of Islamic banks.  
Fund Manager: Sajjad Anwar, CFA  
Minimum Subscription: Rs. 10,000/-  
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 3.94%, whereas the benchmark increased by 3.12%, thus your Fund out-performed the benchmark by 0.82%.

NIMF is a Balanced Fund and market weight implies 50% weight in equities and 50% in fixed income asset class. The market depicted a positive trend during the month. NIMF remained over-weight in equities throughout the month and out-performed as its key holdings in the Construction & Materials and Chemical sectors performed better than the market. The Fund also benefited from its under-weight position in selected fertilizer and Oil & Gas Exploration sub-sector stocks that lagged the market. During the month, NIMF's weightage in the Fertilizer and Cement sub-sectors and Oil & Gas and Electricity sectors was increased. At the end of the month, NIMF was around 67% invested in equities.

## Asset Allocation (% of Total Assets) 31-July-12 29-June-12

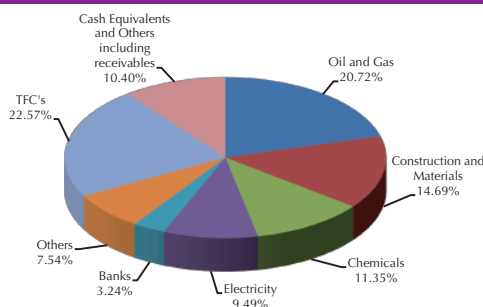
Asset Allocation (% of Total Assets)	31-July-12	29-June-12
Equities / Stocks	67.03%	46.72%
Sukuks	22.57%	23.05%
Cash Equivalents	6.80%	27.14%
Others including receivables	3.60%	3.09%
Total	100.00%	100.00%
Leverage	Nil	Nil

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

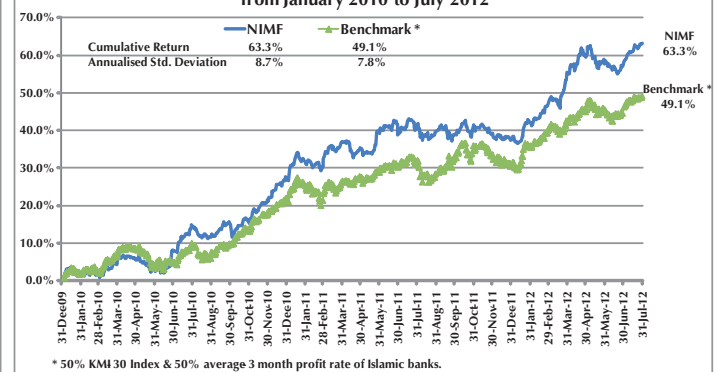
	PER	PBV	DY
NIMF	6.4	3.3	8.9%
KMI-30	7.6	4.1	8.9%

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

## Asset Allocation (as on 31st July, 2012)



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



## Top Ten Holdings (as on 31st July, 2012)

Name	Asset Class	% of Total Assets	Name	Asset Class	% of Total Assets
Pakistan Oilfields Ltd	Equity	11.50%	Fauji Fertilizer Co. Ltd.	Equity	7.91%
Maple Leaf Cement I	SUKUK	9.50%	Lucky Cement Ltd	Equity	5.19%
Hub Power Company Ltd	Equity	9.49%	Pak Elektron Ltd	SUKUK	4.93%
D. G. Khan Cement Co	Equity	8.37%	Kohat Cement Ltd	SUKUK	3.86%
Pakistan Petroleum Ltd	Equity	8.27%	Sitara Chemical Ind Ltd	Equity	3.44%

## Name of the Members of Investment Committee

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

## WORKERS' WELFARE FUND (WWF)

The scheme has maintained provision against Workers' Welfare Fund's liability to the tune of Rs2,879,632/- If the same were not made the NAV per unit/return of scheme would be higher by Rs 0.1088/1.17%. For details investors are advised to read the Note 8 of the Financial Statements of the Scheme for the period ended March 31, 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
Kohat Cement Limited (Sukuk)***	SUKUK	15,100,000	3,956,547	11,143,453	3.93%	3.86%	12.07%
Eden Housing (Sukuk II)	SUKUK	14,531,250	5,065,754	9,465,496	3.34%	3.28%	52.50%
Maple Leaf Cement (Sukuk I)	SUKUK	49,893,750	22,452,188	27,441,562	9.68%	9.50%	41.66%
Pak Elektron Limited (Sukuk)	SUKUK	21,428,571	7,178,721	14,249,850	5.03%	4.93%	9.50%
Maple Leaf Cement (Sukuk II)	SUKUK	1,875,000	1,875,000	-	-	-	-
Total		102,828,571	40,528,210	62,300,361	21.98%	21.57%	

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

**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 (31/07/2012): Rs.7.9404

July 2012

## Performance

Performance % *	July 2012	Trailing 12 Months Aug. 2011-Jul. 2012	Since Launch January 22, 2007
NAFA Stock Fund	8.63%	32.67%	49.96%
Benchmark	5.75%	8.58%	(5.87%)

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

## General Information

Launch Date:	January 22, 2007
Fund Size:	Rs. 1,222 million
Type:	Open-end – Equity Fund
Dealing Days:	Daily – Monday to Friday
Dealing Time:	(Monday-Thu) 9:00 A.M to 5:00 P.M (Friday) 9:00 A.M to 5:30 P.M
Settlement:	2-3 business days
Pricing Mechanism	Forward Pricing
Load:	Front end – 3%, Back end - 0%
Management Fee:	2% per annum (Effective Jan 22,2012)
Risk Profile	Moderate-to-High
Listing:	Lahore Stock Exchange
Custodian & Trustee:	Central Depository Company (CDC)
Auditors:	M. Yousuf Adil Saleem & Co. Chartered Accountants
Benchmark:	KSE-30 Index
Fund Manager:	Sajjad Anwar, CFA
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-
Asset Manager Rating:	AM2 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 5.75% whereas NAFA Stock Fund's (NSF) Net Asset Value (NAV) increased by 8.63%, thus an out-performance of 2.88% was recorded. Since inception on January 22, 2007 the NAV of NSF has increased by 49.96% while the benchmark has declined by 5.87%, thus to date out-performance is 55.83%. This out-performance is net of management fee and all other expenses.

The market depicted a positive trend during the month. NSF out-performed as its key holdings in the Construction & Materials and Chemicals sectors and Jute sub-sector performed better than the market. Moreover, the Fund benefited from its under-weight position in selected stocks in the Oil & Gas Exploration and Fertilizer sub-sectors that lagged the market. NSF remained almost fully invested in stock market throughout the month and at the end of the month was around 97% invested in equities. During the month the weightage of the Fund in the Fertilizer and Cement sub-sectors was increased. On the other hand, the weightage in the Electricity sector was almost maintained.

NSF is invested in stocks with attractive valuations and healthy growth prospects. The portfolio of NSF is priced at forward earnings multiple of 5.7, offering 7.3% dividend yield. We are striving to continue to perform well going forward.

## Asset Allocation (% of Total Assets) 31-July-12 29-June-12

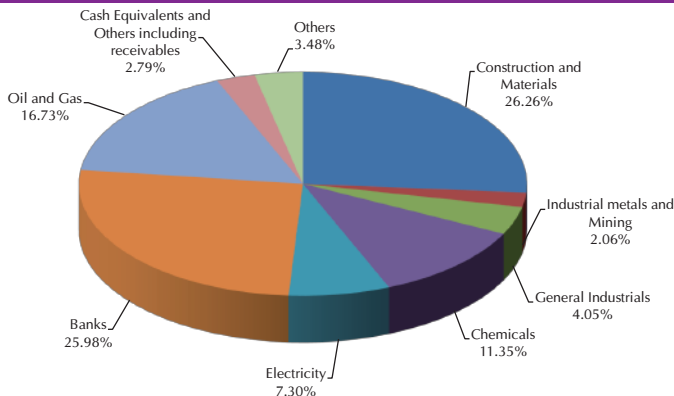
Asset Allocation (% of Total Assets)	31-July-12	29-June-12
Equities / Stock	97.21%	85.64%
Cash Equivalents	1.11%	4.95%
T-Bills	-	8.70%
Others including receivables	1.68%	0.71%
Total	100.00%	100.00%
Leverage	Nil	Nil

## Characteristics of Equity Portfolio\*\*

	PER	PBV	DY
NSF	5.7	2.0	7.3%
KSE-30	7.6	3.7	7.7%

\*\* Based on NAFA's estimates

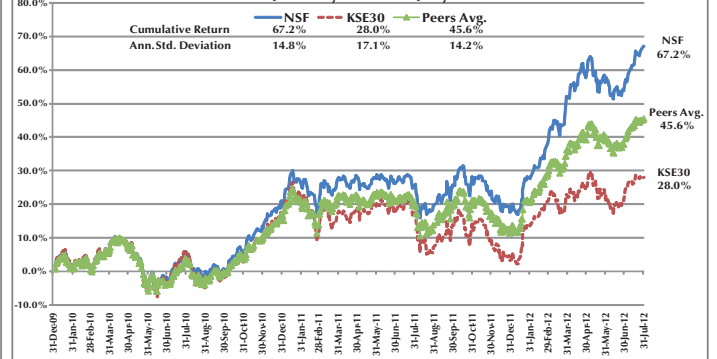
## Asset Allocation (as on 31st July, 2012)



## WORKERS' WELFARE FUND (WWF)

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs12,968,827/-. If the same were not made the NAV per unit/return of scheme would be higher by Rs 0.0842/.1.41%. For details investors are advised to read the Note 8 of the Financial Statements of the Scheme for the period ended March 31, 2012.

## Relative Performance of NAFA Stock Fund (NSF) from January 2010 to July 2012



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

Name	% of Total Assets	Name	% of Total Assets
Pakistan Oilfields Ltd	8.96%	Fauji Fertilizer Co Ltd	6.97%
Cherat Cement Co Ltd	8.24%	MCB Bank Ltd	6.32%
D. G. Khan Cement Co Ltd	7.79%	Meezan Bank Ltd	5.17%
Pakistan Petroleum Ltd	7.61%	Allied Bank Ltd	4.88%
Hub Power Company Ltd	7.30%	Attock Cement Pakistan Ltd	4.74%

## Name of the Members of Investment Committee

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

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