



National Fullerton  
Asset Management Limited

# The State of the Economy

Dr. Amjad Waheed, CFA  
Chief Executive Officer

## The State of the Economy

### The Positives

- Pakistan's large scale manufacturing index started rising again in October 2009, after continuous decline of 20 months (see chart 1). Sectors such as auto, textile, fertilizer, construction are showing signs of recovery, and as a result Pakistan's economy is expected to rise by 3% in FY10 versus 2% in FY09.
- Pakistan's current account deficit exceeded US\$ 2 billion in October, 2008, but has since shown a drastic improvement and has averaged US\$ 304 million per month since then (see chart 2). This has helped stabilize the Pakistani rupee against the US dollar and other foreign currencies.
- Pakistan has achieved significant success in the war on terror, and the law and order situation has improved substantially in the previous months.
- The approval of the Baluchistan package and NFC award will help improve inter-provincial harmony.

### The Negatives

- Pakistan's energy crisis is taking a heavy toll on the economy with no short-term solution in sight. Reliance on thermal power generation and our inability to quickly shift to alternative energy sources such as coal, hydel, nuclear, wind, etc is a huge risk that Pakistan's economy faces in the coming years.
- Pakistan's federal tax revenue collection at 8.8% of GDP is very low. Of this, 5.4% of GDP is collected in indirect taxes and only 3.4% of GDP is collected in direct taxes. India's federal tax revenue collection is 11.4% of GDP, of which 5.1% is collected in indirect taxes and 6.3% of GDP as direct taxes. Excessive reliance in Pakistan on indirect taxes, especially via rise in utility and oil prices, is one of the reasons why inflation has not subsided in the previous months. There is a need to increase reliance on direct taxes from those who earn whether in the form of agriculture income, real estate gains, or profits on service provided.
- Pakistan's non-productive expenses have grown substantially in the last couple of years, and social sector spending such as education, health care and infrastructure has been stagnant. This does not bode well for the future economic growth and stability.
- The budget deficit has widened as a result of (i) slow growth in taxes; (ii) substantial rise in government expenditures; and (iii) slow materialization of foreign assistance. This has forced the government to borrow heavily from foreign agencies, national savings schemes and the banking sector. The resultant liquidity crunch is a major reason that the private sector has been crowded out and interest rates have not declined significantly. This in turn has slowed down the pace of economic recovery.

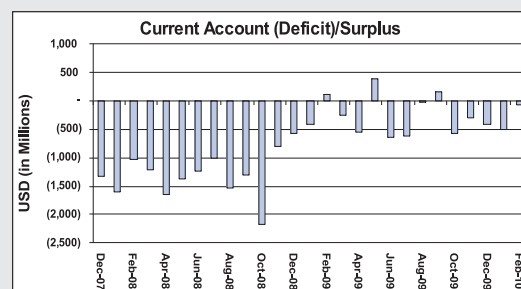
### Implications for Capital Markets

- We expect that foreign assistance to the government will rise substantially in the coming months, especially from disbursement of Coalition Support Fund of around US\$ 2 billion and Kerry-Lugar Package of around US\$ 1.5 billion. This will help reduce government reliance on domestic borrowing and indirect taxes, which in turn will help bring down inflation and interest rates in the coming months.
- The stock market will be affected by uncertainty over capital gains tax over the next three months. However, once this uncertainty is removed in the next budget and inflation and interest rates start to subside, we expect the stock market to perform well in the second half of the current calendar year.

Chart 1



Chart 2





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# Capital Market Review

March 2010

## Stock Market Review

The Stock market moved both ways during the month of March 2010. KSE-30 Index touched a high of 10517 level as on March 15, 2010, showing an increase of 4.54% led by foreign inflows. However, news of delay in receipt of IMF tranche and rift between the mainstream political parties on constitutional package dampened the sentiments of local investors. As a result KSE 30 Index shed around 249 points and touched a low of 10268 levels as on March 22, 2010. However, the month ended on a positive on account of healthy foreign buying. Overall, KSE 30 Index increased by 3.62% during the month.

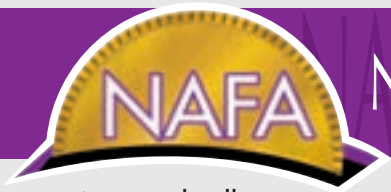
Oil and gas exploration, fertilizer, power, banking and cement sectors outperformed the market. The news of freight subsidy to the cement companies in the North having an export component attracted the interest of the investors. Fertilizer sector outperformed the market on the back of increase in urea prices by the fertilizer manufacturer. The commissioning of power plant by Engro Chemical further increased the interest of the investors in the stock. Foreign Portfolio Investment (FPI) activity picked up during the month and was recorded at US \$ 113 million versus US \$16.8 for the previous month. Trading activity improved during the month with average daily traded value recorded at Pak Rs. 6.1 billion.

Going forward the key triggers for the market are: (i) progress on the leverage product; (ii) Foreign portfolio inflows; (iii) materialization of foreign assistance; and (iv) inclusion of Pakistan in MSCI in the upcoming review.

## Fixed Income Review

After January's peak inflation at 13.70% (CPI year-on-year), February's inflation showed a slight improvement by closing at 13.00%, while month-on-month CPI was 0.40% in February. Though inflation numbers seem to have peaked, interest rates in the near term are not expected to ease considerably. The main reason is shortfall in revenue collection, lack of fiscal discipline and sticky government expenditure. To fill this gap, the govt. is borrowing significantly, which is resulting in the crowding out of the private sector credit. The fiscal deficit is expected to touch 5.5% of GDP in FY 10. The respite which could potentially relax borrowing requirements is a sizeable inflow of aid and assistance from Friends of Democratic Pakistan. Having said that, other key economic indicators such as current account deficit, GDP growth and foreign exchange reserves, continue to show improvement. The current account deficit has shown sizeable shrinkage over the past 8 months. This is generally because of a lackluster import demand (excluding Oil and oil-related products). Also contributing to this is the weak Pakistani Rupee exchange rate which has lowered purchasing power substantially. Although structural problems persist in the economy, the early signs of economic stability are clearly reflected by the improved external position and stable forex reserves of the country. The IMF also, has shown satisfaction over the economic conditions, exchange rate stability and Foreign Exchange reserves position of the country.

In the first T bills auction of March, SBP received bids worth Rs 130.9 billion versus the total accepted amount of Rs. 88.3 billion. The cut off yields for the instruments were noted at 12.19 %, 12.34 % and 12.40 % for the 3 months, 6 months and 12 months T Bills, respectively. In the second auction of the month, SBP received bids worth Rs 140.3 billion versus the accepted amount of Rs 93 billion. The cut-off yields of the T bills for the 3 months, 6 months and 12 months remained the same as the first auction. Apparently, in both the auctions, the SBP witnessed heavy participation in the 12 months T Bills which offered higher returns and a marginal difference from the discount rate of 12.50%. SBP left the discount rate the same as in its March monetary policy statement.



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# NAFA Government Securities Liquid Fund (NGSLF)

Unit Price (31/03/2010): Rs. 10.2725

March 2010

## Performance

Performance (%)*	March 2010	Jan. - Mar. 2010	Since Launch May 16, 2009
<b>NAFA Government Securities Liquid Fund</b>	<b>10.88%</b>	<b>10.65%</b>	<b>10.77%</b>

\* Represents Annualized Return  
(Returns are net of management fee & all other expenses)

## General Information

Launch Date:	May 16, 2009
Fund Size:	Rs. 4,404 million
Type:	Open-end – Money Market Fund
Dealing Days:	Daily – Monday to Friday
Dealing Time:	9:00 am – 4:30 pm
Settlement:	2-3 business days
Pricing Mechanism:	Forward Pricing
Load:	No entry or exit load
Management Fee:	1.5% per annum
Risk Profile:	Very Low
Fund Stability:	“AA+(f)” by PACRA
Listing:	Lahore Stock Exchange
Custodian & Trustee:	Central Depository Company (CDC)
Auditors:	A. F. Ferguson & Co. Chartered Accountants
Benchmark:	70% 3-Month T-Bills and 30% average 3-Month deposit rates (AA and above rated banks)
Fund Manager:	Ahmad Nouman, CFA
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-
Asset Manager Rating:	AM2- by PACRA
Leverage: (Amount of leveraging /borrowing done by the Fund.)	Nil

## 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’s Commentary

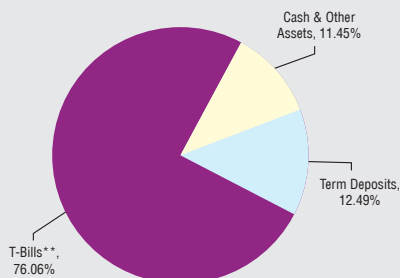
The Fund earned an annualized return of 10.88% during the month, better than the previous month’s return by 49 basis points. This is mainly because of reinvestment of maturing T-Bills at higher average rates of around 12.10% and above. In the very short-term i.e. during the last quarter of FY 2010, we expect this return to remain stable.

The unit price of NGSLF has not declined on any day since the launch of the Fund in May, 2009. This is an indicator of the stability and safety of your Fund based on its investment policy of investing only in short-term Govt. T-Bills and AA and above rated Banks.

Credit split of Fund’s Assets is as follows:

Rating	% Allocation (March)	% Allocation (February)
AAA	76.09%	72.90%
AA+	9.14%	10.31%
AA	14.34%	16.48%
Accrued, deferred costs & unrealized sales	0.43%	0.31%

## Asset Allocation (as on 31st March 2010)



\*\* Include Reverse Repo via Master Repurchase Agreement (MRA)

## Name of the Members of Investment Committee

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

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# NAFA Savings Plus Fund (NSPF)

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Unit Price (31/03/2010): Rs. 10.3574

March 2010

## Performance

Performance (%)*	March 2010	Jan. - Mar. 2010	Since Launch Nov 21, 2009
NAFA Savings Plus Fund	10.01%	9.95%	10.36%

\* Represents Annualized Return  
(Returns are net of management fee & all other expenses)

## General Information

Launch Date: Nov 21, 2009  
 Fund Size: Rs. 651 million  
 Type: Open-end – Income Fund  
 Dealing days: Daily – Monday to Saturday  
 Dealing Time: (Mon - Fri) 9:00 am – 4:30 pm  
 (Saturday) 9:00 am – 12:30 pm  
 Settlement: 2-3 business days  
 Pricing Mechanism: Forward Pricing  
 Load: No entry or exit load  
 Management Fee: 2.0% per annum  
 Risk Profile: Very Low  
 Fund Stability Rating: "AA-(f)" by PACRA  
 Listing: Lahore Stock Exchange  
 Custodian & Trustee: Central Depository Company (CDC)  
 Auditors: A. F. Ferguson & Co. Chartered Accountants  
 Benchmark: Average 6-Month deposit rates (A and above rated banks)  
 Fund Manager: Irfan Malik, CFA  
 Minimum Subscription: Growth Unit: Rs. 10,000/-  
 Income Unit: Rs. 100,000/-  
 Asset Manager Rating: AM2- by PACRA  
 Leverage: (Amount of leveraging /borrowing done by the Fund.) Nil

## Investment Objective

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

## Fund Manager's Commentary

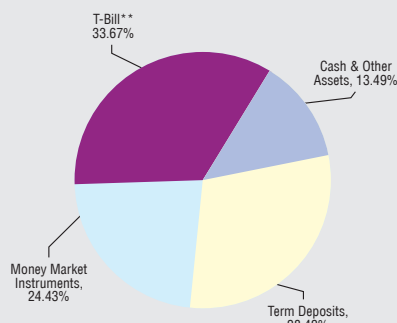
The Fund earned an annualized return of 10.01% during the month. This is better than the previous month's return by 21 basis points. During the month, NSPF increased its allocation in Government Securities to 34%. Allocation to T-bills increased as bank deposits rates were consistently lower than T-bills rates. We believe the return of your Fund is in line with market interest rates and will remain stable in coming months.

We would also like to share with our investors that NSPF is the highest rated income fund in the market, with many features similar to those of money market funds. For instance, it cannot invest in any avenue which has more than six months to maturity, it cannot invest in TFCs/ Sukuks, and it can invest in money market instruments with a minimum credit rating 'AA'.

Credit split of Fund's Assets is as follows:

Rating	% Allocation (March)	% Allocation (February)
AAA	33.73%	15.06%
AA+	16.94%	13.43%
AA	14.35%	30.20%
AA-	18.70%	39.96%
A	15.45%	0.06%
Accruals, deferred costs & unrealized sales	0.83%	1.29%

## Asset Allocation (as on 31st March 2010)

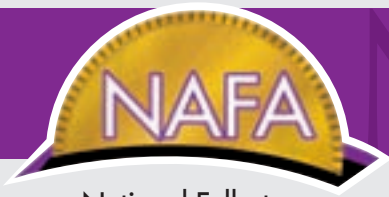


\*\* Include Reverse Repo via Master Repurchase Agreement (MRA)

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# NAFA Cash Fund (NCF)

Unit Price (31/03/2010): Rs. 9.9730

March 2010

## Performance

Performance (%)*	March 2010	Jan. - Mar. 2010	Jan. - Dec. 2009	Since Launch April 22, 2006
<b>NAFA CASH Fund</b>	<b>1.19%</b>	<b>0.20%</b>	<b>12.54%</b>	<b>8.33%</b>

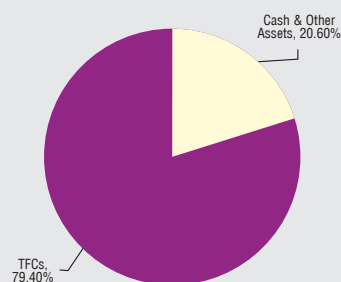
\* Represents Annualized Return  
(Returns are net of management fee & all other expenses)

## General Information

Launch Date:	April 22, 2006
Fund Size:	Rs. 4,464 million
Type:	Open-end – Income Fund
Dealing Days:	Daily - Monday to Friday
Dealing Time:	9:00 am – 4:30 pm
Settlement:	2-3 business days
Pricing Mechanism:	Forward Pricing
Load:	No entry or exit load
Management Fee:	1.5% per annum
Risk Profile:	Low
Fund Stability Rating:	“A+ (f)” by PACRA
Listing:	Lahore Stock Exchange
Custodian & Trustee:	Central Depository Company (CDC)
Auditors:	A. F. Ferguson & Co. Chartered Accountants
Benchmark:	1-Month KIBOR
Fund Manager:	Irfan Malik, CFA
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-
Asset Manager Rating:	AM2- by PACRA

Leverage: (Amount of leveraging /borrowing done by the Fund.) Nil

## Asset Allocation (as on 31st March 2010)



## Investment Objective

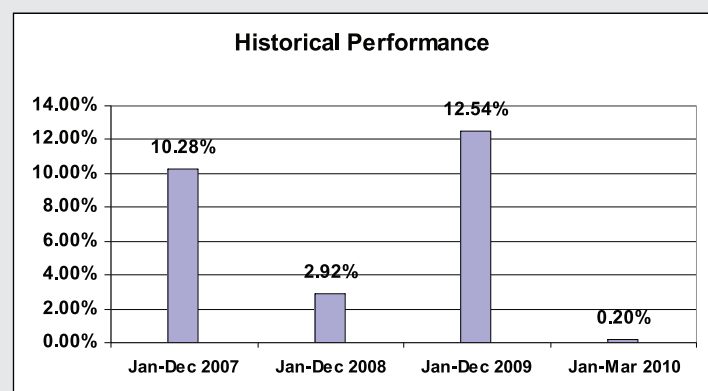
To seek preservation of capital and earn a reasonable rate of return via investing in money market and debt securities with investment-grade rating, CFS and spread transactions.

## Fund Manager's Commentary

The Fund earned an annualized return of 1.19% during the month. This was primarily due to credit rating downgrade of two TFC issues and subsequent trading at lower prices. The issues are from textile and fertilizer sectors. The textile sector company's debt restructuring is underway.

The weighted average yield to maturity on the TFCs held in NAFA Cash Fund is around 16.89% p.a. The weighted average maturity of the NAFA Cash Fund is 2.16 years and the weighted average rating of the TFC portfolio is A.

Below is the historical return performance of your Fund. The volatility of returns and consequent recovery pattern is visible.



\* Annualized Return

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# NAFA Income Fund (NIF)

Unit Price (31/03/2010): Rs. 10.0961

March 2010

## Performance

Performance (%)*	March 2010**	Jan. - Mar. 2010**	Jan. - Dec. 2009	Since Launch March 29, 2008**
<b>NAFA Income Fund</b>	<b>(3.33%)</b>	<b>(3.69)%</b>	<b>13.50%</b>	<b>7.62%</b>

\* Represents Annualized Return

\*\* Represents cumulative Return

(Returns are net of management fee & all other expenses)

## General Information

Launch Date:	March 29, 2008
Fund Size:	Rs. 580 million
Type:	Open-end – Income Fund
Dealing Days:	Daily – Monday to Friday
Dealing Time:	9:00 am – 4:30 pm
Settlement:	2-3 business days
Pricing Mechanism:	Forward Pricing
Load:	Front end: 1.0%
Management Fee:	1.5% per annum
Risk Profile:	Low
Fund Stability Rating:	“A(f)” by PACRA
Listing:	Lahore Stock Exchange
Custodian & Trustee:	Central Depository Company (CDC)
Auditors:	A. F. Ferguson & Co. Chartered Accountants
Benchmark:	3-Month T-Bills
Fund Manager:	Ahmad Nouman, CFA
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-
Asset Manager Rating:	AM2- by PACRA
Leverage: (Amount of leveraging /borrowing done by the Fund.)	Nil

## Investment Objective

To earn a competitive rate of return while preserving capital to the extent possible by investing in liquid assets.

## Fund Manager’s Commentary

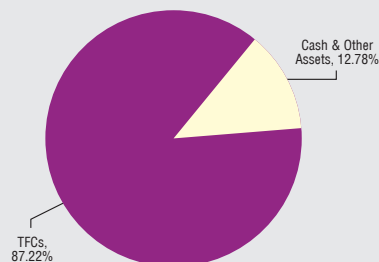
During the month of March 2010, the unit price of NAFA Income Fund declined by 3.33%. This is entirely due to trading of a fertilizer sector TFC at very depressed prices. We believe that Fertilizer sector in Pakistan is stable, however the issuer of this TFC is likely to request for rescheduling of its financial obligations.

The weighted average yield to maturity of NAFA Income Fund is around 21.96% p.a. The weighted average maturity of the NAFA Income Fund is 2.94 years. Thus the Fund is expected to perform well over a 3-year horizon.

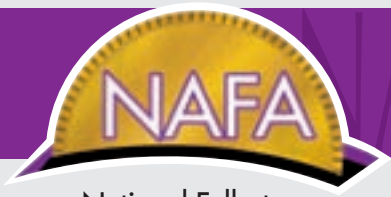
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## Asset Allocation (as on 31st March 2010)



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# NAFA Islamic Income Fund (NIIF)

Unit Price (31/03/2010): Rs. 7.0435

March 2010

## Performance

Performance (%)*	March 2010	Jan. - Mar. 2010	Since Launch October 29, 2007
<b>NAFA Islamic Income Fund</b>	<b>(0.25)%</b>	<b>(0.12)%</b>	<b>(24.44)%</b>

\* Represents cumulative Return  
(Returns are net of management fee & all other expenses)

## General Information

Launch Date:	October 29, 2007
Fund Size:	Rs. 224 million
Type:	Open-end – Shariah Compliant Income Fund
Dealing Days:	Daily – Monday to Friday
Dealing Time:	9:00 am – 4:30 pm
Settlement:	2-3 business days
Pricing Mechanism:	Forward Pricing
Load:	Front end: 1.0%
Management Fee:	1.5% per annum
Risk Profile:	Low to Medium
Fund Stability Rating:	In process
Listing:	Lahore Stock Exchange
Custodian & Trustee:	Central Depository Company (CDC)
Auditors:	A. F. Ferguson & Co. Chartered Accountants
Benchmark:	Average 1-month deposit rate of Islamic banks
Fund Manager:	Irfan Malik, CFA
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-
Asset Manager Rating:	AM2- by PACRA
Leverage: (Amount of leveraging / borrowing done by the Fund.)	Nil

## 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's Commentary

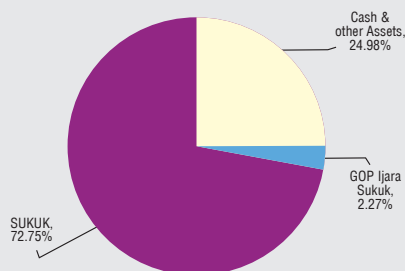
During the month of March 2010, the unit price of NAFA Islamic Income Fund declined by 0.25%. This is due to trading of a Household goods sector TFC at very depressed prices.

The past performance of the Fund has not been encouraging. At the same time, we believe that the current Sukuk prices are very attractive, and the Sukuk portfolio is expected to perform well over next couple of years. For new investors who want to invest in Islamic avenues only, we believe, NIIF provides them an opportunity to out-perform the rates available with Islamic Banks over a one year horizon.

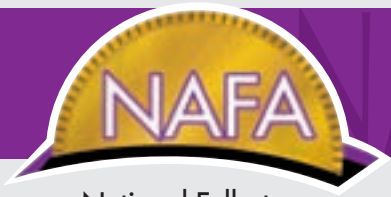
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# NAFA Multi Asset Fund (NMF)

Unit Price (31/03/2010): Rs. 9.5503

March 2010

## Performance

Performance (%)*	March 2010	CYTD Jan. - Mar. 2010	Since Launch January 22, 2007
NAFA Multi Asset Fund	2.70%	4.58%	20.32%
Benchmark	2.36%	4.53%	9.86%

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

## General Information

Launch Date: January 22, 2007  
 Fund Size: Rs. 1,058 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  
 Benchmark: 50% KSE-30 Index & 50% 1-month KIBOR  
 Fund Manager: Sajjad Anwar, CFA  
 Minimum: Subscription: Growth Unit: Rs. 10,000/-  
 Income Unit: Rs. 100,000/-  
 Asset Manager Rating: AM2- 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

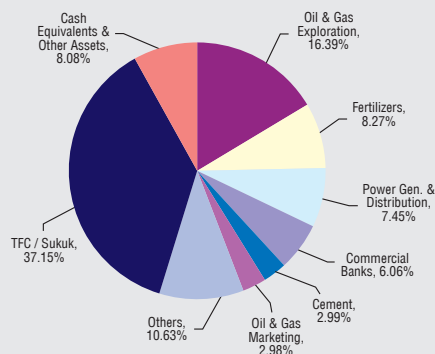
During the month under review, NAFA Multi Asset Fund's (NMF) Net Asset Value (NAV) increased by 2.70% while the benchmark (50% KSE-30 index & 50% 1-month KIBOR) increased by 2.36%. Thus your Fund out-performed the benchmark by 0.34% during the month. Since inception on January 22, 2007 your Fund has increased by 20.32%, while the benchmark has increased by 9.86%. Thus, to-date the out-performance of your Fund stands at 10.46%.

NMF is a balanced Fund and market weight implies 50% weight in equity and 50% in fixed income asset class. In the beginning of the month we had around 49% weight in equities. However, anticipating an upward trend in the Stock Market we over weighted equities and under weighted fixed income asset class. Expecting a high dividend payout we over weighted the power sector, which contributed to the outperformance of the Fund. Our underweight strategy in the banking stocks dragged the performance of the Fund. Currently we are around 55% invested in equities. We are overweight in fertilizer, power, and cement sectors. We are underweight in the banking sector due to its low dividend yield.

We are holding positions in high dividend paying stocks with stable earnings stream and attractive valuations. TFC portfolio of the Fund is currently offering Yield to Maturity of 20.30% per annum. Weighted average Maturity of the TFC/sukuk portfolio is 2.18 years.

Asset Allocation %	Mar.-10	Feb.-10
Equities / Stock	54.77%	48.65%
TFC / Sukuk	37.15%	39.05%
Cash Equivalents & Other Assets	8.08%	12.30%
Leverage	Nil	Nil

## Asset Allocation (as on 31st March 2010)



## Top Five Holding (Alphabetical)

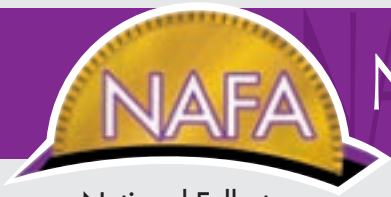
Fauji Fertilizer Co. Ltd.  
 Oil & Gas Development Co. Ltd.  
 Pakistan Oil Fields Ltd.  
 Pakistan Petroleum Ltd.  
 The Hub Power Co. Ltd.

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# NAFA Islamic Multi Asset Fund (NIMF)

Unit Price (31/03/2010): Rs. 9.7638

March 2010

## Performance

Performance (%)*	March 2010	CYTD Jan. - Mar. 2010	Since Launch October 29, 2007
NAFA Islamic Multi Asset Fund	2.69%	4.71%	(2.36%)

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

## General Information

Launch Date:	October 29, 2007
Fund Size:	Rs. 472 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 1-month profit rate of Islamic banks.
Fund Manager:	Sajjad Anwar, CFA
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-
Asset Manager Rating:	AM2- by PACRA

## Investment Objective

To provide investors with a combination of capital growth and income by investing in Shariah compliant investments. NIMF aims to achieve attractive returns at moderate levels of risk by investing in a variety of Shariah compliant securities, instruments and avenues such as Equities, Musharakah, Murabahah, Ijarah etc.

## Fund Manager's Commentary

During the month of March 2010, Net Asset Value (NAV) of NAFA Islamic Multi Asset Fund (NIMF) increased by 2.69%, whereas the benchmark increased by 3.95%, thus your Fund under-performed the benchmark by 1.26%.

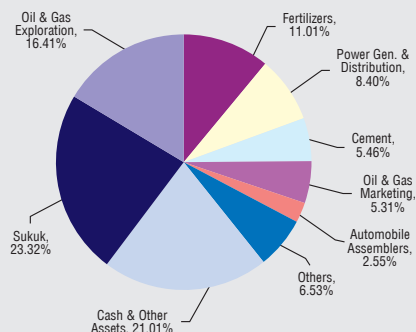
Key factor for the underperformance of the Fund versus the benchmark during the month was trading of sukuk at lower price due to tight liquidity conditions. NIMF is a balanced Fund and market weight implies 50% weight in equities and 50% in fixed income asset class. The month started with around 47% weight in equities. During the month we increased allocation in equity above the market weight due to positive view on the Stock Market. We remained overweight in the fertilizer and power sectors which outperformed the market. However, our underweight stance in the gas distribution companies contributed to the under performance of the Fund.

We are monitoring the market closely and have rebalanced the allocation accordingly. Our strategy is to hold positions in high dividend yielding stocks with stable earnings stream, low business risk, and sanguine valuations. The Yield to Maturity on our Sukuk portfolio is also attractive at 13.62% per annum. Weighted average Maturity of the sukuk portfolio is 2.01 years.

## Asset Allocation %

	Mar.-10	Feb.-10
Equities / Stock	55.67%	47.22%
Sukuk	23.32%	24.20%
Cash Equivalents & Other Assets	21.01%	28.58%
Leverage	Nil	Nil

## Asset Allocation (as on 31st March 2010)



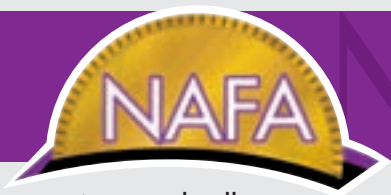
## Top Five Holding (Alphabetical)

Fauji Fertilizer Co. Ltd.  
Oil & Gas Development Co. Ltd.  
Pakistan Oil Fields Ltd.  
Pakistan Petroleum Ltd.  
The Hub Power Co. Ltd.

## Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA  
Sajjad Anwar, CFA  
Tanvir Abid, CFA  
Irfan Malik, CFA

**Disclaimer:** This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell the fund. All investments in mutual funds are subject to market risks. The price of units may go up as well as down. Past performance is not necessarily indicative of future results.



National Fullerton  
Asset Management Limited

# NAFA Stock Fund (NSF)

Unit Price (31/03/2010): Rs. 7.6739

March 2010

## Performance

Performance (%)*	March 2010	CYTD Jan. - Mar. 2010	Since Launch January 22, 2007
NAFA Stock Fund	4.48%	6.46%	(4.50%)
Benchmark	3.62%	5.84%	(22.16%)

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

## General Information

Launch Date: January 22, 2007  
 Fund Size: Rs. 1,227 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  
 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, KSE-30 Index increased by 3.62%, whereas NAFA Stock Fund's (NSF) Net Asset Value (NAV) increased by 4.48%, thus an out-performance of 0.86% was recorded. Since inception on January 22, 2007 the NAV of NSF has declined by 4.50% and the benchmark has declined by 22.16%, thus to date out-performance is 17.66%.

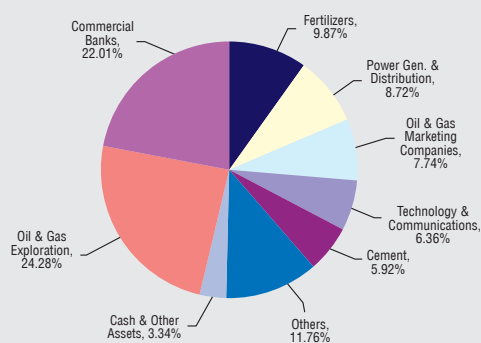
At the start of the month NSF was 91.36% invested in equities. We gradually became fully invested in equities to benefit from the improved sentiment and surge in the market. The market was buoyed by strong foreign inflows and healthy corporate announcements. During the month we increased the weightage of NSF in the cement, refineries and textile sectors. The cement sector's fundamentals have improved on higher demand prospects and the Government's providing of partial inland freight subsidy on cement exports through sea. We increased our weightage in selected refineries on the back of improving margins. Moreover, in the power sector, we increased exposure to take advantage of attractive dividend payouts. At the same time, we maintained our weightages in the fertilizer and oil & gas exploration sectors. We slightly reduced our exposure in the banking sector after a sharp appreciation in share prices of some of the stocks. We also reduced our weight in automobiles with the sector underperforming the benchmark during the month. Our overweight stance in power, refinery and cement sectors contributed to the outperformance of NSF. At the end of the month, NSF was 96.66% invested in equities.

The market is highly dependent on foreign flows. Therefore, we maintain a proactive approach and remain invested in stocks that have attractive valuations.

## Asset Allocation %

	Mar.-10	Feb.-10
Equities / Stock	96.66%	91.36%
Cash & Other Assets	3.34%	8.64%
Leverage	Nil	Nil

## Asset Allocation (as on 31st March 2010)



## Top Five Holding (Alphabetical)

Engro Corporation Ltd.  
 MCB Bank Ltd.  
 Oil & Gas Development Co. Ltd.  
 Pakistan Petroleum Ltd.  
 The Hub Power Co. Ltd.

## Name of the Members of Investment Committee

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

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