

NAFA Funds

Monthly Report (May 2011)



**NBP Fullerton
Asset Management Limited**
(Formerly National Fullerton Asset Management Limited)

Managed by:

NBP Fullerton Asset Management Limited
(Formerly National Fullerton Asset Management Limited)

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Your investments & "NAFA" grow together



Joint - Venture Partners



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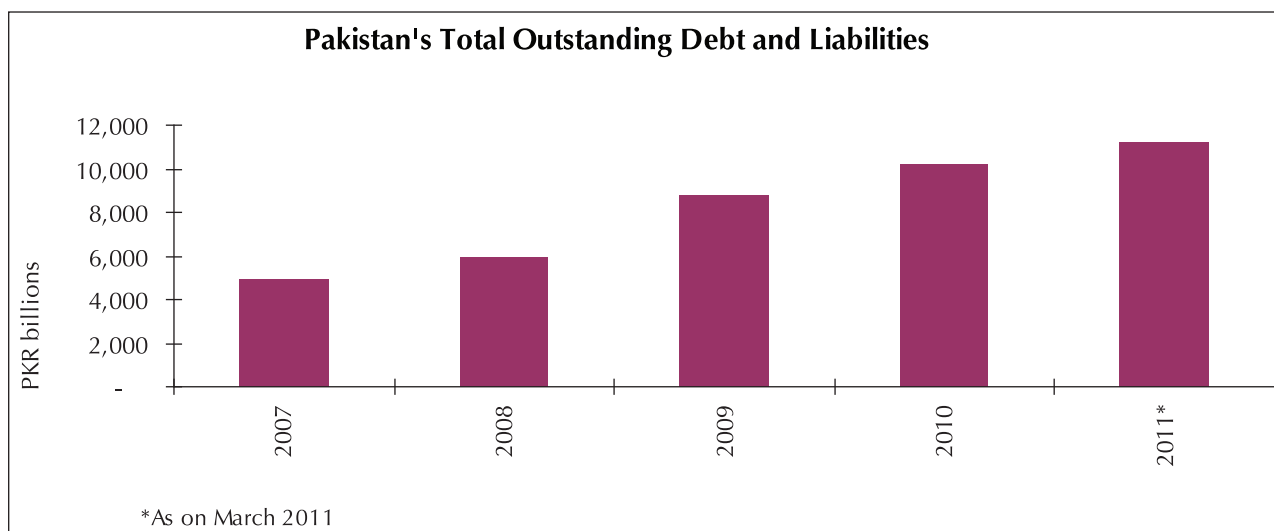
Investors Adopt Wait and See Approach

Dr. Amjad Waheed, CFA
Chief Executive Officer

Pakistan's economy has been on the decline since 2007. Low tax to GDP ratio and high non-development spending has resulted in massive government borrowing. Government total debt has risen by around 2.5 times from Rs 4.57 trillion in 2007 to Rs 11.24 trillion at present (see Chart below). This is twice the total bank deposits of Pakistan. Development spending, which is critical to sustain economic growth and meet the basic social needs of the poor such as education, health care, clean drinking water, population planning, etc., is estimated to decline from 5% of GDP in FY 2007 to 2.4% in FY 2011. The Government's total tax revenues are eaten away by debt servicing and defence spending. Excessive government borrowing has also crowded out the private sector whereby private sector credit as a percentage of total domestic credit expansion has declined from 80% during FY2007 to just an average of 22% during 2008-2010.

We come across several of our present and potential investors and get a chance to listen to their views. Presently most of them are very concerned about the economic and law and order situation. They worry about their personal safety and that of their family and staff. They are more worried about the dacoits, the kidnappers and the extortionists than the suicide bombers. They have put their investment plans on hold, waiting to see how the situation develops. This slowdown in investments is negatively impacting job creation, government revenue collection, and economic growth. A large number of top Pakistani businessmen have got together on the platform of "Pakistan Business Council". They have laid down a basic economic and social agenda that they feel is important to follow to get Pakistan out of the present quagmire. They have met with all major political parties and have in general got a positive response. It is time for the government and other political parties to commit themselves to an economic and social roadmap that is clearly defined and is do-able. This will give a positive signal to the local and foreign investors, and will make them invest. Any delay on this front can be very destructive for Pakistan.

Pakistan's foreign debt servicing burden has increased from US\$ 2.9 billion in 2007 to US\$ 5.6 billion at present. In 2002 following September 11, 2001 events, the Government was able to reschedule its foreign debt. This resulted in the annual foreign debt servicing burden declining from US\$ 5.1 billion in 2000-01 to US\$ 2.8 billion in 2004-05, thus creating room for the government to increase its development spending. A large chunk was rescheduled for 10 years that has now become due. Also, payments to IMF for the US\$ 8 billion facility that we took since 2008 will also become due from 2012. Thus, external debt servicing is expected to rise substantially from 2012 onwards. It is, therefore, critical that the Government should request rescheduling of its bilateral and multilateral debt in exchange for its support in the war on terror. This can uplift the economy in a short span of time.



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May 2011

Stock Market Review

The stock market remained choppy during the undergoing month ahead of the Federal Budget for FY 2011-12. The month of May was marked by the Osama bin Laden fiasco and concomitant tensions in US - Pakistan relations; rumors of new taxes in the upcoming budget; and terrorist attack on the Naval base. Both local and foreign investors remained cautious about the developments on the law & order situation and domestic political front; outcome of the Pakistan-IMF talks; and US-Pakistan relations. However, possibility of exemption of Capital Gains Tax on stocks in the upcoming budget and release of partial payment of Energy related circular debt brought some excitement among the local investors. The month started with KSE-30 Index at around 11,716 levels and after touching a low of 11,334 levels on May 4, closed the month at 11,762 levels. Overall, during the month KSE-30 Index increased by around 0.40%.

State Bank of Pakistan kept the Discount Rate unchanged at 14% in its recently announced Monetary Policy announcement. Inflation as measured by the CPI came in at 13% during April 2011 year-on-year basis on the back of surge in food and energy components. However, despite meager financial inflows, external accounts showed significant improvements on the back of the substantial growth in exports and record workers' remittances. Foreign Portfolio Investment (FPI) remained subdued during the month and Net FPI was recorded at US\$ 26.37 million. Trading activity remained thin and Average Daily Traded Volume during the month was recorded at around 71.4 million shares, compared to around 75.5 million shares in the previous month.

During the month, Oil & Gas, Industrial Engineering, Fixed Line Communication and Financial Services sectors out-performed the market. Whereas, Banking, Chemicals and Electricity sectors lagged the market. Release of payment of Circular debt to Oil Marketing Companies and attractive valuations of the key companies in Oil and Gas Exploration sub-sectors contributed to the outperformance of Oil and Gas sector. Curtailment of Gas to key companies in the fertilizer sub-sector and rumors of removal of subsidy on the feedstock prices in the upcoming budget kept the fertilizer stocks under pressure. Rumors of enhancement of the tax rates on the banking sector in the upcoming budget and rising trends of NPLs weakened investors' confidence. Investors avoided taking positions in the Cement stocks due to weak dispatches' numbers.

Going forward, we believe that the following key factors will drive the stock market: (i) Foreign Portfolio Investment activity; (ii) measures in the upcoming Federal Budget; (iii) Pak-US relations; (iv) law and order conditions and (v) Bilateral and Multilateral financial inflows.

Fixed Income Review

After retirement of around Rs.120 billion by Government in energy sector related Circular Debt at start of May, the money market became very liquid in first half of the month. However, subsequent to outflows of GOP Ijara Sukuks coupled with market realization that SBP targets in T-Bill auctions are higher than maturities in the remaining quarter and PIBs auction, the market reversed very swiftly. This resulted in some mark-to-market losses for the Funds carrying T-Bills. However, the T-Bills auctions bid pattern suggests market continues to prefer six months and one year T-Bills over three month papers. In the two T-bills auctions of May, SBP cumulatively accepted around Rs. 413 billion in pass-through bids against the target of Rs. 350 billion. The cut-off yields for the last auction of the month were noted at 13.21%, 13.60% and 13.84% for the 3-months, 6-months and 12-months T-Bills respectively. The State Bank kept the Policy / Discount rate at 14% in its bi-monthly Monetary Policy Statement on May 21, 2011. On the corporate debt sphere, there continues to be a marginal improvement in the market's demand for debt securities of high rated issuers, although now at lower volumes. Total traded value reported at MUFAP for May was Rs 414 mln against Rs 1,188 mln in the previous month. Banking sector TFCs contributed 59.42% and 76.67% respectively in April and May traded value.

Inflation, as measured by CPI, averaged 14.1% for the first ten months of FY 11 against 11.5% for the same period a year ago. Government borrowing from the scheduled banks is on the rise, which can only be matched with market appetite by offering high yields on Government Securities. As per last available Money Supply data net Government borrowing from the scheduled banks has increased by around 49% in the current fiscal year to Rs 1,194 billion from Rs 803 billion in the previous year. This is also crowding out the more productive private sector credit. The average 3-months T-Bill rate during Jan-May 2010 was 12.01%, while it is 13.26% for the same period this year.

NAFA's money market fund i.e. NAFA Government Securities Liquid Fund (NGSLF) and income funds with short maturities and no TFCs, i.e. NAFA Savings Plus Fund (NSPF) and NAFA Riba Free Savings Fund (NRFSF), all continue to post competitive double digit returns. These funds are expected to benefit further due to their short-term maturities in the current interest rate environment. For longer-term investors with investment horizon of three or more years our Income / Aggressive Income funds offer very attractive yields. Effective June 4, 2011, all money market and income funds managed by NAFA will be open for investments and redemptions on Saturdays also.

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“May 2011”

FUND NAME	FUND SIZE (Rs. In million)	FUND LAUNCH DATE	STABILITY RATING	MAY 2011	LAST ONE YEAR	SINCE LAUNCH
NAFA Government Securities Liquid Fund *	10,878	16-May-09	AAA (f)	11.44%	11.31%	11.01%
NAFA Savings Plus Fund *	566	21-Nov-09	AA- (f)	10.77%	10.44%	10.36%
NAFA Income Opportunity Fund * <i>(Formerly NAFA Cash Fund)</i>	2,687	22-Apr-06	A (f)	35.58%	10.73%	8.60%
NAFA Income Fund *	499	29-Mar-08	A- (f)	4.80%	6.15%	5.73%
NAFA Islamic Aggressive Income Fund * <i>(Formerly NAFA Islamic Income Fund)</i>	179	29-Oct-07	BBB (f)	60.66%	35.71%	1.17%
NAFA Riba Free Savings Fund *	361	21-Aug-10	A+ (f)	15.45%	n/a	10.69%
NAFA Islamic Multi Asset Fund **	288	29-Oct-07	***	2.93%	35.80%	29.88%
NAFA Multi Asset Fund **	715	22-Jan-07	***	1.14%	27.45%	48.78%
NAFA Stock Fund **	967	22-Jan-07	***	-0.86%	33.14%	14.48%
NAFA Asset Allocation Fund **	247	21-Aug-10	***	1.06%	n/a	18.12%
Total AUM	17,387					
* Annualized return						
** Cumulative return						
*** Not applicable						

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

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NAFA Government Securities Liquid Fund (NGSLF)

**NBP Fullerton
Asset Management Limited**
(Formerly National Fullerton Asset Management Limited)

MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (31/05/2011): Rs. 10.2624

May 2011

Performance

Performance % *	May 2011	FYTD Jul. 2010 - May 2011	Trailing 12 Months	Since Launch May 16, 2009
NAFA Government Securities Liquid Fund	11.44%	11.41%	11.31%	11.01%
Benchmark	11.41%	11.33%	11.28%	11.06%

* 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. 10,878 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:	Very 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- 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 11.44% during May 2011 versus the benchmark return of 11.41%, thus an out-performance of 0.03% on an annualized basis. The Fund posted calendar year to date annualized return of 11.85% against the benchmark return of 11.56%. Hence an out-performance of 0.29% during the first five months.

NGSLF's Fund 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.

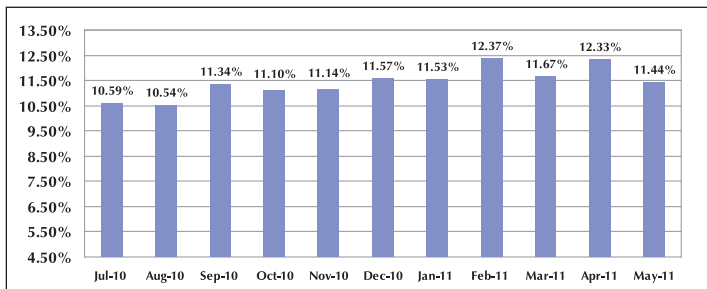
In the last three Monetary Policy Statements (MPS), State Bank of Pakistan has kept the Policy/ Discount rate at 14%, with total increment of 1.5% in the current fiscal year. The YoY CPI for April came in at 13%, while the last 12-Month average CPI is 13.9%. The inflation numbers of May and June will guide the outcome of next MPS due in July-end. Due to substantial financing needs of the Government, increasingly being met by sale of T-Bills to scheduled banks, interest rates are expected to remain high. This is likely to keep the return of your Fund attractive.

The average maturity of your Fund is around 44 days.

Asset Allocation (% of NAV) 31-May-11 29-Apr-11

	31-May-11	29-Apr-11
T-Bills (Including Reverse Repo via Master Repurchase Agreement)	92.12%	89.85%
Placements with Banks	5.52%	8.57%
Cash Equivalents	3.09%	2.67%
Other Net Liabilities	-0.73%	-1.09%
Total	100.00%	100.00%
Leverage	Nil	Nil

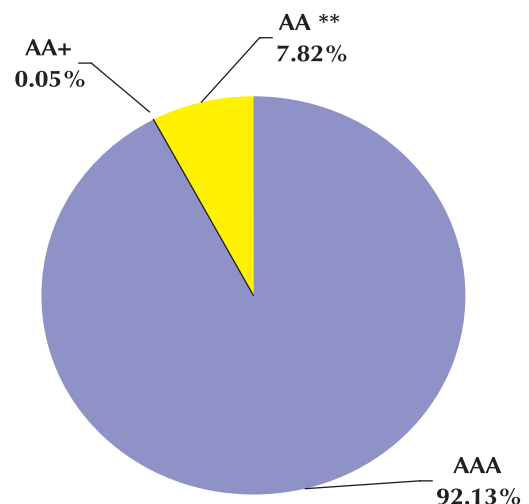
Month-wise Annualized Returns of NGSLF FYTD 2011



Name of the Members of Investment Committee

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

Credit Quality of the Portfolio (% of NAV)



** Net of other liabilities

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MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (31/05/2011): Rs. 10.2109

May 2011

Performance

Performance % *	May 2011	FYTD Jul. 2010 - May 2011	Trailing 12 Months	Since Launch November 21, 2009
NAFA Savings Plus Fund	10.77%	10.55%	10.44%	10.36%
Benchmark	8.78%	8.38%	8.38%	8.24%

* 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. 566 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 (The Management Fee has been reduced from 2.0% p.a to 1.25% p.a with effect from March 1st 2011)
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 10.77% during the month versus the benchmark return of 8.78%, thus out-performing the benchmark by 1.99%. The calendar year to date annualized return is 11.20% beating the benchmark by 2.72%. Since inception the out-performance of the Fund against its benchmark is 2.12%. The Fund intends to provide its investors consistently better returns than the bank deposit rates.

The Fund significantly increased its weightage in short-term T-Bills from 60% to 74% during the month which enhances the credit and liquidity profile of your Fund. The allocation in Margin Trading System (MTS) was around 4.5%. 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 increased which will further improve the performance of the Fund.

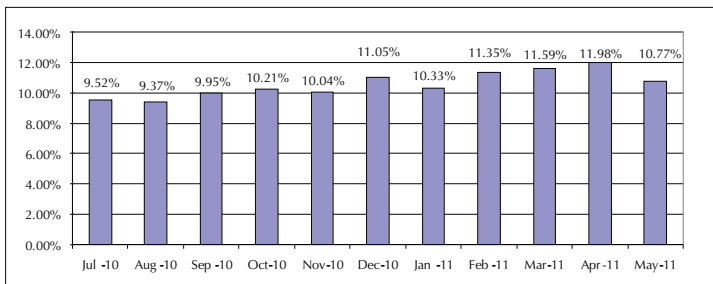
NSPF is one of the highest rated income funds in the market. It cannot invest in any avenue which has more than six months maturity, nor can it invest in the TFCs/ Sukuks and Equities. Moreover, it cannot invest in money market instruments below a credit rating of 'AA-'. The investment value of the Fund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

The average maturity of your Fund is around 52 days.

Asset Allocation (% of NAV) 31-May-11 30-Apr-11

T-Bills	74.44%	59.70%
Placements with NBFCs	17.67%	26.55%
Margin Trading System (MTS)	4.58%	7.94%
Cash Equivalents	5.28%	4.16%
Other Net (Liabilities) / Assets	-1.97%	1.65%
Total	100.00%	100.00%
Leverage	Nil	Nil

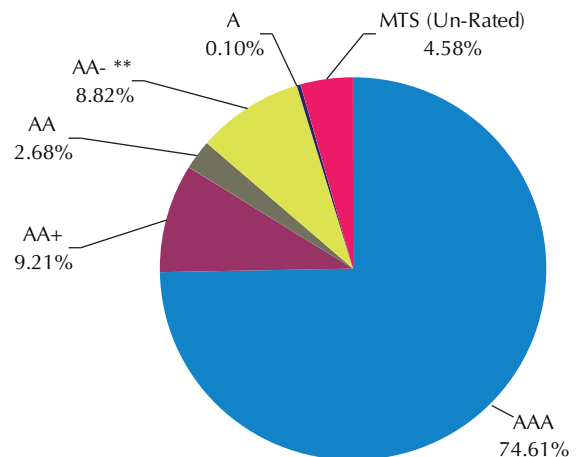
Month-wise Annualized Returns of NSPF FYTD 2011



Name of the Members of Investment Committee

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

Credit Quality of the Portfolio (% of NAV)



** Net of other Liabilities

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**NBP Fullerton
Asset Management Limited**
(Formerly National Fullerton Asset Management Limited)

NAFA Riba Free Savings Fund (NRFSF)

MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (31/05/2011): Rs. 10.3097

May 2011

Performance

Performance % *	May 2011	Since Launch August 21, 2010
NAFA Riba Free Savings Fund	15.45%	10.69%
Benchmark	8.35%	8.27%

* 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. 361 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 (The Management Fee has been reduced from 1.5% p.a to 1.0% p.a with effect from March 1st 2011)
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:	Average 6-month deposit rate of A- and above rated Islamic Banks
Fund Manager:	Usman Khan
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 annualized return of NRFSF for the month of May 2011 is 15.45%. This is better than the benchmark return by 7.1%. The current month's annualized return is higher due to un-realized gains in GOP Ijara sukuk. Since the Fund's inception nine months ago, the Fund has out-performed its benchmark by 2.42%. The Fund Size has registered a growth of 9.75% during May-11.

We aim to consistently provide significantly 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.

Around 70% of your Fund's portfolio is invested in AAA rated Shariah Compliant Government securities. This has substantially increased the liquidity of the Fund. In the last auction of GOP Ijara sukuk in May, an amount of Rs. 45.8 Billion was accepted against the target of Rs 45 billion. Currently, the outstanding amount of GOP Ijara sukuk is around Rs 235 billions. GOP Ijara sukuk are floating rate Shariah compliant securities with six monthly coupon resets and hence an average duration of three months. This minimizes any pricing risk.

NRFSF is an Islamic Income Scheme that invests only in Shariah compliant avenues. The weighted average rating of the Fund is "AA+".

The average duration of the Fund is 71 days.

Asset Allocation (% of NAV) 31-May-11 30-Apr-11

Asset Allocation (% of NAV)	31-May-11	30-Apr-11
GOP Ijara Sukuk - Govt. Backed	70.31%	71.05%
Cash Equivalents	27.61%	27.19%
Other Net Assets	2.08%	1.76%
Total	100.00%	100.00%
Leverage	Nil	Nil

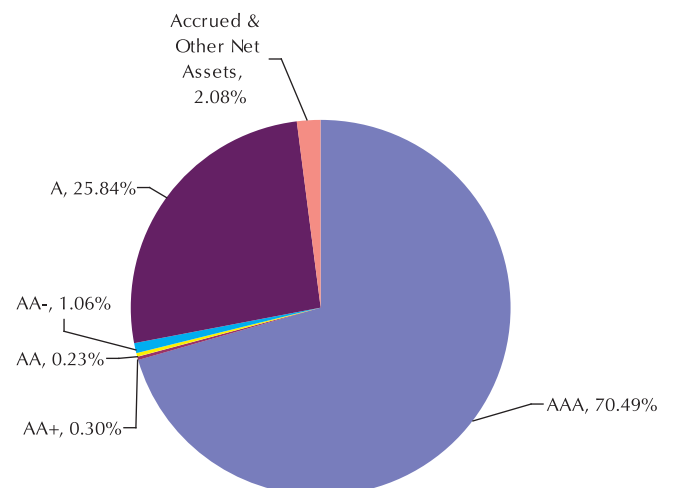
Sukuk Holdings (as at May 31, 2011)

Name of Sukuks	% of Net Assets
GOP Ijarah Sukuk VII	48.27%
GOP Ijarah Sukuk V	9.78%
GOP Ijarah Sukuk VI	9.21%
GOP Ijarah Sukuk VIII	3.05%
Total	70.31%

Name of the Members of Investment Committee

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Ahmad Nouman, CFA
Sajjad Anwar, CFA
Tanvir Abid, CFA, FRM
Usman Khan

Credit Quality of the Portfolio (% of NAV)



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NAFA Income Fund (NIF)

NBP Fullerton
Asset Management Limited
(Formerly National Fullerton Asset Management Limited)

MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (31/05/2011): Rs. 10.4960

May 2011

Performance

Performance % *	May 2011	FYTD Jul. 2010 - May 2011	Trailing 12 Months	Since Launch March 29, 2008
NAFA Income Fund	4.80%	3.82%	6.15%	5.73%
Benchmark	13.64%	13.13%	13.04%	12.40%

* 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. 499 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- 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 earned an annualized return of 4.80% during May 2011 versus the benchmark return of 13.64%. The Fund's calendar year to date annualized return is 12.43%.

The Fund's allocation to TFCs/ Sukuks is around 76%. All TFCs in your Fund are floating rate instruments linked to KIBOR. During Jan-May 2011 average 6-Months KIBOR was around 13.72% as against 12.33% for the same period last year, and 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. 82 against the par value of Rs100, which suggests improved returns going forward.

The weighted average Yield-to-Maturity of the Fund is around 21.82% p.a. while its weighted average time to maturity is 3.15 years. Thus, the Fund is expected to perform well over a three to four year horizon. However, since there are TFCs / Sukuks in the portfolio and their prices may go up and down primarily based on market liquidity etc., only long-term investors are advised to invest in this Fund.

Asset Allocation (% of NAV) 31May-11 29-Apr-11

	31May-11	29-Apr-11
TFC / Sukuk	75.98%	76.32%
T-Bills	20.60%	19.32%
Cash Equivalents	1.41%	3.40%
Other Net Assets	2.01%	0.96%
Total	100.00%	100.00%
Leverage	Nil	Nil

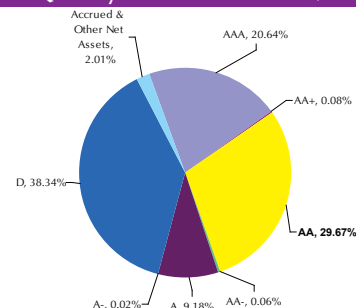
Details of Non-Compliant Investments

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	43,150,835	106,729,165	21.38%	21.20%	29.32%
Saudi Pak Leasing	TFC	53,289,900	18,105,403	**35,184,497	7.05%	6.99%	25.95%
Eden Housing Sukuk II	Sukuk	71,250,000	21,756,757	49,493,243	9.92%	9.83%	40.74%
New Allied Electronics Sukuk II	Sukuk	49,054,371	49,054,371	-	-	-	-
Total		323,474,271	132,067,366	191,406,905	38.35%	38.02%	

** Book value, performing but below investment grade.

Excess / (Short) exposures	Particulars	Exposure Type	% of Net Assets	Limit	Excess / (Short)
AgriTech Limited PPTFC II	Per Party	21.38%	10%	11.38%	
Engro Fertilizer Perpetual 1 PPTFC	Per Party	18.63%	10%	8.63%	
Chemical Sector	Sector	40.01%	25%	15.01%	
Cash and Cash Equivalents	Cash Balance	22.01%	25%	-2.99%	

Credit Quality of the Portfolio (% of NAV)



Top TFC/SUKUK Holdings (as at May 31, 2011)

Name of TFCs / Sukuks	% of Net Assets
AgriTech Limited (PPTFC II)	21.38%
Engro Fertilizer Limited (PPTFC)	18.63%
Eden Housing Limited (Sukuk II)	9.92%
United Bank Limited IV	9.84%
World Call Telecom Limited	9.16%
Saudi Pak Leasing TFC	7.05%
Total	75.98%

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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**NBP Fullerton
Asset Management Limited**
(Formerly National Fullerton Asset Management Limited)

NAFA Asset Allocation Fund (NAAF)

MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (31/05/2011): Rs.11.1941

May 2011

Performance

Performance % *	May 2011	Since Launch August 21, 2010
NAFA Asset Allocation Fund	1.06%	18.12%
Benchmark	0.75%	12.12%

* 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. 247 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- 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 1.06% 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 0.75%. Thus your Fund out-performed the benchmark by 0.31%. Since inception on August 21, 2010 your Fund has increased by 18.12%, while the Benchmark has increased by 12.12%. Thus, to-date the out-performance of your Fund stands at 6.00%. This out-performance is net of management fee, WWF and all other expenses.

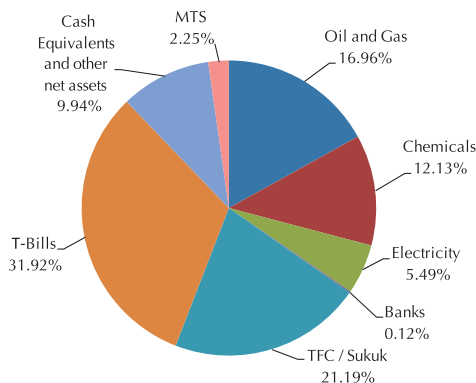
NAAF is an asset allocation fund and market weight implies 33% weight in equities, 33% in money market instruments and 33% in fixed income asset class. At the start of the month NAAF was around 23% invested in equities. The stock market remained directionless ahead of the budget related uncertainties. We enhanced NAAF's exposure in selected high dividend yielding and fundamentally attractive stocks. NAAF's weightage in the Fertilizer and Power sub-sectors and the Oil & Gas Sector was increased. NAAF's key holdings in the Fertilizer sub-sector performed better than the market, which contributed to the out-performance of the Fund. Moreover, NAAF benefited from the under-weight stance in the Personal Goods, Banks and Construction & Materials sectors. At the end of the month, NAAF was around 35% invested in equities, 39% in money market and cash instruments and around 21% in "AA" rated category TFCs. The Fund is invested around 2% in the stock market leverage product, namely Margin Trading System (MTS).

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 closely and will alter the portfolio proactively.

Asset Allocation (% of NAV) 31-May-11 29-Apr-11

Asset Allocation (% of NAV)	31-May-11	29-Apr-11
Equities / Stock	34.70%	22.94%
TFC	21.19%	21.78%
Cash Equivalents	7.38%	7.46%
T-Bills	31.92%	45.66%
MTS	2.25%	3.05%
Other Net Assets / (Liabilities)	2.56%	-0.89%
Total	100.00%	100.00%
Leverage	Nil	Nil

Asset Allocation (as on 31st May 2011)



Top Ten Holdings (as on 31st May 2011)

Name	Asset Class	% of NAV
Fauji Fertilizer Co. Ltd.	Equity	7.73%
Engro Corp. Rupiya Certificate	TFC	6.88%
Pakistan Oilfields Ltd.	Equity	6.72%
United Bank Ltd III	TFC	6.13%
Hub Power Company Limited	Equity	5.49%
Pak Petroleum Ltd.	Equity	4.59%
Fauji Fertilizer Bin Qasim	Equity	4.38%
Oil & Gas Dev.Co	Equity	4.13%
Allied Bank Limited I	TFC	4.12%
Bank Alfalah - II	TFC	4.06%
Total		54.23%

Name of the Members of Investment Committee

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

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NAFA Multi Asset Fund (NMF)

**NBP Fullerton
Asset Management Limited**
(Formerly National Fullerton Asset Management Limited)

MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (31/05/2011): Rs.10.7856

May 2011

Performance

Performance % *	May 2011	FYTD Jul. 2010 - May 2011	Trailing 12 Months	Since Launch January 22, 2007
NAFA Multi Asset Fund	1.14%	26.11%	27.45%	48.78%
Benchmark	0.77%	17.71%	20.34%	24.52%

* 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. 715 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% 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 Commentary

During the month under review, NAFA Multi Asset Fund's (NMF) Net Asset Value (NAV) increased by 1.14% while the benchmark (50% KSE-30 index & 50% 3-month KIBOR) increased by 0.77%. Thus your Fund out-performed the benchmark by 0.37%. Since inception on January 22, 2007 your Fund has increased by 48.78%, while the benchmark has increased by 24.52%. Thus, to-date the out-performance of your Fund stands at 24.26%. This out-performance is net of management fee, WWF and all other expenses.

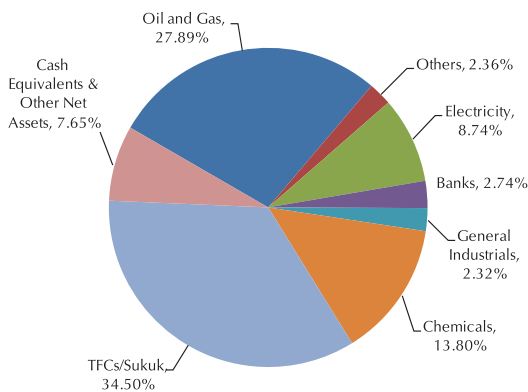
NMF is a Balanced Fund and market weight implies 50% weight in equities and 50% in fixed income asset class. The Fund performed better than the benchmark due to out-performance of NMF's key equity holdings and improved TFC / Sukuk prices. At the start of the month, NMF was around 53% invested in equities. The stock market remained directionless ahead of the budget related uncertainties. We enhanced the Fund's weightage in high dividend yielding stocks of defensive sectors. We enhanced NMF's weightage in the Fertilizer and Power sub-sectors and the Oil & Gas sector. On the other hand, we reduced the Fund's weightage in the Banks and Construction & Materials sectors. At the end of the month NMF was around 58% invested in equities. NMF's key holdings in the Fertilizer and Refinery sub-sectors performed better than the market, which contributed to the out-performance of the Fund. Moreover, the under-weight position in the Cement sub-sector also benefited the Fund. The weighted average Yield-to-Maturity (YTM) of the TFC / Sukuk portfolio of NMF is around 23.8% p.a.

We are vigilant to the developments in the capital markets and will proactively shift the allocations of NMF.

Asset Allocation (% of NAV) 31-May-11 29-Apr-11

Asset Allocation (% of NAV)	31-May-11	29-Apr-11
Equities / Stock	57.85%	53.19%
TFC / Sukuk	34.50%	33.91%
Cash Equivalents	4.55%	5.99%
T-Bills	-	6.15%
Other Net Assets	3.10%	0.76%
Total	100.00%	100.00%
Leverage	Nil	Nil

Asset Allocation (as on 31st May 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 31st May 2011)

Name	Asset Class	% of NAV	Name	Asset Class	% of NAV
Pakistan Oilfields Ltd.	Equity	8.81%	Oil & Gas Dev.Co	Equity	6.41%
Fauji Fertilizer Co. Ltd.	Equity	7.94%	Orix Leasing Pakistan	TFC	5.59%
Maple Leaf Cement I	Sukuk	7.74%	Fauji Fertilizer Bin Qasim	Equity	4.56%
Hub Power Company Ltd.	Equity	7.25%	Eden Housing Ltd.	Sukuk	3.46%
Pak Petroleum Ltd.	Equity	6.80%	Avani Hotels Ltd.	TFC	3.33%

Details of Non-Compliant Investments

Name of Non Compliant Investment	Type of Investment	Value of Investments before Provision	Provision held	Value of Investments after Provision	% of Net Assets	% of Gross Assets	YTM Per Annum
Maple Leaf Cement Sukuk 1	Sukuk	88,346,030	32,940,259	**55,405,771	7.74%	7.63%	29.49%
Saudi Pak Leasing	TFC	35,526,600	12,070,269	**23,456,331	3.28%	3.23%	25.95%
Eden Housing Sukuk 2	Sukuk	35,625,000	10,878,379	24,746,621	3.46%	3.41%	40.74%
Maple Leaf Cement Sukuk 2	Sukuk	3,315,000	981,044	**2,333,956	0.33%	0.32%	62.68%
New Allied Electronics Sukuk 1	Sukuk	10,000,000	10,000,000	-	-	-	-
Total		172,812,630	66,869,951	105,942,679	14.81%	14.59%	

** Book Value, performing but below investment grade

Weighted average time to maturity of non equity assets	Limit	Excess
2.57 years	<= 2 years	0.57 years

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NAFA Islamic Multi Asset Fund (NIMF)

**NBP Fullerton
Asset Management Limited**
(Formerly National Fullerton Asset Management Limited)

MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (31/05/2011): Rs.10.8523

May 2011

Performance

Performance % *	May 2011	FYTD Jul. 2010 – May 2011	Trailing 12 Months	Since Launch October 29, 2007
NAFA Islamic Multi Asset Fund	2.93%	28.98%	35.80%	29.88%
Benchmark	0.87%	23.06%	24.54%	NA**

* 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. 288 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- 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 2.93%, whereas the benchmark (50% KMI-30 index & 50% average 3-month profit rate of Islamic Banks) increased by 0.87%, thus your Fund out-performed the benchmark by 2.06%.

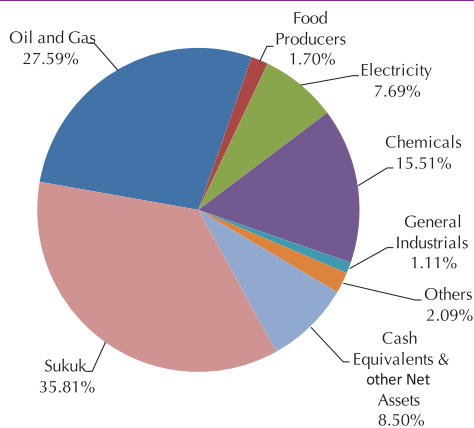
NIMF is a Balanced Fund and market weight implies 50% weight in equities and 50% in fixed income asset class. The Fund performed better than the benchmark due to out-performance of NIMF's key equity holdings and improved Sukuk prices. At the start of the month, NIMF was around 53% invested in equities. The stock market remained directionless ahead of the budget related uncertainties. We enhanced the Fund's weightage in high dividend yielding stocks of defensive sectors. We enhanced NIMF's weightage in the Fertilizer, Power and Cement sub-sectors and the Oil & Gas sector. The exposure of NIMF in the Jute sub-sector and the Food Producers sector was maintained. At the end of the month NIMF was around 56% invested in equities. During the month NIMF's key holdings in the Cement, Fertilizer and Refineries sub-sectors performed better than the market, which contributed to the out-performance of the Fund. The weighted average Yield-to-Maturity (YTM) of the Sukuk portfolio of NIMF is around 29.7% p.a.

We are monitoring the capital market conditions and will adjust the allocations of NIMF proactively.

Asset Allocation (% of NAV) 31-May-11 29-Apr-11

	31-May-11	29-Apr-11
Equities / Stock	55.69%	53.23%
Sukuk	35.81%	35.60%
Cash Equivalents	3.49%	9.05%
Other Net Assets	5.01%	2.12%
Total	100.00%	100.00%
Leverage	Nil	Nil

Asset Allocation (as on 31st May 2011)



Top Ten Holdings (as on 31st May 2011)

Name	Asset Class	% of NAV	Name	Asset Class	% of NAV
Kohat Cement Limited	Sukuk	11.22%	Pak Elektron Limited	Sukuk	7.29%
Maple Leaf Cement 1	Sukuk	10.89%	Hub Power Co. Ltd.	Equity	6.74%
Fauji Fertilizer Co. Ltd.	Equity	10.32%	Oil & Gas Dev.Co	Equity	4.47%
Pakistan Oilfields Ltd.	Equity	9.43%	Fauji Fertilizer Bin Qasim	Equity	4.40%
Pak. Petroleum Ltd.	Equity	7.95%	Eden Housing Limited	Sukuk	4.30%

Details of Non-Compliant Investments

Name of Non Compliant Investment	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	11.22%	11.03%	33.05%
Maple Leaf Cement Sukuk 1	Sukuk	49,946,875	18,622,942	***31,323,933	10.89%	10.71%	29.49%
Eden Housing Limited Sukuk 2	Sukuk	17,812,500	5,439,189	12,373,311	4.30%	4.23%	40.74%
Maple Leaf Cement Sukuk 2	Sukuk	1,875,000	554,889	***1,320,111	0.46%	0.45%	62.68%
Total		117,934,375	40,651,461	77,282,914	26.87%	26.42%	

*** Book Value, performing but below investment grade

Weighted average time to maturity of non equity assets	Limit	Excess
2.83 years	<= 2 years	0.83 year

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**
(Formerly National Fullerton Asset Management Limited)

NAFA Income Opportunity Fund (NIOF)

(Formerly NAFA Cash Fund)

MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (31/05/2011): Rs. 10.4504

May 2011

Performance

Performance % *	May 2011	FYTD Jul. 2010 - May 2011	Trailing 12 Months	Since Launch April 22, 2006
NAFA Income Opportunity Fund <i>Formerly NAFA Cash Fund</i>	35.58%	11.08%	10.73%	8.60%
Benchmark	13.64%	13.22%	13.15%	11.61%

* 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. 2,687 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:	Usman Khan
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-
Asset Manager Rating:	AM2- 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 earned an annualized return of 35.58% during May 2011 against the benchmark return of 13.64%, thus an out-performance of 21.94%. The annualized return for first five months of the current CY is 16.94% against the benchmark return of 13.72%, hence an out-performance of 3.22%. The return improvement is due to recovery in the prices of key TFC holdings in the Fund.

The Fund has high allocation in TFCs of around 89.65% of the Fund size. All TFCs in your Fund are floating rate instruments linked to KIBOR. During Jan-May 2011 average 6-Month KIBOR was around 13.72% as against 12.33% for the same period last year, and 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, which suggests improved returns going forward.

The annualized Yield to Maturity of your Fund is around 21.48% and that of the TFC portfolio is 23.61%. The weighted average time to maturity of your Fund is 2.80 years. The Fund's sector allocation is fairly diversified with exposure to Telecom, Fertilizer, Cement, Textile, Leasing, Real Estate, Banking, Paper & Board and Leisure (Hotel) sub-sectors. However, since there are TFCs in the portfolio and their prices may go up and down, only long-term investors are advised to invest in this Fund.

Asset Allocation (% of NAV) 31-May-11 29-Apr-11

TFC / Sukuk	89.65%	89.09%
Cash Equivalents	2.82%	22.63%
Other Net Assets / (Liabilities)	7.53%	-11.72%
Total	100.00%	100.00%
Leverage	Nil	Nil

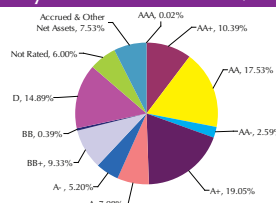
Details of Non-Compliant Investments

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	73,441,200	76,438,800	2.84%	2.41%	43.57%
Azgard Nine Limited PPTFC	TFC	249,800,000	122,402,000	127,398,000	4.74%	4.02%	41.70%
Kohat Cement Limited	Sukuk	241,500,000	80,172,204	**161,327,796	6.00%	5.08%	33.05%
Maple Leaf Cement Sukuk I	Sukuk	399,575,000	148,983,537	**250,591,463	9.33%	7.90%	29.49%
BRR Guardian Modaraba Sukuk	Sukuk	50,000,000	12,500,000	37,500,000	1.40%	1.18%	23.15%
Saudi Pak Leasing	TFC	53,289,900	18,105,403	**35,184,497	1.31%	1.11%	25.95%
Eden Housing Sukuk II	Sukuk	32,775,000	10,008,108	22,766,892	0.85%	0.72%	40.74%
PACE Pakistan Limited	TFC	149,820,000	49,064,402	**100,755,598	3.75%	3.18%	33.21%
Maple Leaf Cement Sukuk II	Sukuk	15,000,000	4,439,115	**10,560,885	0.39%	0.33%	62.68%
Gharibwal Cement Limited PPTFC	TFC	24,355,500	24,355,500	-	-	-	-
New Allied Electronics PPTFC	TFC	31,706,536	31,706,536	-	-	-	-
Dewan Cement Limited	TFC	150,000,000	150,000,000	-	-	-	-
New Allied Electronics Sukuk II	Sukuk	44,148,934	44,148,934	-	-	-	-
Total		1,591,850,870	769,326,939	822,523,931	30.61%	25.93%	

** Book Value, performing but below investment grade

Excess / (Short) exposures				
Particulars	Exposure Type	% of Net Assets	Limit	Excess / (Short)
Pakistan Mobile Communication TFC II	Per Party	13.64%	10%	3.64%
Engro Fertilizer Perpetual 1 PPTFC	Per Party	10.73%	10%	0.73%
Orix Leasing Pakistan Limited	Per Party	11.20%	10%	1.20%
Cash and Cash Equivalents	Cash Balance	2.82%	25%	(22.18%)

Credit Quality of the Portfolio (% of NAV)



Name of the Members of Investment Committee

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

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NAFA Islamic Aggressive Income Fund (NIAIF)

(Formerly NAFA Islamic Income Fund)

**NBP Fullerton
Asset Management Limited**
(Formerly National Fullerton Asset Management Limited)

MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (31/05/2011): Rs. 8.2140

May 2011

Performance

Performance % *	May 2011	FYTD Jul. 2010 - May 2011	Trailing 12 Months***	Since Launch October 29, 2007
NAFA Islamic Aggressive Income Fund <i>Formerly NAFA Islamic Income Fund</i>	60.66%	9.43%	35.71%	1.17%
Benchmark	7.98%	7.00%	6.94%	6.36%

* 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. 179 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:	Usman Khan
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-
Asset Manager Rating:	AM2- 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 earned an annualized return of 60.66% during May 2011 against the benchmark return of 7.98%, thus an out-performance of 52.68%. The annualized return for first five months of the current CY is 14.59% against the benchmark return of 7.63%, hence an out-performance of 6.96%. The high return is attributable to recovery in sukuk prices which was previously non-performing.

Your Fund is invested in sukuk of Cement, Fertilizer and Consumer Electronics sub-sectors. Around 9% allocation in the Government Ijara sukuk and 12% in the bank deposits provides diversification and liquidity to the portfolio.

The Yield-to-Maturity of the sukuk portfolio of your Fund is around 24.66% p.a. while its weighted average time to maturity is 3.05 years. The weighted average maturity of your Fund is 2.40 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, only long-term investors are advised to invest in this Fund.

Asset Allocation (% of NAV) 31-May-11 29-Apr-11

	31-May-11	29-Apr-11
Sukuk	69.15%	69.34%
GOP Ijara Sukuk - Govt. Backed	9.48%	9.69%
Cash Equivalents	11.77%	12.65%
Other Net Assets	9.60%	8.32%
Total	100.00%	100.00%
Leverage	Nil	Nil

Top Sukuk Holdings (as at May 31, 2011)

Name of Sukuks	% of Net Assets
Kohat Cement (Sukuk)	36.11%
Engro Fertilizer Limited (Sukuk)	15.11%
Maple Leaf Cement (Sukuk I)	9.31%
Pak Elektron Limited (Sukuk)	8.23%
GOP Ijarah Sukuk V	5.53%
GOP Ijarah Sukuk I	2.83%
GOP Ijarah Sukuk VII	1.12%
Maple Leaf Cement Limited (Sukuk II)	0.39%
Total	78.63%

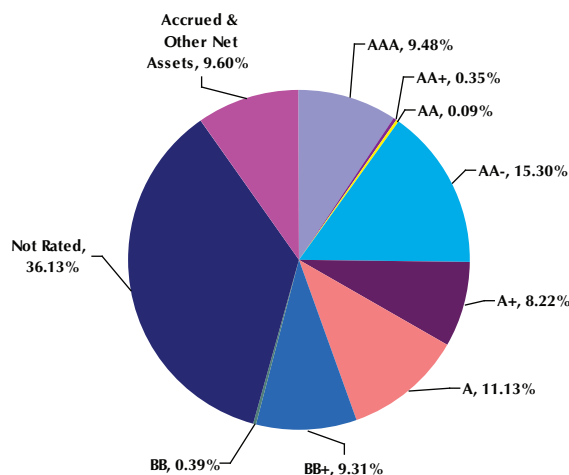
Name of the Members of Investment Committee

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

Details of Non-Compliant Investments

Excess exposure				
Particulars	Exposure Type	% of Net Assets	Limit	Excess Exposure
Kohat Cement Sukuk	Per Party	36.11%	15.00%	21.11%
Construction and Materials	Sector	45.82%	35.00%	10.82%

Credit Quality of the Portfolio (% of NAV)



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.



**NBP Fullerton
Asset Management Limited**
(Formerly National Fullerton Asset Management Limited)

NAFA Stock Fund (NSF)

MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (31/05/2011): Rs.7.6297

May 2011

Performance

Performance % **	May 2011	FYTD Jul. 2010 - May 2011	Trailing 12 Months	Since Launch January 22, 2007
NAFA Stock Fund	(0.86%)	29.85%	33.14%	14.48%
Benchmark	0.40%	23.09%	27.25%	(12.17%)

* 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. 967 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 Commentary

During the month under review, KSE-30 Index increased by 0.40% whereas NAFA Stock Fund's (NSF) Net Asset Value (NAV) decreased by 0.86%, thus an under-performance of 1.26% was recorded. Since inception on January 22, 2007 the NAV of NSF has increased by 14.48% while the benchmark has declined by 12.17%, thus to date out-performance is 26.65%. This out-performance is net of management fee, WWF and all other expenses.

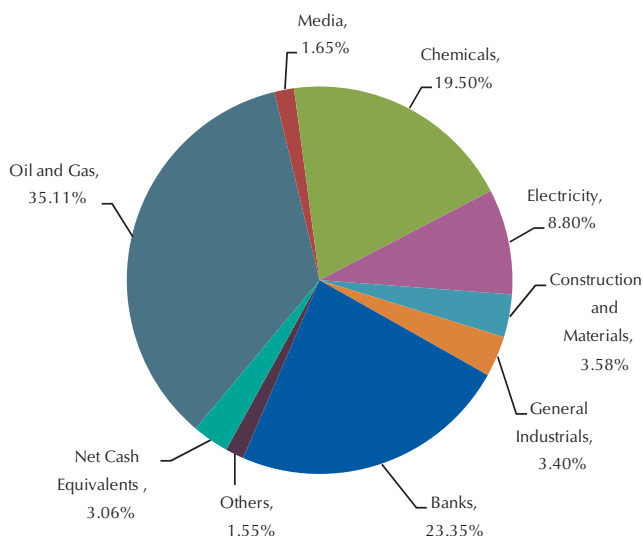
The Fund under-performed during the month as its key holdings in the Banks, Chemicals and Media sectors and the Textile sub-sector lagged the market. Further, NSF was under-weight in selected companies in the Oil & Gas sector, which performed better than the market. On the other hand, NSF's key holding in the Refinery sub-sector out-performed the market that benefited the Fund. The stock market remained directionless ahead of the budget related uncertainties. At the start of May 2011, NSF was 97% invested in equities. During the month, we made adjustments in the Fund's sector and stock allocations. However, NSF's weightage in equities at the end of the month was unchanged at around 97%. The Fund is predominantly invested in undervalued stocks with attractive dividend yields and strong growth prospects. We enhanced the weightage of NSF in the high dividend-yielding Power sub-sector as well as in the Banking sector. Moreover, we enhanced the Fund's weight in the Oil & Gas sector. On the other hand, we reduced NSF's allocation in the Fertilizer and Textile sub-sectors.

We are cognizant to events in the capital markets and will adjust the portfolio of NSF proactively. Key triggers for the market are the Federal Budget, foreign investment flows and developments on the law & order and political front.

Asset Allocation (% of NAV) 31-May-11 29-Apr-11

	31-May-11	29-Apr-11
Equities / Stock	96.94%	97.00%
Cash Equivalents	3.81%	4.36%
Other Net Liabilities	-0.75%	-1.36%
Total	100.00%	100.00%
Leverage	Nil	Nil

Asset Allocation (as on 31st May 2011)



Top Ten Equity Holdings (as on 31st May 2011)

Name	% of NAV	Name	% of NAV
Fauji Fertilizer Co. Ltd.	10.34%	Pak Petroleum Ltd.	6.71%
Pakistan Oilfields Ltd.	9.71%	United Bank Ltd.	5.16%
MCB Bank Ltd.	8.94%	National Refinery Ltd.	4.74%
Hub Power Company Ltd.	8.06%	Engro Corporation Ltd.	4.57%
Oil & Gas Dev.Co. Ltd.	7.78%	Pakistan State Oil Co. Ltd.	3.88%

Name of the Members of Investment Committee

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

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