

NAFA Funds

Monthly Report (October 2011)



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
Email: info@nafafunds.com

Your investments & "NAFA" grow together



Joint - Venture Partners



CEO's Write-up	Pg. 1
Capital Market Review	Pg. 2
NAFA Fund's Performance Summary Sheet	Pg. 3
NAFA Government Securities Liquid Fund	Pg. 4
NAFA Savings Plus Fund	Pg. 5
NAFA Riba Free Savings Fund	Pg. 6
NAFA Asset Allocation Fund	Pg. 7
NAFA Multi Asset Fund	Pg. 8
NAFA Islamic Multi Asset Fund	Pg. 9
NAFA Stock Fund	Pg. 10

Table of Content

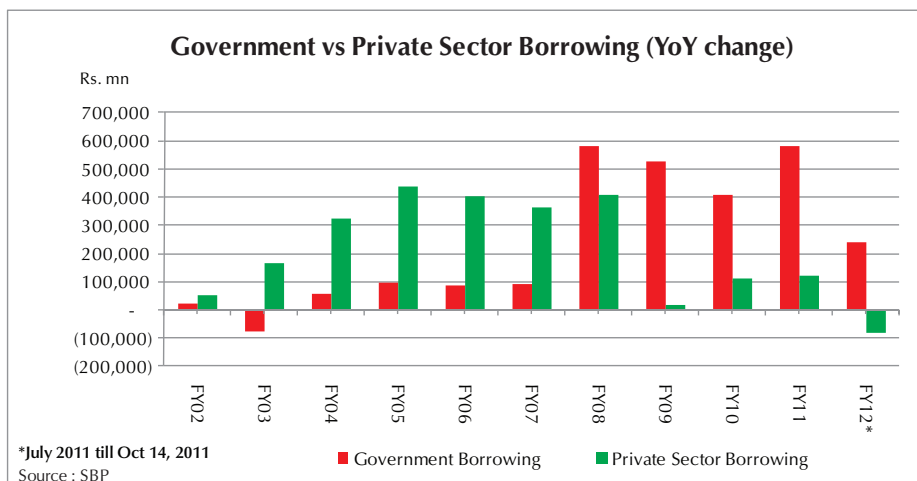


Dr. Amjad Waheed, CFA
Chief Executive Officer

In today's world the private sector is the engine of economic growth for any country. It is more productive, efficient, transparent, dynamic and professional than the government sector. It creates jobs, pays taxes, and brings in foreign exchange via exports. Governments around the world are increasingly privatizing businesses, reducing their size, and providing an enabling environment to businesses to grow, while themselves focusing primarily on providing basic social services like education and health care to the poor. Unfortunately, in Pakistan the role of the private sector in the economy seems to be reducing and that of the government growing, which is negatively impacting Pakistan's economic growth and stability. Government-owned businesses are incurring huge losses of about Rs 400 billion per year, which is more than the combined government spending on education, health care and population planning. In addition, a tremendous increase in government-sector borrowing over the last four years has crowded out the private sector (see Chart below). In FY 2007 private sector borrowing was around Rs 366 billion, which has declined to Rs. 121 billion by FY 2011. On the other hand, government borrowing during FY 2007 was Rs 93 billion, which has risen to Rs 580 billion by FY 2011. A matter of concern is that in the first three and a half months of FY 2012, the net borrowing of the private sector has been negative Rs. 81 billion. This means that businesses are retiring their debt instead of borrowing and expanding. This situation is not sustainable and it would not be possible for the economic growth rate to rise back to the 6% p.a. level, and unemployment to reduce, till this trend is reversed.

The Federal and provincial governments need to take steps to raise tax revenues, reduce non-productive expenditures and revive the privatization process in order to limit government borrowing, and allowing the private sector to grow again. The recent reduction in interest rates will help the private sector. However, crowding out of capital due to excessive government borrowing persists. Energy shortages and the law & order situation are also badly impacting the private sector. Kidnapping for ransom is on the rise all over the country, and is spreading jitters among the business community. I have recently come across several businessmen in Punjab as well as in Karachi, who plan to move their businesses and their families outside Pakistan due to the law & order and security concerns. This is a serious matter because if businesses and businessmen start moving out of Pakistan in large numbers, unemployment will increase tremendously. This will have severe social repercussions and may result in further deterioration of the law & order situation and reduction in the government's tax collection.

The stock market is down nearly 5% since the start of the prevailing fiscal year, even though a marginal recovery was depicted in the last few days of October. Investors are generally on the sidelines waiting for some positive signals on the economic and security front before entering the market. The valuations of the stock market are attractive and a significant upside is expected over the next year provided that some concrete steps are taken by the government to improve the performance of state-owned entities, control the budget deficit, and reform the police system.





October 2011

Stock Market Review

The stock market portrayed a lukewarm trend during October 2011. Key determinant factors were Foreign Portfolio Investment outflows, fluid domestic political situation, profit taking during the results season and apprehensions regarding US-Pakistan diplomatic relations. The KSE-30 index started the month at the 11,220 levels. Following slowdown in inflationary numbers and the higher than expected 150bps cut in the SBP discount rate, the stock market rallied during the first half of the month. The market was led by selected stocks in the fertilizer sector, which benefited the most from the increase in urea prices. The KSE-30 index reached the 11,634 level on October 10, 2011, up 3.7% since the start of the month. Subsequently, the market weakened taking cue from the turmoil in global financial markets, mixed corporate results announcements and gas supply concerns to fertilizer and key industries. The widening current account deficit during 1QFY12 and political rallies by opposition parties also hurt investor sentiment. However, towards the end of the month the market recovered on support by local institutions. The KSE-30 closed the month at the 11,243 level, increasing by 0.20% during the month.

At the start of the month, the State Bank of Pakistan reduced the discount rate by 150bps to 12% p.a. citing lower inflation and slowdown in government borrowing. The SBP also cited dwindling private sector credit and falling real private investment expenditures as reasons for the rate cut. Following change in the CPI calculation methodology, inflationary numbers are expected to be lower during the next few months. Therefore, another slash in the discount rate before the end of the current calendar year is a strong possibility. Foreigners were net sellers in the market with net outflows recorded at US\$ 82.2 million during October 2011 as against outflow at US\$ 4.8 million during September 2011. Trading activity improved considerably during the month. Average Daily Trading volume was recorded at around 92 million shares versus 72 million shares during the previous month.

The Oil & Gas, Chemical and Construction & Materials sectors performed better than the market while Banks, Industrial Engineering, Food Producers and Fixed Line Communication sectors lagged the market. Banks under-performed on mixed quarterly results announcements despite SBP relaxing the Forced Sale Value benefit to the sector. The Oil & Gas sector out-performed on strong results announcements and prospects of sizeable discoveries. The Construction & Materials sector performed better than the market on healthy 1QFY12 financial results along with improved profitability prospects going forward. The Chemical sector was buoyed by key stocks in the fertilizer sector that benefited from improved margins and healthy sales trend.

Going forward, following the conclusion of the quarterly results season the key drivers of the stock market will be: Foreign Portfolio Investment (FPI) activity, US-Pakistan diplomatic relationships, Economic and interest rates outlook and relaxation in the capital gains tax regime for stock market investors.

Fixed Income Review

State Bank of Pakistan cut its Discount Rate to 12% p.a. from 13.5% p.a. on October 8, 2011. Given the magnitude of Policy Rate adjustment in one go, it was an historic announcement. While this indicates possibility of further easing in next Monetary Policy due at November-end, the trend may not be sustainable during the second half of FY 2012, on the back of vulnerability of Fiscal and Current Account Deficits. 6-Month KIBOR, the benchmark of lending rates in Pakistan has dropped to 11.91% at October-end from 13.25% at September-end. In the two T-bills auctions of October, SBP cumulatively accepted Rs. 291 billion against the target of Rs. 435 billion. The cut off yields (p.a.) for last T-bills auctions were noted at 11.87%, 11.92% and 11.94% for the 3 months, 6 months and 12 months maturities respectively.

On the corporate debt sphere, market volumes reported by MUFAP remained thin in October as well. Total traded value reported by MUFAP for October 2011 was Rs 716 mln, as against a value of Rs. 886 mln in September 2011. Banking and Chemical sectors bonds accounted for 71.65% and 21.09% of the traded value respectively.

YoY Inflation (CPI) for September 2011 was 10.5%, while month-on-month inflation in September 2011 was 1.0%. Last three months i.e. (July – September 2011) average monthly increase in CPI is 1.23%. Government borrowing from the scheduled banks is consistently increasing to finance fiscal deficit. In first 106 days of the current fiscal year, net Government borrowing from scheduled banks has risen by 20.56% or Rs 288 billion. In current quarter, SBP has targeted raising Rs 1,070 billion against maturities of 997 billion. Current Account Deficit stood at 2% at the end of the first quarter of FY 2012 as against 1.1% for the same period last year, which confirms that last year's (FY 2011) marginal surplus was a one time event.

NAFA Government Securities Liquid Fund is the only 'AAA(f)' rated money market fund in Pakistan greater than Rs 10 billion in size. Last two funds in fixed income category launched by NAFA namely NAFA Riba Free Savings Fund and NAFA Savings Plus Fund, are also performing well, posting double digit returns. In the current economic environment as mentioned above, the returns of these funds are expected to remain attractive, considering their very low credit risk profile. NAFA's management has started monthly distributions (dividends) in these three funds since beginning of current fiscal year. For investors with long investment horizon of three or more years, our other income funds offer very attractive yields as TFC prices are at a significant discount.

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.

"October 2011"

FUND NAME	FUND SIZE (Rs. In million)	FUND LAUNCH DATE	STABILITY RATING	Oct- 2011	LAST ONE YEAR	SINCE LAUNCH
NAFA Government Securities Liquid Fund *	15,456	16-May-09	AAA (f)	12.80%	11.87%	11.19%
NAFA Savings Plus Fund *	653	21-Nov-09	AA- (f)	12.24%	11.30%	10.65%
NAFA Riba Free Savings Fund *	521	21-Aug-10	AA- (f)	10.86%	11.15%	10.86%
NAFA Islamic Multi Asset Fund **	250	29-Oct-07	***	1.75%	21.93%	31.95%
NAFA Multi Asset Fund **	594	22-Jan-07	***	2.64%	21.22%	53.90%
NAFA Stock Fund **	1,061	22-Jan-07	***	1.88%	21.30%	15.00%
NAFA Asset Allocation Fund **	379	21-Aug-10	***	1.35%	20.41%	23.54%
<p>* Annualized return ** Cumulative return *** Not applicable</p>						

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

HEAD OFFICE

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

Islamabad Office
Address: Plot # 395, 396 Industrial Area,
I-9/3, Islamabad
UAN: 051-111-111-632
Fax: 051-4859029

Lahore Office
Address: House # 10 - A, Block -S,
Gulberg - II, Lahore.
UAN: 042 111-111-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-
Gah, Multan.
Phone No: 061-4502204
Fax No: 061-4502203



MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (31/10/2011): Rs. 10.2020

October 2011

Performance

Performance % *	October 2011	Jul. - Oct. 2011	Jan. - Oct. 2011	Trailing 12 Months	Since Launch May 16, 2009
NAFA Government Securities Liquid Fund	12.80%	12.10%	11.98%	11.87%	11.19%
Benchmark	10.68%	11.37%	11.49%	11.47%	11.12%

* 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. 15,456 million
Type: Open-end – Money Market 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: 0%, Back end: 0%
Management Fee: 1.25% per annum
Risk Profile: Exceptionally Low
Fund Stability Rating: "AAA (f)" by PACRA
Listing: Lahore Stock Exchange
Custodian & Trustee: Central Depository Company (CDC)
Auditors: A. F. Ferguson & Co.
Chartered Accountants
Benchmark: 70% 3-Month T-Bills & 30% average 3-Month deposit rates (AA & above rated banks)
Fund Manager: Ahmad Nouman, CFA
Minimum Subscription: Growth Unit: Rs. 10,000/-
Income Unit: Rs. 100,000/-
Asset Manager Rating: AM2- 'Positive Outlook' by PACRA

Investment Objective

To generate optimal return with minimum risk, to provide easy liquidity and reasonable income to its unit holders by investing primarily in short-term Government Securities.

Fund Manager Commentary

The Fund earned an annualized return of 12.80% during October 2011, which is better than the benchmark return by 212 basis points (bps). The annualized return for the 10 months of CY 2011 is 11.98% against the benchmark return of 11.49%, hence an out-performance of 49 bps. The management is announcing monthly dividends since July 2011 and intends to continue this policy in the future as well.

NGSLF's stability rating is 'AAA (f)' awarded by PACRA. The rating reflects exceptionally strong credit and liquidity profile of your Fund. NGSLF (i) allocates a minimum of 85% to Government Securities; and (ii) maintains maximum maturity of a single T-Bill to three months. In the first 10 months of the calendar year 2011, average daily allocation in short-term Government Securities was 88.39%. The investment value of NGSLF has not declined on any day since the launch of the Fund in May 2009.

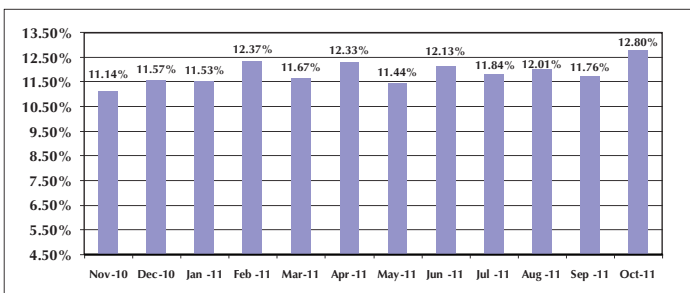
The highlight of the month was historic 150 basis points reduction in the Discount Rate by State Bank of Pakistan in its Monetary Policy Announcement on October 8, 2011. SBP's rationale for this big adjustment was positive real interest rates on back of lower year-on-year inflation numbers. In the second half of the current fiscal year, high base effect of CPI index is expected to subside, which may restrict further policy easing. However, the market is prepared for any further adjustments in the next MPS due at November-end.

As of October 31, 2011 average maturity of your Fund is around 23 days. We intend to increase this by mid of next month.

Asset Allocation (% of NAV) 31-Oct-11 30-Sep-11

T-Bills (Including Reverse Repo via Master Repurchase Agreement)	58.78%	86.11%
Placements with Banks	3.56%	11.15%
Placements with DFLs (Rated AAA)	3.23%	-
Cash Equivalents	34.54%	2.34%
Other (Liabilities) / Assets	(0.11)%	0.40%
Total	100.00%	100.00%
Leverage	Nil	Nil

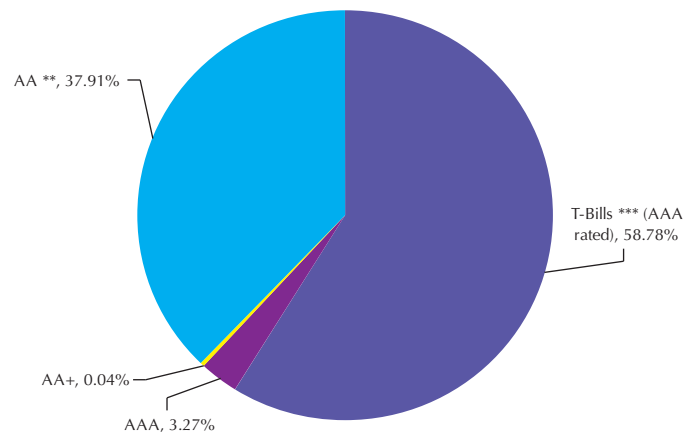
Month-wise Annualized Returns of NGSLF for last 12 months



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 as of October 31, 2011 (% of NAV)



** Net of Other Liabilities

*** Including Reverse Repo via Master Repurchase Agreement



MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (31/10/2011): Rs. 10.1408

October 2011

Performance

Performance % *	October 2011	Jul. - Oct. 2011	Jan. - Oct. 2011	Trailing 12 Months	Since Launch November 21, 2009
NAFA Savings Plus Fund	12.24%	11.71%	11.45%	11.30%	10.65%
Benchmark	8.17%	8.52%	8.54%	8.51%	8.32%

* 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. 653 million
Type: Open-end – Income 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: 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: Average 6-Month deposit rate (A & above rated banks)
Fund Manager: Ahmad Nouman, CFA
Minimum Subscription: Growth Unit: Rs. 10,000/-
Income Unit: Rs. 100,000/-
Asset Manager Rating: AM2- 'Positive Outlook' by PACRA

Investment Objective

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

Fund Manager Commentary

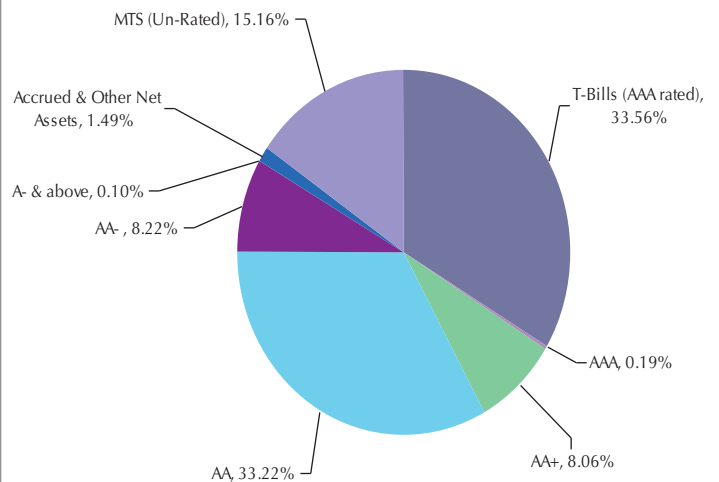
The Fund earned an annualized return of 12.24% during the month versus the benchmark return of 8.17%, thus depicting an out-performance of 4.07%. The calendar year to date annualized return is 11.45% out-performing the benchmark by 2.91%. Since inception the out-performance of the Fund against the benchmark is 2.33%. The Fund intends to provide its investors consistently better returns than the bank deposit rates. The management is announcing monthly dividends since July 2011 and intends to continue this policy in the future as well.

The Fund increased its weightage in Margin Trading System to around 15.16% during the month. Our internal guidelines permit financing in only fundamentally strong companies with lower volatility. It is pertinent to mention that in this asset class the Fund provides financing at only pre-determined rates of return with no direct exposure to the stock market. Going forward, with increase in volume of MTS, the investment amount in this asset class will be enhanced, which will further improve the performance of the Fund.

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

The average maturity of your Fund is around 57 days.

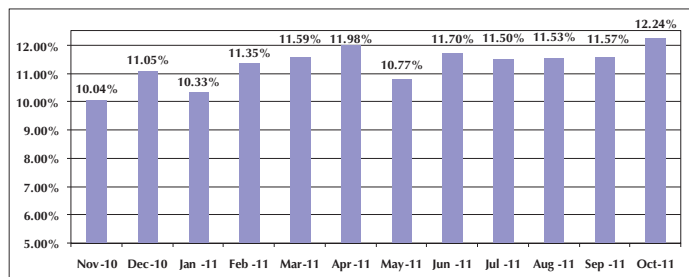
Credit Quality of the Portfolio as of October 31, 2011 (% of NAV)



Asset Allocation (% of NAV) 31-Oct-11 30-Sep-11

Asset Allocation (% of NAV)	31-Oct-11	30-Sep-11
T-Bills	33.56%	24.39%
Commercial Paper	7.65%	7.61%
Placements with Banks	22.96%	22.84%
Placements with DFIs	15.30%	15.22%
Margin Trading System (MTS)	15.16%	8.96%
Cash Equivalents	3.88%	19.34%
Other Assets	1.49%	1.64%
Total	100.00%	100.00%
Leverage	Nil	Nil

Month-wise Annualized Returns of NSPF for last 12 months



Name of the Members of Investment Committee

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

Disclaimer: This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any fund. All investments in mutual funds are subject to market risks. The NAV based prices of units and any dividends/returns thereon are dependant on forces and factors affecting the capital markets. These may go up or down based on market conditions. Past performance is not necessarily indicative of future results.



MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (31/10/2011): Rs. 10.2042

October 2011

Performance

Performance % *	October 2011	Jul. - Oct. 2011	Jan. - Oct. 2011	Trailing 12 Months	Since Launch August 21, 2010
NAFA Riba Free Savings Fund	10.86%	11.89%	11.55%	11.15%	10.86%
Benchmark	8.54%	8.37%	8.32%	8.20%	8.31%

* 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. 521 million
Type:	Open-end – Shariah Compliant Income 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: 0%, Back end: 0%
Management Fee:	1.0% per annum
Risk Profile:	Low
Fund Stability Rating:	"AA-(f)" by PACRA
Listing:	Lahore Stock Exchange
Custodian & Trustee:	Central Depository Company (CDC)
Auditors:	A. F. Ferguson & Co. Chartered Accountants
Benchmark:	Average 6-month deposit rate of A- and above rated Islamic Banks
Fund Manager:	Khalid Anwar Chapra
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-
Asset Manager Rating:	AM2- 'Positive Outlook' by PACRA

Investment Objective

To provide preservation of capital and earn a reasonable rate of return along with a high degree of liquidity by investing in short-term Shariah compliant banks and money market / debt securities.

Fund Manager Commentary

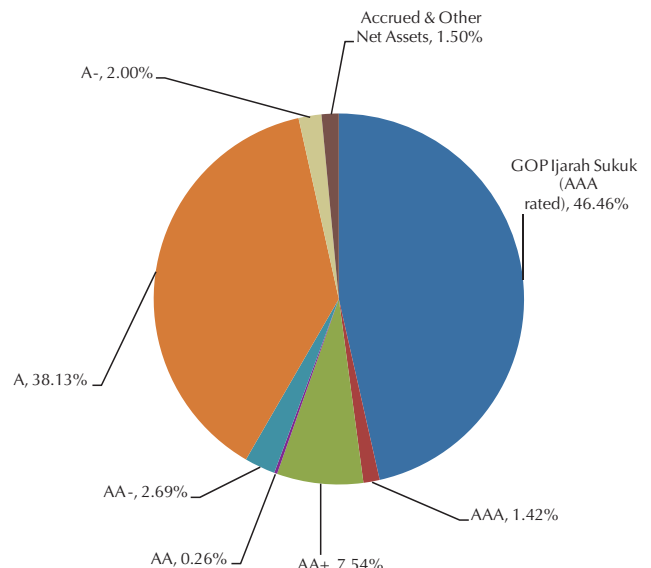
The annualized return generated by NRFSF for the month of October 2011 is 10.86%. The annualized return for the first ten months of the current CY 2011 is 11.55% against the benchmark return of 8.32%, hence an out-performance of 3.23%. Since the Fund's inception over a year ago, the Fund has out-performed its benchmark by 2.55%. The management is announcing monthly dividends since July 2011 and intends to continue this policy in the future as well.

We aim to consistently provide better returns than profit rates offered by Islamic Banks / Islamic windows of commercial banks, while also providing easy liquidity along with a high quality credit profile. The Fund is not authorized to invest in corporate sukus and the stock market. With stability rating of AA-(f), your Fund is amongst the highest rated Riba Free Income Funds in the market

Government of Pakistan Ijarah Sukus are still the largest asset class of your Fund with around 47% allocation. Currently, the outstanding amount of GOP Ijarah sukuk is around Rs.229 billion. GOP Ijarah sukus are floating rate Shariah compliant securities with six monthly coupon resets and an average duration of three months. This minimizes pricing risk. The secondary market bid prices of all GOP Ijarah Sukus in your Fund have remained high during the previous months as there is still no announcement by SBP regarding timing of next Ijarah Sukuk auction.

The average duration of the Fund is 43 days.

Credit Quality of the Portfolio as of October 31, 2011 (% of NAV)



Asset Allocation (% of NAV)

	31-Oct-11	30-Sep-11
GOP Ijarah Sukus	46.46%	48.97%
Islamic Commercial Paper	7.19%	7.58%
Cash Equivalents	44.85%	43.06%
Other Net Assets	1.50%	0.39%
Total	100.00%	100.00%
Leverage	Nil	Nil

Top Holdings (as at October 31, 2011)

Name of Sukuk / Islamic Commercial Paper	% of Net Assets
GOP Ijarah (Sukuk VII)	23.73%
GOP Ijarah (Sukuk VIII)	9.62%
HUBCO Islamic Commercial Paper	7.19%
GOP Ijarah (Sukuk V)	6.74%
GOP Ijarah (Sukuk VI)	6.37%
Total	53.65%

Name of the Members of Investment Committee

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



MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (31/10/2011): Rs.10.6221

October 2011

Performance					
Performance % *	October 2011	Jul. - Oct. 2011	Jan. - Oct. 2011	Trailing 12 Months	Since Launch August 21, 2010
NAFA Asset Allocation Fund	1.35%	3.42%	12.82%	20.41%	23.54%
Benchmark	0.65%	1.44%	5.10%	11.04%	13.83%

* 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. 379 million
Type:	Open-end – Asset Allocation 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 – 2%, Back end - 0%
Management Fee:	2% per annum
Risk Profile	Moderate
Listing:	Lahore Stock Exchange
Custodian & Trustee:	Central Depository Company (CDC)
Auditors:	A. F. Ferguson & Co. Chartered Accountants
Benchmark:	1/3 of average 3-month bank deposit rate; 1/3 of 6-month KIBOR; 1/3 of KSE 30 Index
Fund Manager:	Hussain Yasar
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-
Asset Manager Rating:	AM2-'Positive Outlook' by PACRA

Investment Objective
To generate income by investing in Debt & Money Market securities and to generate capital appreciation by investing in equity and equity related securities.

Fund Manager Commentary
During the month under review, NAFA Asset Allocation Fund's (NAAF) Net Asset Value (NAV) increased by 1.35% 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 0.65%. Thus your Fund out-performed the benchmark by 0.70%. Since inception on August 21, 2010 your Fund has increased by 23.54%, while the Benchmark has increased by 13.83%. Thus, to-date the out-performance of your Fund stands at 9.71%. This out-performance is net of management fee, WWF and all other expenses.

In CYTD 2011, the Fund has posted 12.82% return (Benchmark return 5.10%) versus -2.03% average return by the peer group, thus an outperformance of 14.85%.

NAAF is an Asset Allocation Fund and market weight implies 33% weight in equities, 33% in money market instruments and 33% in fixed income asset class. At the start of the month around 34% of the portfolio was invested in equities. During the month the stock market portrayed a lukewarm trend on foreign portfolio investment outflows and absence of triggers on wrapping up of the results season despite the higher than expected 150bps cut in the discount rate. During the month NAAF out-performed the benchmark as it was under-weight in selected stocks that lagged the market. Moreover, the Fund's key holdings in the Chemicals, Electricity and Oil & Gas sectors performed better than the market, which benefited the Fund. During the month, we remained underweight in the Banking sector, which contributed to the outperformance of the Fund. In the Fertilizer sub-sector, NAAF was over-weight in selected high dividend yielding stocks that performed better than the market. Our underweight stance in the key fertilizer stock that lagged the market also contributed to the out-performance of the Fund. At the end of the month, NAAF was around 26% invested in equities, 43% in money market instruments and around 18% in "AA" rated category TFCs.

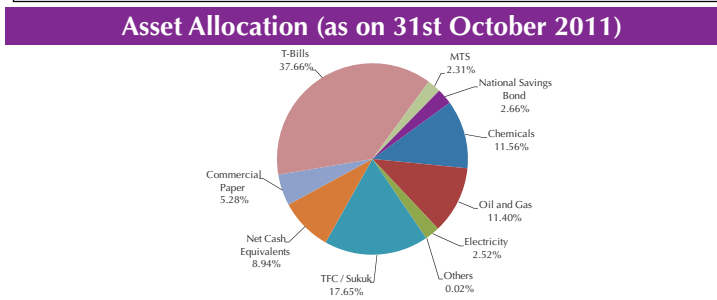
In line with its strategy NAAF invests in high dividend yielding stocks with stable earnings stream and low business risk. We are monitoring the capital market conditions closely and will shift our allocation accordingly.

Asset Allocation (% of NAV)	31-Oct-11	30-Sep-11
Equities / Stocks	25.50%	34.03%
TFCs	17.65%	14.46%
Cash Equivalents	14.85%	8.93%
Commercial Paper	5.28%	5.56%
T-Bills	37.66%	38.84%
MTS	2.31%	-
National Savings Bond	2.66%	-
Other Net (Liabilities)	-5.91%	-1.82%
Total	100.00%	100.00%
Leverage	Nil	Nil

Characteristics of Equity Portfolio**

	PER	PBV	DY
NAAF	6.8	2.2	10.6%
KSE-30	7.2	3.7	7.4%

** Based on NAFA's estimates



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Tanvir Abid, CFA, FRM
Ahmad Nouman, CFA
Hussain Yasar

Top Ten Holdings (as on 31st October 2011)

Name	Asset Class	% of NAV
Fauji Fertilizer Co. Ltd.	Equity	7.28%
Allied Bank Limited	TFC	6.63%
Pakistan Oilfields Ltd.	Equity	5.32%
Hub Power Co. Ltd.	CP	5.28%
Engro Corp. Rupiya Certificate	TFC	4.47%
Fauji Fertilizer Bin Qasim	Equity	4.27%
United Bank Limited III	TFC	3.91%
Oil & Gas Dev.Co. Ltd.	Equity	3.18%
Pak Petroleum Ltd.	Equity	2.85%
National Savings Bond	Bond	2.66%
Total		45.85%

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MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (31/10/2011): Rs.9.6579

October 2011

Performance

Performance % *	October 2011	Jul. - Oct. 2011	Jan. - Oct. 2011	Trailing 12 Months	Since Launch January 22, 2007
NAFA Multi Asset Fund	2.64%	4.11%	10.74%	21.22%	53.90%
Benchmark	0.65%	0.77%	4.16%	12.41%	25.22%

* 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. 594 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:	2.5% per annum
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-'Positive Outlook' by PACRA

Investment Objective

To provide investors with a combination of capital growth and income. NMF aims to achieve attractive returns at moderate levels of risk by investing in a variety of asset classes such as stocks, bonds, money market instruments, CFS etc.

Fund Manager Commentary

During the month under review, NAFA Multi Asset Fund's (NMF) Net Asset Value (NAV) increased by 2.64% while the benchmark (50% KSE-30 index & 50% 3-month KIBOR) increased by 0.65%. Thus your Fund out-performed the benchmark by 1.99%. Since inception on January 22, 2007 your Fund has increased by 53.90%, while the benchmark has increased by 25.22%. Thus, to-date the out-performance of your Fund stands at 28.68%. 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. During the month the stock market portrayed a lukewarm trend on foreign portfolio investment outflows and absence of triggers on wrapping up of the results season despite the higher than expected 150bps cut in the discount rate. During the month NMF out-performed the benchmark as it was under-weight in selected stocks that lagged the market. Moreover, the Fund's key holdings in the Chemicals, Oil & Gas and Media sectors performed better than the market, which benefited NMF. The Fund also benefited from its under-weight stance in the Banking sector. In the Fertilizer sub-sector, NMF was over-weight in selected high dividend yielding stocks that performed better than the market while it was under-weight in key fertilizer stocks that significantly under-performed. At the start of the month NMF was around 51% invested in equities. During the latter part of the month we reduced the Fund's weightage in equities as the market underwent a correction. During the month we reduced NMF's allocation in the Chemicals sector. The weightage in Banks, Oil & Gas, General Industrials and Electricity sectors was almost maintained. At the end of the month, NMF was around 48% invested in equities. The weighted average Yield-to-Maturity (YTM) of the TFC / Sukuk portfolio of NMF is around 23.44.% p.a.

NMF is invested in high dividend yielding stocks of defensive sectors. We are cognizant to the developments in the capital and financial markets and will proactively alter the allocations of NMF.

Top Ten Holdings (as on 31st October 2011)

Name	Asset Class	% of NAV	Name	Asset Class	% of NAV
Maple Leaf Cement I	Sukuk	9.33%	Orix Leasing Pakistan	TFC	5.10%
Fauji Fertilizer Co. Ltd.	Equity	9.07%	Avari Hotels Limited	TFC	4.27%
Pakistan Oilfields Ltd.	Equity	8.90%	Eden Housing II	Sukuk	4.06%
Fauji Fertilizer Bin Qasim	Equity	6.08%	Pak Petroleum Ltd.	Equity	3.92%
Hub Power Co. Ltd	CP	5.90%	Saudi Pak Leasing	TFC	3.82%

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
Saudi Pak Leasing	TFC	34,353,300	11,671,637	22,681,663	3.82%	3.67%	27.35%
Eden Housing II	SUKUK	34,687,500	10,592,106	24,095,394	4.06%	3.89%	38.90%
Maple Leaf Cement I	SUKUK	88,308,446	32,926,246	55,382,200	9.33%	8.95%	34.13%
Maple Leaf Cement II***	SUKUK	3,315,000	3,315,000	-	N/A	N/A	N/A
New Allied Electronics I	SUKUK	10,000,000	10,000,000	-	N/A	N/A	N/A
Total		170,664,246	68,504,989	102,159,257	17.21%	16.51%	

***Book Value, performing but below investment grade

Asset Allocation (% of NAV)

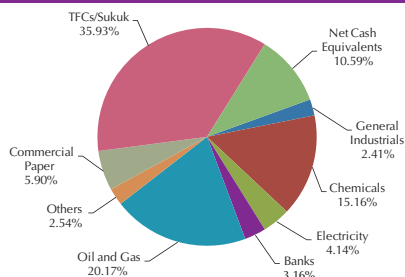
	31-Oct-11	30-Sep-11
Equities / Stocks	47.58%	51.18%
TFCs / Sukuks	35.93%	36.20%
Commercial Paper	5.90%	5.92%
Cash Equivalents	11.35%	5.44%
Other Net (Liabilities) / Assets	(0.76)%	1.26%
Total	100.00%	100.00%
Leverage	Nil	Nil

Characteristics of Equity Portfolio**

	PER	PBV	DY
NMF	6.0	1.6	9.6%
KSE-30	7.2	3.7	7.4%

** Based on NAFA's estimates

Asset Allocation (as on 31st October 2011)



Name of the Members of Investment Committee

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

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MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (31/10/2011): Rs.9.2871

October 2011

Performance

Performance % *	October 2011	Jul. - Oct. 2011	Jan. - Oct. 2011	Trailing 12 Months	Since Launch October 29, 2007
NAFA Islamic Multi Asset Fund	1.75%	2.01%	10.98%	21.93%	31.95%
Benchmark	2.38%	4.40%	11.57%	19.87%	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.250 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:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-
Asset Manager Rating:	AM2-'Positive Outlook' by PACRA

Investment Objective

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

Fund Manager Commentary

During the month under review, Net Asset Value (NAV) of NAFA Islamic Multi Asset Fund (NIMF) increased by 1.75%, whereas the benchmark (50% KMI-30 index & 50% average 3-month profit rate of Islamic Banks) increased by 2.38%, thus your Fund under-performed the benchmark by 0.63%. During the first ten months of current Calendar Year, the Fund earned a return of 10.98% and under-performed its benchmark by 0.59%.

NIMF is a Balanced Fund and market weight implies 50% weight in equities and 50% in fixed income asset class. During the month the stock market portrayed a lukewarm trend on foreign portfolio investment outflows and absence of triggers on wrapping up of the results season despite the higher than expected 150bps cut in the discount rate. During the month, NIMF's key holdings in the Chemicals and Oil & Gas sectors performed better than the market, which benefited the Fund. NIMF was under-weight in selected stocks in the Oil & Gas, Construction & Materials, Automobile & Parts, Industrial Engineering and Fixed Line Telecommunication sectors, which benefited the Fund. At the start of the month NIMF was around 42% invested in equities. The Fund's allocations in the Oil & Gas sector and Fertilizer sub-sector were increased. On the other hand, NIMF's allocation in the Electricity sector was reduced. At the end of the month NIMF was around 44% invested in equities. The weighted average Yield-to-Maturity (YTM) of the Sukuk portfolio of NIMF is around 27.69% p.a.

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

Asset Allocation (% of NAV)

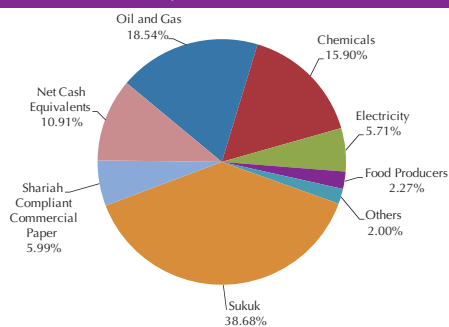
	31-Oct-11	30-Sep-11
Equities / Stocks	44.42%	42.09%
Sukuks	38.68%	40.62%
Shariah Compliant Commercial Paper	5.99%	6.06%
Cash Equivalents	11.32%	9.08%
Other Net (Liabilities) / Assets	(0.41%)	2.15%
Total	100.00%	100.00%
Leverage	Nil	Nil

Characteristics of Equity Portfolio***

	PER	PBV	DY
NIMF	6.8	1.9	9.5%
KMI-30	7.8	4.5	7.9%

*** Based on NAFA's estimates

Asset Allocation (as on 31st October 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 October 2011)

Name	Asset Class	% of NAV	Name	Asset Class	% of NAV
Maple Leaf Cement I	Sukuk	12.51%	Hub Power Co. Ltd.	CP	5.99%
Kohat Cement Limited	Sukuk	11.82%	Hub Power Co. Ltd.	Equity	5.71%
Fauji Fertilizer Co. Ltd.	Equity	10.42%	Fauji Fertilizer Bin Qasim	Equity	5.47%
Pakistan Oilfields Ltd.	Equity	9.21%	Eden Housing II	Sukuk	4.81%
Pak Elektron Limited	Sukuk	7.90%	Pak Petroleum Ltd.	Equity	2.71%

Details of Non-Compliant Investments

Particulars	Type of Investment	Value of Investments before Provision	Provision held	Value of Investments after Provision	% of Net Assets	% of Gross Assets	YTM Per Annum
Kohat Cement Limited ****	SUKUK	44,300,000	14,706,537	29,593,463	11.82%	11.28%	24.56%
Maple Leaf Cement I	SUKUK	49,925,625	18,615,019	31,310,606	12.51%	11.93%	34.13%
Eden Housing II	SUKUK	17,343,750	5,296,053	12,047,697	4.81%	4.59%	38.90%
Maple Leaf Cement II****	SUKUK	1,875,000	1,875,000	-	N/A	N/A	N/A
Total		113,444,375	40,492,609	72,951,766	29.14%	27.80%	

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

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MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (31/10/2011): Rs.6.6142

October 2011

Performance

Performance % *	October 2011	Jul. - Oct. 2011	Jan. - Oct. 2011	Trailing 12 Months	Since Launch January 22, 2007
NAFA Stock Fund	1.88%	1.61%	5.82%	21.30%	15.00%
Benchmark	0.20%	(2.96%)	(2.98%)	10.72%	(16.05%)

* 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. 1,061 million
Type:	Open-end – Equity 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-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-'Positive Outlook' by PACRA

Investment Objective

To provide investors with long term capital growth from an actively managed portfolio invested primarily in listed companies in Pakistan. The risk profile of the Fund will be moderate to high.

Fund Manager Commentary

During the month under review, KSE-30 Index increased by 0.20% whereas NAFA Stock Fund's (NSF) Net Asset Value (NAV) increased by 1.88%, thus an out-performance of 1.68% was recorded. Since inception on January 22, 2007 the NAV of NSF has increased by 15.00% while the benchmark has declined by 16.05%, thus to date out-performance is 31.05%. This out-performance is net of management fee and all other expenses.

During the month the stock market portrayed a lukewarm trend on foreign portfolio investment outflows and absence of triggers on wrapping up of the results season despite the higher than expected 150bps cut in the discount rate. NSF out-performed as the Fund was under-weight in selected stocks that lagged the market. Moreover, NSF's key holdings in the Oil & Gas sector performed better than the market. Further, NSF's allocation in the Fertilizer sub-sector significantly benefited the Fund. NSF was over-weight in selected high dividend yielding and growth stocks that performed better than the market while it was under-weight in key fertilizer stocks that significantly under-performed. The Fund's holdings in Banks and Media sectors also contributed to its out-performance during October. At the start of the month NSF was around 97% invested in equities. During the latter part of the month we reduced the Fund's weightage in equities as the market underwent a correction. During the month we reduced NSF's allocation in the Chemicals and Banking sectors. The weightage in Oil & Gas and Electricity sectors was almost maintained. On the other hand, we enhanced the Fund's weightage in the Cement sub-sector. At the end of the month, NSF was around 90% invested in equities.

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

Asset Allocation (% of NAV) 31-Oct-11 30-Sep-11

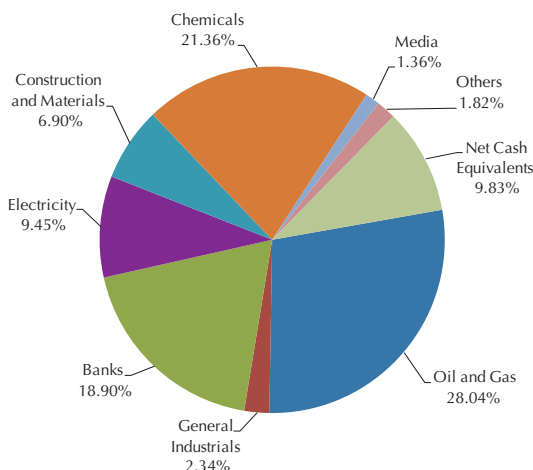
	31-Oct-11	30-Sep-11
Equities / Stock	90.17%	97.02%
Cash Equivalents	11.53%	4.20%
Other Net (Liabilities)	-1.70%	-1.22%
Total	100.00%	100.00%
Leverage	Nil	Nil

Characteristics of Equity Portfolio**

	PER	PBV	DY
NSF	5.9	1.3	8.3%
KSE-30	7.2	3.7	7.4%

** Based on NAFA's estimates

Asset Allocation (as on 31st October 2011)



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

Name	% of NAV	Name	% of NAV
Fauji Fertilizer Co. Ltd.	11.33%	MCB Bank Limited	5.76%
Pakistan Oilfields Ltd.	8.56%	Lucky Cement Limited	5.08%
Hub Power Co. Ltd.	7.79%	Pak Petroleum Limited	4.64%
Oil & Gas Dev.Co. Ltd.	7.38%	Allied Bank Limited	3.03%
Fauji Fertilizer Bin Qasim	5.87%	Meezan Bank Limited	3.01%

Name of the Members of Investment Committee

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

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