

# NAFA Funds

Monthly Report (September 2010)



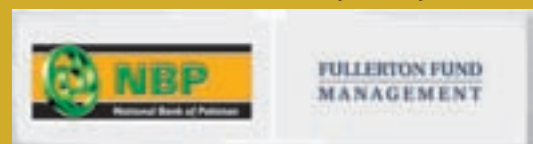
**NBP Fullerton  
Asset Management Limited**  
*(Formerly National Fullerton Asset Management Limited)*

**Managed by:**

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

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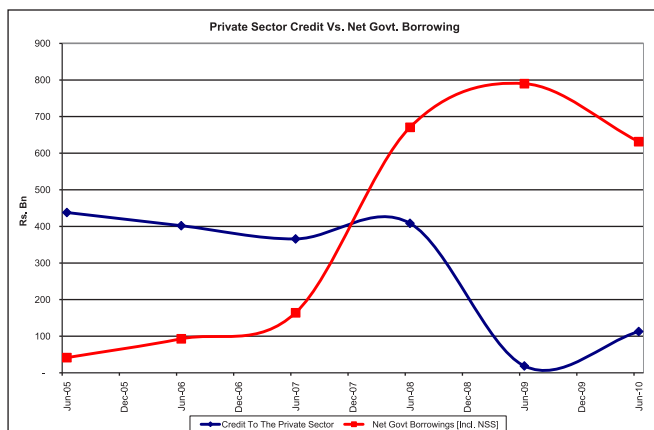
*Joint - Venture Partners*

In FY2007, private sector borrowing from the banking sector was Rs 366 billion, and Government borrowing was Rs 164 billion. In FY2010, private sector borrowing declined to Rs 113 billion, whereas the Government borrowed Rs 631 billion (see Chart 1). In the first quarter (as of September 17, 2010) of FY2011, the Government has already borrowed Rs 155 billion. And this is the mother of the economic problems facing Pakistan today. The private sector, which is the more efficient and productive sector, creates nine out of 10 jobs, pays taxes, and brings in foreign currency via exports, has almost come to a halt, crowded out by excessive Government borrowing. High inflation and cost of borrowing, and a slow economic growth has brought private sector growth to a snail's pace. The Government has been unable or unwilling to increase revenues and reduce its expenditures. The axe has again fallen on the development spending, which will not only slow down economic growth, but will also cause resentment among the lower sections of the society. International commodity prices like wheat and cotton are up by over 30% in the last few months, and floods in Pakistan, has further deteriorated the situation.

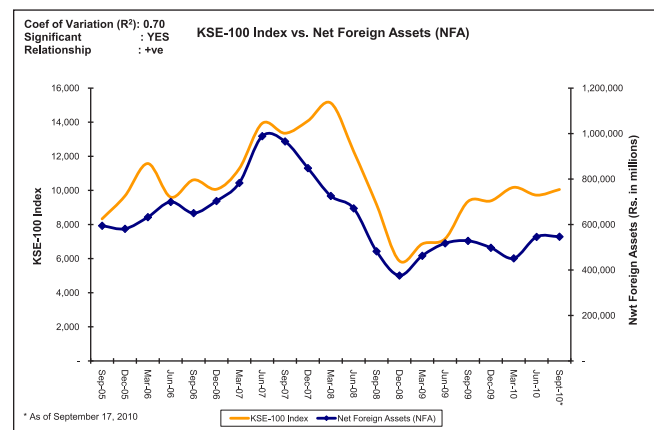
The Government is now contemplating taking some steps to increase its revenue base by imposing a special surcharge on income tax, customs duty, property and introduce a reformed general sales tax. Although this will be inflationary in the short-term, it is expected to mitigate the budget deficit situation in the long-term. The Government is also expected to receive around US\$ 4 billion from international donor agencies, IMF and some friendly countries to rehabilitate the flood victims. A scenario where foreign inflows improve liquidity, and budget deficit can be contained within 5% of GDP in FY2011 can enable the State Bank of Pakistan to start reducing discount rates by June 2011. If such a scenario materializes it will be good news for the Pakistani capital markets. The stock market can sustain an upward trend in such a scenario. Historically, there has been a significant positive relationship between the stock market performance and Net Foreign Assets (NFA) – see Chart 2. Oil and other commodity prices rose in 2008, resulting in outflow of foreign currency and decline in foreign exchange reserves of Pakistan. The stock market also declined as a result. Since then our foreign exchange reserves have surpassed the previous level, and our current account deficit has declined from US\$ 1.28 billion per month, on average, in 2008 to around US\$ 272 million per month, on average, in 2010. Thus, there is little downside risk in equities at present, and higher upside potential resulting from large commitments of foreign assistance by international donor agencies and friendly countries.

For present, the high Treasury bills rates are encouraging investors to invest in money market funds where the return is presently in excess of 11% per annum. Despite attractive valuations and the possibility of a Margin Trading System in place in the next three months, investors are expected to remain in the sidelines of the stock market till they see macro-economic improvements, especially reduction in inflation and interest rates. We are presently primarily holding those shares in our stock and balanced funds, which are blue chip, liquid and offer high dividend yields. Investors should refrain from holding long-term fixed rate instruments as interest rates volatility may remain high in these uncertain times.

**Chart 1**



**Chart 2**



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# Capital Market Review

September 2010

## Stock Market Review

During September 2010, the stock market depicted a sideways trend. The KSE-30 Index closed the month at 9674.34 points, marginally down by 0.26% compared to the 9699.78 level at the end of August 2010. The month started on weak investor sentiments resulting from the fluctuating political state of affairs and macroeconomic worries, particularly surge in CPI numbers. The KSE-30 Index lost a cumulative 1.55% and closed at 9548.97 points on September 3, 2010. The market recovered somewhat after the Eid holidays due to progress on the leverage product, sanguine corporate results expectations and as investors came to terms with the impact of the damage caused by the floods. The KSE-30 index rose to 9913.60 points on September 14, 2010. This portrayed 3.82% cumulative gain from the September 3rd levels.

In the monetary policy announcement on September 29, 2010, the SBP raised the discount rate by another 50 bps to 13.5%. Further monetary tightening is the consequence of higher inflationary numbers on the back of supply disruptions post-flood and crop damage as well as the continuous increase in government borrowing. With the hike in the discount rate, investors have focused on defensive stocks and yield plays. Net Foreign Portfolio Investment (FPI) activity declined during the month. Net FPI during September 2010 was recorded at around US \$ 22.35 million, 45.90% lower as against US \$ 41.32 million during August 2010. Trading activity remained sluggish. Average Daily Traded Volume during September 2010 stood at 60.77 million shares, almost flat compared to 56.52 million shares in August 2010.

The Oil & Gas sector out-performed the market as its sub-sectors performed better than the market. The Refineries sub-sector performed well on expectations of deregulation of petroleum pricing formula. The Oil and Gas Exploration sub-sector remained in the limelight on foreign interest and strong financial results expectations. The Oil Marketing sub-sector also did well on account of good financial results. Gas, Water and Multi-utilities Companies outperformed the market on higher earnings prospects resulting from the enhancement in allowable gas losses. The Chemical sector performed in line with the market as selected high dividend yielding stocks in the fertilizer sub-sector were in the limelight. The Construction & Materials sector marginally out-performed the market on improved prospects of cement demand in the aftermath of floods and better pricing.

Going forward, we believe that political and economic news flows will be the primary factors that will shape investor sentiments. Additional positive triggers could be rebound in foreign portfolio investment and acceleration in floods related aid flows. Moreover, progress with respect to the implementation and modalities of Margin Trading System would be a favorable development.

## Fixed Income Review

September was a month looking beyond the panic from the floods and trying to gauge the impact of this disaster. It has been termed as the worst natural disaster of Pakistan and will have a lasting impact on the economy. Measures taken by the government in terms of diversion of funds and austerity in public expenditure has not been encouraging. After the 50bps hike announced by SBP in July, SBP has again raised the discount rate by 50 bps indicating medium term change in outlook. Current challenge for SBP on the monetary front is to find a balance in efforts to contain inflation alongside supporting economic growth. Budgetary deficit, additional taxes and quantum of foreign flows are key areas to watch.

Inflation for August sprung back to 13.2% from 12.3% during July mainly due to rising food prices; this trend is likely to continue in the coming months. Current account deficit for the first two months of FY 11 deteriorated by about 48% over the same period in FY 10. Workers remittances were sharply up by about 13% for the first two months of FY 11 compared to the same period in FY 10. The money market remained fairly liquid during September as SBP conducted regular OMOs to manage the liquidity.

TFC pricing issues continued during the month and most of the income funds faced volatility. Trading was actively seen in a few Banking and Telecom Sector TFCs whereas overall activity in the majority of issues remained low. A real estate sector TFC has been rescheduled. We advise that income funds' investors should take a longer term view in order to take advantage of the attractive yields on debt issues. Conversely, for investors with a shorter investment horizon, NAFA Government Securities Liquid Fund and NAFA Savings Plus Fund continue to post satisfactory returns in the range of 10% p.a. to 11% p.a.

In the T-Bills auctions of September, SBP accepted about Rs. 138 billion (combined for both auctions) against the target of Rs. 150 billion. The cut off yields for the last auction of the month were noted at 12.75%, 12.85% and 12.79% for the 3 months, 6 months and 12 months T-Bills, respectively. The three and six month cutoffs were considerably higher than the cutoffs observed during August in anticipation of hike in the discount rate. Going forward, interest rates are not expected to ease as Government borrowing is expected to remain excessive.

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# NAFA Government Securities Liquid Fund (NGSLF)

**NBP Fullerton  
Asset Management Limited**

(Formerly National Fullerton Asset Management Limited)

Unit Price (30/09/2010): Rs. 10.2870

September 2010

## Performance

Performance % *	September 2010	Jan. - Sep. 2010	Since Launch May 16, 2009
<b>NAFA Government Securities Liquid Fund</b>	<b>11.34%</b>	<b>10.62%</b>	<b>10.71%</b>
<b>Benchmark</b>	<b>10.98%</b>	<b>10.75%</b>	<b>10.87%</b>

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

## General Information

Launch Date: May 16, 2009  
 Fund Size: Rs. 6,590 million  
 Type: Open-end – Money Market 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: No entry or exit load  
 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 11.34% during the month. This is better than the previous month's return by 80 basis points. Going forward we expect the return to remain stable.

NGSLF Fund stability rating is 'AAA(f)' awarded by PACRA. This rating is usually associated with Government paper only. The rating reflects exceptionally strong credit and liquidity profile of your Fund. Also, NGSLF will maintain its maturity below 45 days to minimize any interest rate risk. The investment value of NGSLF has not declined on any day since the launch of Fund in May 2009.

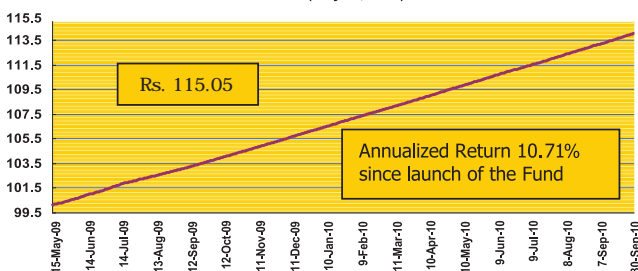
The Government in its monetary policy on September 29, 2010 increased the Policy / Discount Rate by 50 basis points to 13.50%. Medium-term impact of floods is not very clear and will have to be seen in coming months, however, the direction is clearly upwards. This coupled with persistent Government borrowings indicates that T-Bills rates may remain high or creep up further. This shall keep the return on your Fund very attractive.

The outstanding stock of Treasury Bills is above 1.35 trillion rupees now. Three months and six months issues contribute around 25% each and 1 year issue is around 50% of the outstanding T-Bill.

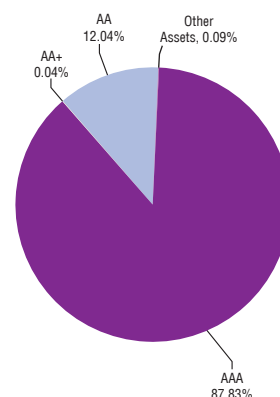
The average maturity of your Fund is 27 days, which makes it very liquid.

Asset Allocation %	30-Sep-10	31-Aug-10
T-Bills (Including Reverse Repo via Master Repurchase Agreement)	87.82%	90.40%
TDR	7.59%	2.69%
Cash Equivalents	4.53%	7.57%
Other Assets	0.06%	-0.66%
Total	100.00%	100.00%
Leverage	Nil	Nil

Value of Rs. 100 invested in NAFA Government Securities Liquid Fund at launch (May 16, 2009)



## Credit Quality of the Portfolio (% of Net Assets)



## Name of the Members of Investment Committee

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

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# NAFA Riba Free Savings Fund (NRF SF)

**NBP Fullerton  
Asset Management Limited**

(Formerly National Fullerton Asset Management Limited)

Unit Price (30/09/2010): Rs. 10.0952

September 2010

## Performance

Performance % *	September 2010	Since Launch August 21, 2010
<b>NAFA Riba Free Savings Fund</b>	<b>7.48%</b>	<b>8.80%</b>
<b>Benchmark</b>	<b>7.81%</b>	<b>9.66%</b>

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

## General Information

Launch Date:	August 21, 2010
Fund Size:	Rs. 128 million
Type:	Open-end – Shariah Compliant Income 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: 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:	A. F. Ferguson & Co. Chartered Accountants
Benchmark:	Average 3-month deposit rate of Islamic Banks
Fund Manager:	Irfan Malik, CFA
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-
Asset Manager Rating:	AM2- by PACRA

## 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 NRF SF for the month of September, 2010 is 7.48%. This is expected to improve with increase in the Fund Size and as the Fund deploys in short dated term deposits at expected higher rates after the increase in the Discount Rate.

NRF SF is an Islamic Income Scheme that invests only in Shariah compliant avenues. The Fund has been awarded a stability rating of A+(f) by PACRA which denotes a strong capacity to maintain stability in returns and low exposure to risks.

The Fund intends to outperform the rate of return available to individual investors in Islamic Banks, while providing them flexibility to withdraw their money at any time, hence no lock-in period. The Fund aims to meet this objective by investing the pooled assets in Islamic Banks / Islamic windows of conventional banks (minimum A rated), and short-term Shariah compliant money market instruments (minimum AA- rated). The Fund will maintain a strong liquidity profile with a minimum 25% in cash at all times. Also, investments will only be made in avenues with a maximum maturity of six months. The Fund also intends to allocate a considerably significant portion of its portfolio in short term Shariah Complaint Government Securities when these are launched by the State Bank of Pakistan. The Fund is not authorized to invest in corporate Sukuks and will not take direct or indirect exposure to the Stock Market.

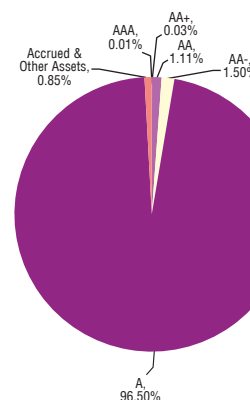
## Asset Allocation %

	30-Sep-10	31-Aug-10
Cash Equivalents	99.15%	99.48%
Other Assets	0.85%	0.52%
Total	100.00%	100.00%
Leverage	Nil	Nil

## Name of the Members of Investment Committee

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

## Credit Quality of the Portfolio (% of Net Assets)



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# NAFA Asset Allocation Fund (NAAF)

**NBP Fullerton  
Asset Management Limited**

(Formerly National Fullerton Asset Management Limited)

Unit Price (30/09/2010): Rs. 10.0626

September 2010

## Performance

Performance % *	September 2010	Since Launch August 21, 2010
NAFA Asset Allocation Fund	0.35%	0.63%
Benchmark	0.46%	0.32%

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

## General Information

Launch Date:	August 21, 2010
Fund Size:	Rs. 111 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-months 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 0.35% while the benchmark (1/3 of average 3-month bank deposit rate; 1/3 of 6-months KIBOR; 1/3 of KSE 30 Index) increased by 0.46%. Thus, your Fund under-performed the benchmark by 0.11% during the month. Since inception on August 21, 2010, your Fund has increased by 0.63%, while the Benchmark has increased by 0.32%. Thus, to-date the out-performance of your Fund stands at 0.31%. This out-performance is net of management fee and all other expenses.

The advantage of NAAF is that it has no limit on the exposure in any asset class (money market, debt and equity) unlike stock and balanced funds. The market weight for NAAF implies 1/3 weight in each of the three asset classes i.e. money market, fixed income and equities.

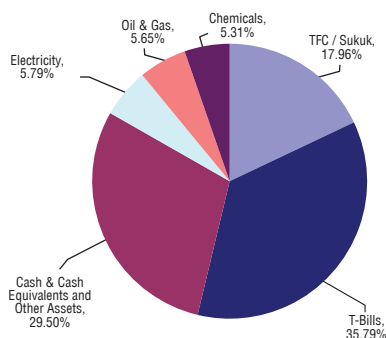
At the start of the month, NAAF was not invested in equities. The market trend was dull at the start of the month. Later during the month, as market sentiment improved, we built NAAF's exposure in selected high dividend yielding and fundamentally attractive stocks. We have made investments in selected stocks in the sub-sectors of Power, Fertilizer and Oil and Gas Exploration, which have low business risk and provide currency hedges. Towards the end of the month, NAAF was around 17% invested in equities.

NAAF is also invested in money market instruments and high quality fixed income securities. The Fund's investment in T-Bills was in paper with maturity below 30 days in anticipation of further increase in the discount rate. We increased our investment in high quality Term Finance Certificates to around 18% to improve the return of the Fund.

## Asset Allocation %

	30-Sep-10	31-Aug-10
Equities / Stock	16.75%	-
TFC / Sukuk	17.96%	9.64%
Cash Equivalents	30.48%	14.79%
T-Bills	35.79%	71.39%
Other Net Assets / (Liabilities)	-0.98%	4.18%
Leverage	Nil	Nil

## Asset Allocation (as on 30th September 2010)



## Top Holdings

Name	Asset Class	% of Net Assets
Allied Bank Limited	TFC	9.01%
United Bank Limited	TFC	8.96%
HUBC	Equity	5.79%
FFC	Equity	5.31%
PPL	Equity	3.15%
POL	Equity	2.50%

## Details of Non-Complaint Investments

Nil

## Name of the Members of Investment Committee

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

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# NAFA Multi Asset Fund (NMF)

**NBP Fullerton  
Asset Management Limited**

(Formerly National Fullerton Asset Management Limited)

Unit Price (30/09/2010): Rs. 9.4644

September 2010

## Performance

Performance % *	September 2010	CYTD Jan. - Sep. 2010	Since Launch January 22, 2007
NAFA Multi Asset Fund	1.11%	7.85%	24.08%
Benchmark	0.38%	3.87%	8.16%

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

## General Information

Launch Date:	January 22, 2007
Fund Size:	Rs. 915 million
Type:	Open-end – Balanced Fund
Dealing Days:	Daily – Monday to Friday
Dealing Time:	9:00 A.M to 4:30 P.M
Settlement:	2-3 business days
Pricing Mechanism:	Forward Pricing
Load:	Front end – 3%, Back end - 0%
Management Fee:	2.5% per annum
Risk Profile:	Moderate
Listing:	Lahore Stock Exchange
Custodian & Trustee:	Central Depository Company (CDC)
Auditors:	A. F. Ferguson & Co. Chartered Accountants
Benchmark:	50% KSE-30 Index & 50% 1-month KIBOR
Fund Manager:	Sajjad Anwar, CFA
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-
Asset Manager Rating:	AM2- by PACRA

## Investment Objective

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

## Fund Manager Commentary

During the month under review, NAFA Multi Asset Fund's (NMF) Net Asset Value (NAV) increased by 1.11% while the benchmark (50% KSE-30 index & 50% 1-month KIBOR) increased by 0.38%. Thus, your Fund out-performed the benchmark by 0.73% during the month. Since inception on January 22, 2007 your Fund has increased by 24.08%, while the benchmark has increased by 8.16%. Thus, to-date the out-performance of your Fund stands at 15.92%. This out-performance is net of management fee and all other expenses.

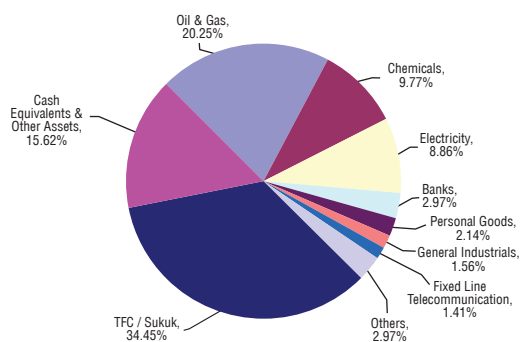
NMF is a Balanced Fund and market weight implies 50% weight in equities and 50% in fixed income asset class. At the start of the month, NMF was around 41% invested in equities. The market trend was lackluster during most of the initial week of the month. Subsequently, sentiment improved as hopes rekindled of developments on the leverage product and as investors came to terms with the implications of the floods damage. We enhanced the weightage of NMF in high dividend yielding stocks and defensive sectors. Towards the end of the month NMF was around 50% invested in equities. Our overweight strategy in the Oil & Gas Exploration sub-sector contributed to the outperformance of the Fund. We further enhanced NMF's weightage in this sector considering strong sector fundamentals and high dividend yields. Similarly, the weightage in the high dividend yielding Power sub-sector was increased. The exposure of NMF in selected high dividend yielding stocks in the Fertilizer sub-sector was also enhanced. During the month, NMF remained significantly underweight in the Banking sector. On the Fixed Income side, NMF benefited from regularization of previously nonperforming Sukuk and consequent reversal in their value. The Fund's investment in T-Bills was in paper with maturity below 30 days in anticipation of further increase in the discount rate.

NMF is invested in high dividend yielding stocks that offer currency hedges, have stable earnings stream and low business risk. We are constantly monitoring the capital market conditions and will alter the asset allocation of the portfolio accordingly.

## Asset Allocation %

	30-Sep-10	31-Aug-10
Equities / Stock	49.93%	41.48%
TFC / Sukuk	34.45%	34.62%
Cash Equivalents	7.03%	5.37%
T-Bills	8.18%	27.13%
Other Net Assets / (Liabilities)	0.41%	-8.60%
Leverage	Nil	Nil

## Asset Allocation (as on 30th September 2010)



## Name of the Members of Investment Committee

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

## Top Ten Holdings (% of Net Assets)

Name	Asset Class	% of NAV	Name	Asset Class	% of NAV
FFC	Equity	8.05%	Orix Leasing	PPTFC	5.11%
HUBC	Equity	7.80%	Pakistan Mobile	PPTFC	4.09%
PPL	Equity	7.72%	Saudi Pak Leasing	TFC	2.98%
Maple Leaf Cement	Sukuk	7.25%	Eden Housing	Sukuk	2.93%
POL	Equity	7.01%	OGDC	Equity	2.87%

## Details of Non-Complaint Investments

Name of Non Complaint Investment	Type of Investment	Value of Investments before Provision	Provision held	Value of Investments after Provision	% of Net Assets	Yield to Maturity per Annum
Maple Leaf Cement Sukuk 1	Sukuk	88,383,620	22,095,905	**66,287,715	7.25%	21.75%
Saudi Pak Leasing	TFC	37,485,000	10,202,405	27,282,595	2.98%	42.86%
Eden Housing Sukuk 2	Sukuk	37,500,000	10,696,987	** 26,803,013	2.93%	45.11%
<b>Total</b>		<b>163,368,620</b>	<b>47,393,805</b>	<b>120,373,323</b>	<b>13.16%</b>	

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

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# NAFA Savings Plus Fund (NSPF)

**NBP Fullerton  
Asset Management Limited**

(Formerly National Fullerton Asset Management Limited)

Unit Price (30/09/2010): Rs. 10.2788

September 2010

## Performance

Performance % *	September 2010	Jan. - Sep. 2010	Since Launch November 21, 2009
<b>NAFA Savings Plus Fund</b>	<b>9.95%</b>	<b>9.73%</b>	<b>9.93%</b>
<b>Benchmark</b>	<b>8.15%</b>	<b>8.04%</b>	<b>8.11%</b>

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

## General Information

Launch Date: November 21, 2009  
 Fund Size: Rs. 706 million  
 Type: Open-end – Income 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: No entry or exit load  
 Management Fee: 2.0% per annum  
 Risk Profile: Very Low  
 Fund Stability Rating: "AA- (f)" by PACRA  
 Listing: Lahore Stock Exchange  
 Custodian & Trustee: Central Depository Company (CDC)  
 Auditors: A. F. Ferguson & Co.  
 Chartered Accountants  
 Benchmark: Average 6-Month deposit 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 9.95% during the month outperforming the benchmark return by 1.80%. This is also better than the previous month's return by 58 basis points. The Fund intends to provide its investors consistently better return than bank deposits while offering similar features as those of bank savings accounts.

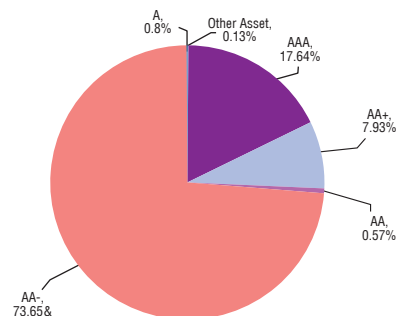
We expect the return on your Fund to further improve going forward on the back of attractive money market placements and higher T-Bills rates. NSPF is one of the highest rated income funds in the market. It cannot invest in any avenue which has more than six months to maturity, it cannot invest in TFCs/ Sukuks, and 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.

The average maturity of your Fund is around 33 days.

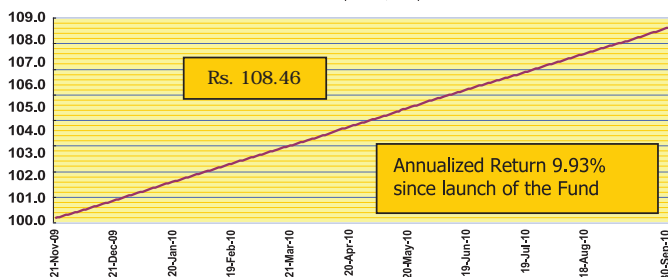
## Asset Allocation %

	30-Sep-10	31-Aug-10
T-Bills	17.58%	48.06%
TDR	28.33%	33.01%
Money Market Placements	15.73%	14.86%
Cash Equivalents	38.24%	3.16%
Other Net Assets	0.12%	0.92%
Total	100.00%	100.00%
Leverage	Nil	Nil

## Credit Quality of the Portfolio (% of Net Assets)



Value of Rs. 100 invested in NAFA Savings Plus Fund at launch (Nov 21, 2009)



## Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA  
 Irfan Malik, 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 the fund. All investments in mutual funds are subject to market risks. The price of units may go up as well as down. Past performance is not necessarily indicative of future results.