

NAFA Funds

Monthly Report (September 2011)



NBP Fullerton
Asset Management Limited

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Joint - Venture Partners

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Dr. Amjad Waheed, CFA
Chief Executive Officer

State Bank of Pakistan reduced the Discount Rate by 50 basis points in its last monetary policy announcement, and is expected to further reduce it in the upcoming monetary policy statement on October 8. We analyze the impact of this policy on the economy. One of the key reasons that Pakistan's economic growth rate has declined considerably over the last 3 years, to about 2%-3% per annum, is high interest rates primarily due to excessive government borrowing. High interest rates have increased the cost of doing business in the country, and have discouraged businesses from going into expansion. From this perspective, reduction in interest rates will give a relief to the business community and will promote investments.

Interest rate reduction will have negative implications for the Pakistan economy IF it is not supported by a reduction in inflation. The main culprit is not interest rates but inflation. If inflation remains high and interest rates are brought down there is a risk of selling pressure on the rupee as investors may convert from the rupee to other currencies, resulting in flight of capital. This is because high inflation has to be offset by devaluation of the rupee versus other currencies. Otherwise our exports will become expensive and imports will become cheaper, resulting in trade and current account deficits widening to unmanageable levels. The international Purchasing Power Parity theory states that a country should devalue its currency based on the inflation differential with its trading partners. For example, if inflation in Country A is 10% per annum, and inflation in Country B is 4% per annum, then Country A should devalue its currency by 6% versus currency of Country B. Otherwise, exports of country A will become expensive, imports will become cheaper, and its trade deficit will increase vis-à-vis country B. Country A can put off devaluation for some time, but the longer it puts off devaluation the higher the trade and current deficits, and risks to its economy. This is what Pakistan experienced when it did not devalue its currency for about 4 years from 2003-2007 period, resulting in the trade deficit ballooning to US\$ 17 billion in CY2008, and reserves dropping by US\$ 5 billion in the same period, forcing the government to devalue the rupee by a massive 28% in 2008.

It is essential that interest rates are only brought down when inflation is contained at a lower level for a long period. In order to bring down inflation, it is required that the Government broadens its tax base by taxing all sources of income including agriculture and real estate, controls its non-productive spending, abstains from printing of money, and avoids imposing further indirect taxes. If this strategy is not followed, inflation may rise substantially within a year, and the State Bank will be forced to increase the interest rates again. One factor that may help contain inflation is that international commodity and oil prices may not rise substantially in the near future due to a slowdown in global economic growth rate, led by the weakening of the United States and European economies.

To summarize, the economy and the stock market are expected to respond positively to the decline in the discount rate by the State Bank. However, this decline is only sustainable if it is backed by other steps on the fiscal side such as limiting the government borrowing and printing of currency. Otherwise we will be risking flight of capital and rise of interest rates within a year.

Stock Market Review

The stock market depicted positive trend with lot of volatility during the month. The month was marked by Supreme Court's hearing on deteriorating law and order situation in Karachi, unprecedented floods in Sindh, Pak-US row over Haqqani network, lower than expected inflation numbers for the month of August and rate cut on National Savings Schemes. The market rebounded sharply in the first half of the month led by Fertilizer sub-sector and key companies in the Banking & Oil and Gas sectors following a decline of 9% during the previous month. Investors' confidence shattered following US allegation on Pak intelligence agencies' relations with Haqqani network and the former issuing threats against the latter. Lower than expected CPI (inflation) for the month of August 2011 at 11.6% and decrease in profit rates on the National Savings Schemes underpinned the market view of Policy Rate cut in the upcoming monetary policy announcement. Consequently, investors took fresh positions in stocks offering healthy payouts belonging to Chemicals, Electricity and Oil and Gas sectors. Overall, during the month the KSE 30 Index gained by around 6.4% during the month.

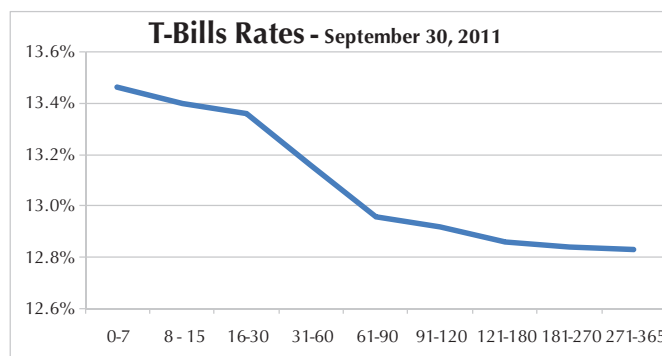
State Bank of Pakistan is expected to continue to follow easy monetary policy stance and decrease Policy Rate in its upcoming Monetary Policy Statement scheduled in October 2011. The key factor for this decrease would be the downward trend in inflation during the preceding months. However, downside risks to the economy are mounting due to absence of all forms of foreign flows and Government's heavy reliance on domestic resources to finance yawning fiscal deficit. Foreigners were net sellers in the market with net outflows recorded at US \$ 4.8 million. Trading volume improved substantially during the month. Average Daily Trading volume was recorded at around 72 million shares versus 49 million shares during the previous month.

Chemicals, Banking, Financial Services and Construction & Materials sectors performed better than the market while, Food producers and Industrial Engineering sectors lagged the market. Key triggers for the out-performance of Fertilizer sub-sector were higher than expected off-take numbers, strong primary margins and healthy payouts. Key companies in the Banking sector performed better than the market due to attractive valuations. Depressed sales numbers resulted in the lagged performance of the Industrial Engineering sector. News of the resolution of energy related circular debt by the government improved investors' confidence in the Oil and Marketing Companies.

Going forward, key drivers of the stock market will be: Foreign Portfolio Investment (FPI) activity; developments on diplomatic relations with US; bilateral and multilateral financial inflows; and inflation and interest rates outlook.

Fixed Income Review

The money market remained very tight during the whole month with overnight repo rates hovering just below the Discount Rate of 13.5%. This was because banks preferred to participate in longer maturity Government Securities on expected cut in the Discount Rate. As a result the yield curve of up to one year was classic text book like inverted (see chart). The last T-Bills auctions' bid pattern of September 2011 showed almost entire participation in one year T-Bill, while negligible amounts in six months and three months. The 10-year PIB and 1 year T-Bill traded as low as 12.80% p.a. at the month-end. In the two T-bills auctions of September, SBP cumulatively accepted Rs. 319 billion against the target of Rs. 280 billion. The cut off yields (p.a.) for last T-bills auctions were noted at 13.07%, 13.23% and 13.31% for the 3 months, 6 months and 12 months maturities respectively.



On the corporate debt sphere, market volumes reported by MUFAP remained thin in September as well. Total traded value reported by MUFAP for September 2011 was Rs 886 mln, as against a value of Rs. 577 mln in August 2011. Banking and Telecom sectors bonds accounted for 71.44% and 22.91% of the traded value respectively.

YoY Inflation (CPI) for August 2011 was 11.6%, primarily a result of change in CPI composition and base year, while month-on-month inflation in August 2011 was 1.4%. Government borrowing from the scheduled banks is consistently increasing to finance fiscal deficit. In first 79 days of the current fiscal year, net Government borrowing from scheduled banks has risen by 12.56% or Rs 176 billion. In next quarter, SBP has targeted raising Rs 1,070 billion against maturities of 997 billion, hence another rise of Rs 73 billion. Rising workers' remittances continue to provide a breather, as these have risen by 39.6% in July and August 2011 when compared with same period last year.

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.

"September 2011"

FUND NAME	FUND SIZE (Rs. In million)	FUND LAUNCH DATE	STABILITY RATING	Sep- 2011	LAST ONE YEAR	SINCE LAUNCH
NAFA Government Securities Liquid Fund *	10,312	16-May-09	AAA (f)	11.76%	11.73%	11.14%
NAFA Savings Plus Fund *	657	21-Nov-09	AA- (f)	11.57%	11.13%	10.57%
NAFA Income Opportunity Fund * (Formerly NAFA Cash Fund)	2,243	22-Apr-06	A (f)	-3.21%**	3.21%	6.83%
NAFA Income Fund *	444	29-Mar-08	A- (f)	13.63%	-3.96%	1.81%
NAFA Islamic Aggressive Income Fund * (Formerly NAFA Islamic Income Fund)	172	29-Oct-07	BBB (f)	-1.03%**	5.17%	1.41%
NAFA Riba Free Savings Fund *	495	21-Aug-10	AA- (f)	11.30%	11.10%	10.86%
NAFA Islamic Multi Asset Fund **	248	29-Oct-07	***	-0.45%	20.65%	29.67%
NAFA Multi Asset Fund **	591	22-Jan-07	***	1.49%	20.84%	49.94%
NAFA Stock Fund **	894	22-Jan-07	***	5.10%	25.33%	12.87%
NAFA Asset Allocation Fund **	360	21-Aug-10	***	1.55%	21.14%	21.90%
Total AUM	16,416					
* 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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Performance

Performance % *	September 2011	Jan. - Sep. 2011	Trailing 12 Months	Since Launch May 16, 2009
NAFA Government Securities Liquid Fund	11.76%	11.89%	11.73%	11.14%
Benchmark	11.60%	11.58%	11.51%	11.14%

* 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. 10,312 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:	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 11.76% during September 2011, which is better than the benchmark return by 16 basis points (bps). The annualized return for the first nine months of CY 2011 is 11.89% against the benchmark return of 11.58%, hence an out-performance of 31 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; (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.

The inter-bank money market remained very tight during September 2011 as indicated by very high overnight REPO rates of 13.23%, just below the Discount Rate of 13.5%. The yield curve of up to one year is inverted now as market is expecting a rate cut in next Monetary Policy by SBP. SBP stabilized the money market by injecting over Rs 250 billion in weekly open market operations.

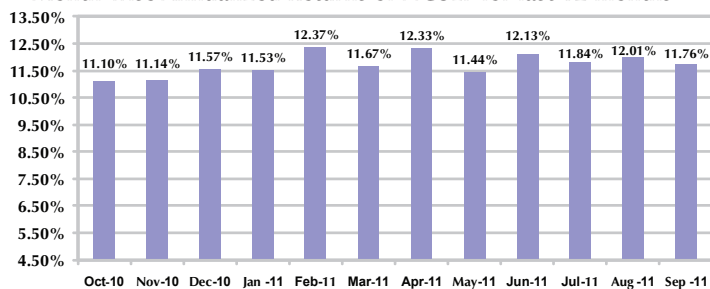
In the first nine months of the calendar year 2011, average daily allocation in short-term Government Securities was 88.5%. In the same period, T-Bills asset class maturity ranged from a minimum of 24 days to a maximum of 45 days, with the daily average at 39 days.

As on September, 2011 average maturity of your Fund is around 38 days while that of T-bills asset class portfolio is 44 days.

Asset Allocation (% of NAV) 30-Sep-11 30-Aug-11

Asset Allocation (% of NAV)	30-Sep-11	30-Aug-11
T-Bills (Including Reverse Repo via Master Repurchase Agreement)	86.11%	88.11%
Placements with Banks	11.15%	9.42%
Cash Equivalents	2.34%	2.69%
Other Assets / (Liabilities)	0.40%	-0.22%
Total	100.00%	100.00%
Leverage	Nil	Nil

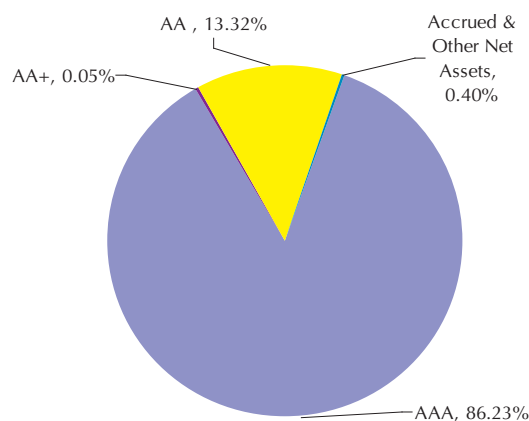
Month-wise Annualized Returns of NGSLF for last 12 months



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 September 30, 2011 (% of NAV)



Performance

Performance % *	September 2011	Jan. - Sep. 2011	Trailing 12 Months	Since Launch November 21, 2009
NAFA Savings Plus Fund	11.57%	11.37%	11.13%	10.57%
Benchmark	8.67%	8.58%	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. 657 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
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

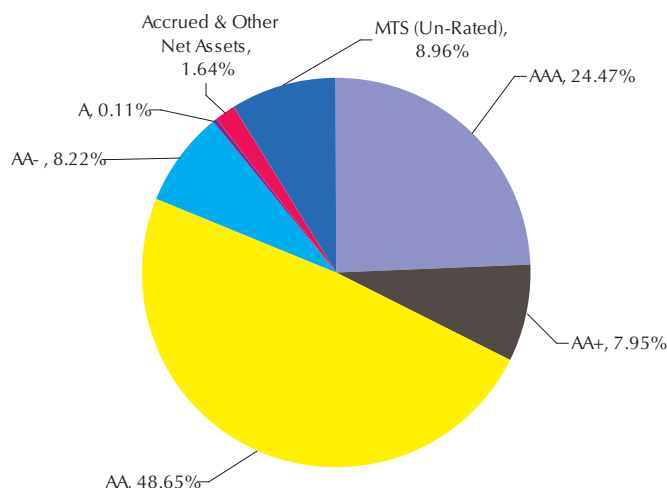
The Fund earned an annualized return of 11.57% during the month versus the benchmark return of 8.67%, thus depicting an out-performance of 2.9%. The calendar year to date annualized return is 11.37% out-performing the benchmark by 2.79%. Since inception the out-performance of the Fund against the benchmark is 2.25%. 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 9% 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 52 days.

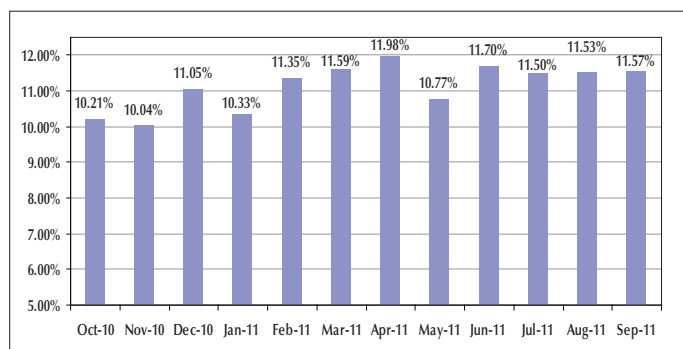
Credit Quality of the Portfolio as of September 30, 2011 (% of NAV)



Asset Allocation (% of NAV) 30-Sep-11 30-Aug-11

Asset Allocation (% of NAV)	30-Sep-11	30-Aug-11
T-Bills	24.39%	50.38%
Commercial Paper	7.61%	8.63%
Placements with Banks	22.84%	17.26%
Placements with DFIs	15.22%	17.26%
Margin Trading System (MTS)	8.96%	2.28%
Cash Equivalents	19.34%	3.33%
Other Assets	1.64%	0.86%
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

Performance

Performance % *	September 2011	Jan. - Sep. 2011	Trailing 12 Months	Since Launch August 21, 2010
NAFA Riba Free Savings Fund	11.30%	11.63%	11.10%	10.86%
Benchmark	7.96%	8.30%	8.14%	8.29%

* 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. 495 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
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 September 2011 is 11.30%. The annualized return for the first nine months of the current CY 2011 is 11.63% against the benchmark return of 8.30%, hence an out-performance of 3.33%. Since the Fund's inception over a year ago, the Fund has out-performed its benchmark by 2.57%. 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 Ijara Sukuks is still the largest asset class of your Fund with around 49% allocation. Currently, the outstanding amount of GOP Ijarah sukuk is around Rs.229 billion. GOP Ijarah sukuks are floating rate Shariah compliant securities with six monthly coupon resets and an average duration of three months. This minimizes pricing risk. The price of all GOP Ijarah Sukuks in your Fund remained high during the month as there is uncertainty regarding timing of next Ijarah Sukuk auction by SBP.

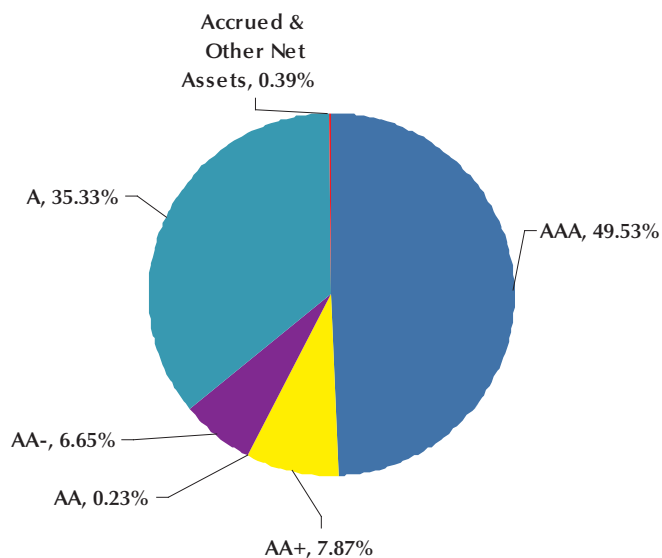
The average duration of the Fund is 63 days.

Asset Allocation (% of NAV)

30-Sep-11 30-Aug-11

	30-Sep-11	30-Aug-11
GOP Ijarah Sukuk - Govt. Backed	48.97%	56.97%
Islamic Commercial Paper	7.58%	8.82%
Cash Equivalents	43.06%	31.12%
Other Net Assets	0.39%	3.09%
Total	100.00%	100.00%
Leverage	Nil	Nil

Credit Quality of the Portfolio as of September 30, 2011 (% of NAV)



Top Holdings (as at September 30, 2011)

Name of Sukuk / Islamic Commercial Paper	% of Net Assets
GOP Ijarah (Sukuk VII)	25.01%
GOP Ijarah (Sukuk VIII)	10.15%
HUBCO Islamic Commercial Paper	7.58%
GOP Ijarah (Sukuk V)	7.10%
GOP Ijarah (Sukuk VI)	6.71%
Total	56.55%

Name of the Members of Investment Committee

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



NAFA Income Fund (NIF)

NBP Fullerton
Asset Management Limited

MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (30/09/2011): Rs. 9.3654

September 2011

Performance

Performance %	September 2011*	Jan. - Sep. 2011 **	Trailing 12 Months *	Since Launch March 29, 2008*
NAFA Income Fund	13.63%	-6.34%	-3.96%	1.81%
Benchmark	13.38%	10.05%	13.47%	12.51%

* Represent Annualized Return - (based on morning star formula)

** Represent Cumulative Return

(Returns are net of management fee, Workers' Welfare Fund (WWF) provisioning & all other expenses)

General Information

Launch Date:	March 29, 2008
Fund Size:	Rs. 444 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- 'Positive Outlook' 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 generated an annualized return of 13.63% during September 2011. Second restructuring of Agritech has been completed and we expect the provisioning held to reverse in the coming quarters.

The Fund has high allocation in TFCs of around 67.4% of its size. All TFCs in your Fund are floating rate instruments linked to KIBOR. During first nine months of CY 2011 average 6-Month KIBOR was around 13.66% as against 12.46% for the same period last year. Weighted average price of the TFC portfolio is around Rs.79 against the par value of Rs.100.

The weighted average Yield-to-Maturity of the Fund is around 21.69% p.a. while its weighted average time to maturity is 2.64 years. Thus, the Fund is expected to perform well over three to four year horizon. However, since there are TFCs / Sukuks in the portfolio whose prices may go up and down. Therefore, only long-term investors are advised to invest in this Fund.

Details of Non-Compliant Investments

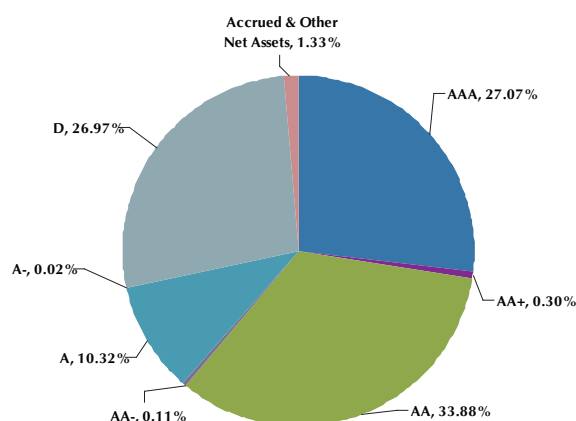
Particulars	Type of Investment	Value of Investments before Provision	Provision held	Value of Investments after Provision	% of Net Assets	% of Gross Assets	Yield to Maturity per annum
Saudi Pak Leasing***	TFC	51,529,950	17,507,455	34,022,495	7.67%	7.59%	28.10%
Agritech Limited II	TFC	149,880,000	112,410,000	37,470,000	8.44%	8.36%	40.96%
Eden Housing (Sukuk II)	Sukuk	69,375,000	21,184,211	48,190,789	10.86%	10.76%	43.07%
New Allied Electronics (Sukuk II)	Sukuk	49,054,371	49,054,371	-	0.00%	0.00%	N/A
Total		319,839,321	200,156,037	119,683,284	26.97%	26.71%	

***Book Value, performing but below investment grade

Excess Exposure

Particulars	Exposure Type	% of Net Assets	Limit	Excess Exposure
Engro Fertilizer Limited (PPTFC)	Per Party	21.18%	10.00%	11.18%
Eden Housing (Sukuk II)	Per Party	10.86%	10.00%	0.86%
Chemical Sector	Sector	29.62%	25.00%	4.62%

Credit Quality of the Portfolio as of September 30, 2011 (% of NAV)



Asset Allocation (% of NAV) 30-Sep-11 30-Aug-11

TFCs / Sukuks	67.41%	70.40%
T-Bills	27.01%	25.10%
Cash Equivalents	4.25%	2.13%
Other Net Assets	1.33%	2.37%
Total	100.00%	100.00%
Leverage	Nil	Nil

Top TFC/SUKUK Holdings (as at September 30, 2011)

Name of TFCs / Sukuks	% of Net Assets
Engro Fertilizer Limited (PPTFC)	21.18%
Eden Housing (Sukuk II)	10.86%
World Call Telecom Limited	10.30%
United Bank Limited IV	8.96%
Agritech Limited II	8.44%
Saudi Pak Leasing	7.67%
Total	67.41%

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.

Performance

Performance % *	September 2011	Jan. - Sep. 2011	Trailing 12 Months	Since Launch August 21, 2010
NAFA Asset Allocation Fund	1.55%	11.32%	21.14%	21.90%
Benchmark	2.70%	4.41%	12.73%	13.09%

* 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. 360 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-'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 1.55% 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 2.70%. Thus your Fund under-performed the benchmark by 1.15%. Since inception on August 21, 2010 your Fund has increased by 21.90%, while the Benchmark has increased by 13.09%. Thus, to-date the out-performance of your Fund stands at 8.81%. This out-performance is net of management fee, WWF and all other expenses.

In CYTD 2011, the Fund has posted 11.32% return (Benchmark return 4.41%) versus -1.59% average return by the peer group, thus an outperformance of 12.91%.

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 8% of the portfolio was invested in equities. We enhanced NAAF's exposure in selected high dividend yielding and fundamentally attractive stocks. We have made investments in selected stocks in the Banking and Oil & Gas sectors as well as in the Power and Fertilizer sub-sectors. Moreover, the Fund's key holdings in the Fertilizer, Oil & Gas Exploration and Power sub-sectors contributed to the performance of the Fund. At the end of the month, NAAF was around 34% invested in equities, 44% in money market instruments and around 14% in "AA" rated category TFCs.

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 and will rebalance the portfolio proactively.

Top Ten Holdings (as on 30th September 2011)

Name	Asset Class	% of NAV
Pakistan Oilfields Ltd.	Equity	7.59%
Fauji Fertilizer Co. Ltd.	Equity	7.17%
Fauji Fertilizer Bin Qasim	Equity	6.46%
Hub Power Co. Ltd.	CP	5.56%
Pak Petroleum Ltd.	Equity	5.00%
Engro Corporation Rupiya Certificate	TFC	4.69%
United Bank Limited III	TFC	4.16%
Allied Bank Limited	TFC	2.82%
Bank Alfalah Limited II	TFC	2.79%
Hub Power Co. Ltd.	Equity	2.47%
Total		48.71%

Asset Allocation (% of NAV) 30-Sep-11 30-Aug-11

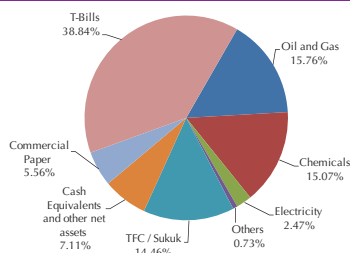
	30-Sep-11	30-Aug-11
Equities / Stocks	34.03%	8.11%
TFCs	14.46%	16.33%
Cash Equivalents	8.93%	10.35%
Commercial Paper	5.56%	6.26%
T-Bills	38.84%	55.89%
MTS	-	0.08%
Other Net (Liabilities) / Assets	-1.82%	2.98%
Total	100.00%	100.00%
Leverage	Nil	Nil

Characteristics of Equity Portfolio**

	PER	PBV	DY
NAAF	6.9	2.0	9.2%
KSE-30	7.0	3.2	7.2%

** Based on NAFA's estimates

Asset Allocation (as on 30th September 2011)



Name of the Members of Investment Committee

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



NAFA Multi Asset Fund (NMF)

NBP Fullerton
Asset Management Limited

MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (30/09/2011): Rs.9.4098

September 2011

Performance

Performance % *	September 2011	Jan. - Sep. 2011	Trailing 12 Months	Since Launch January 22, 2007
NAFA Multi Asset Fund	1.49%	7.89%	20.84%	49.94%
Benchmark	3.75%	3.48%	15.02%	24.41%

* 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. 591 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:	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 1.49% while the benchmark (50% KSE-30 index & 50% 3-month KIBOR) increased by 3.75%. Thus your Fund under-performed the benchmark by 2.26%. Since inception on January 22, 2007 your Fund has increased by 49.94%, while the benchmark has increased by 24.41%. Thus, to-date the out-performance of your Fund stands at 25.53%. 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 recovered on lower CPI inflation numbers of August and prospects of further cut in the Discount Rate by the SBP in its Monetary Policy review in October. NMF under-performed as the market trend was volatile and the Fund was under-weight in selected stocks that performed better than the market. Further, NMF also lagged on account of reversal of mark-up following delay in payment by a sukuk holding in the portfolio. At the start of the month, NMF was around 37% invested in equities. During the month we enhanced the allocation of the Fund in the Fertilizer sub-sector and the Banking and Oil & Gas sectors. On the other hand, NMF remained under-weight in the Construction & Materials sector. At the end of the month, NMF was around 51% invested in equities. During the month, NMF's key high dividend yield holdings in the Fertilizer sub-sector out-performed the market, which significantly benefited the Fund. The weighted average Yield-to-Maturity (YTM) of the TFC / Sukuk portfolio of NMF is around 25% p.a.

NMF is invested in high dividend yielding stocks of defensive sectors. We are alert to the happenings in the capital markets and will adjust the allocations of NMF accordingly.

Asset Allocation (% of NAV) 30-Sep-11 30-Aug-11

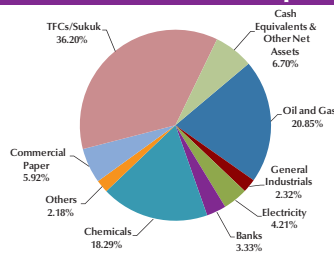
Asset Allocation (% of NAV)	30-Sep-11	30-Aug-11
Equities / Stocks	51.18%	37.42%
TFCs / Sukuks	36.20%	33.39%
T-Bills	-	10.02%
Commercial Paper	5.92%	5.03%
Cash Equivalents	5.44%	11.58%
Other Net Assets	1.26%	2.56%
Total	100.00%	100.00%
Leverage	Nil	Nil

Characteristics of Equity Portfolio**

	PER	PBV	DY
NMF	6.2	1.6	8.8%
KSE-30	7.0	3.2	7.2%

** Based on NAFA's estimates

Asset Allocation (as on 30th September 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 30th September 2011)

Name	Asset Class	% of NAV	Name	Asset Class	% of NAV
Fauji Fertilizer Co. Ltd.	Equity	9.84%	Pak Petroleum Ltd.	Equity	5.22%
Maple Leaf Cement I	Sukuk	9.37%	Orix Leasing Pakistan	PPTFC	5.12%
Pakistan Oilfields Ltd.	Equity	9.15%	Avani Hotels Limited	TFC	4.29%
Fauji Fertilizer Bin Qasim	Equity	7.23%	Eden Housing II	Sukuk	4.08%
Hub Power Co. Ltd.	CP	5.92%	Hub Power Co. Ltd.	Equity	3.93%

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	3.84%	3.79%	28.10%
Eden Housing (Sukuk II)	SUKUK	34,687,500	10,592,106	24,095,394	4.08%	4.02%	43.07%
Maple Leaf Cement (Sukuk I)	SUKUK	88,327,239	32,933,253	55,393,986	9.37%	9.24%	34.13%
Maple Leaf Cement (Sukuk II)***	SUKUK	3,315,000	3,315,000	-	0.00%	0.00%	0.00%
New Allied Electronics (Sukuk I)	SUKUK	10,000,000	10,000,000	-	0.00%	0.00%	0.00%
Total		170,683,039	68,511,996	102,171,043	17.29%	17.05%	

***Book Value, performing but below investment grade

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NAFA Islamic Multi Asset Fund (NIMF)

NBP Fullerton
Asset Management Limited

MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (30/09/2011): Rs.9.1271

September 2011

Performance

Performance % *	September 2011	Jan. - Sep. 2011	Trailing 12 Months	Since Launch October 29, 2007
NAFA Islamic Multi Asset Fund	(0.45%)	9.07%	20.65%	29.67%
Benchmark	3.43%	8.98%	21.22%	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.248 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:	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) decreased by 0.45%, whereas the benchmark (50% KMI-30 index & 50% average 3-month profit rate of Islamic Banks) increased by 3.43%, thus your Fund under-performed the benchmark by 3.88%. During the first nine months of current Calendar Year, the Fund earned a return of 9.07% and out-performed its benchmark by 0.09%.

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 recovered on lower CPI inflation numbers of August and prospects of further cut in the Discount rate by the SBP in its Monetary Policy review in October. NIMF under-performed the benchmark on account of reversal of mark-up following delay in payment by a sukuk holding in the portfolio. During the month the size of NIMF decreased thereby increasing the weightage of sukuks in the portfolio. At the start of the month, NIMF was around 36% invested in equities. During the month we enhanced the allocation of the Fund in the Fertilizer sub-sector and the Electricity and Oil & Gas sectors. At the end of the month, NIMF was around 42% invested in equities. During the month, NIMF's key high dividend yield holdings in the Fertilizer sub-sector out-performed the market, which significantly benefited the Fund. Moreover, during the month the Fund remained under-weight in the Industrial Engineering and Automobile & Parts sectors that under-performed, thereby benefiting NIMF. The weighted average Yield-to-Maturity (YTM) of the Sukuk portfolio of NIMF is around 29.5% p.a.

NIMF is invested in high dividend yielding Shariah Compliant stocks of defensive sectors. We are vigilant to the happenings in the capital market conditions and will proactively adjust the portfolio of NIMF.

Asset Allocation (% of NAV)

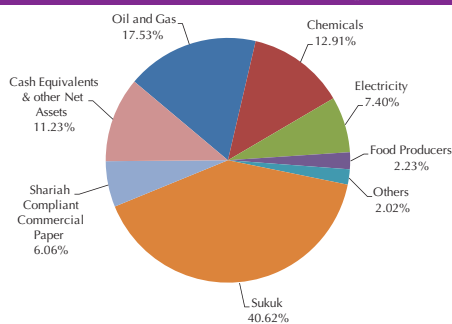
	30-Sep-11	30-Aug-11
Equities / Stocks	42.09%	36.26%
Sukuks	40.62%	35.89%
Shariah Compliant Commercial Paper	6.06%	5.37%
Cash Equivalents	9.08%	18.53%
Other Net Assets	2.15%	3.95%
Total	100.00%	100.00%
Leverage	Nil	Nil

Characteristics of Equity Portfolio***

	PER	PBV	DY
NIMF	7.2	1.9	8.6%
KMI-30	7.6	4.2	8.0%

*** Based on NAFA's estimates

Asset Allocation (as on 30th September 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 30th September 2011)

Name	Asset Class	% of NAV	Name	Asset Class	% of NAV
Kohat Cement Limited	Sukuk	13.02%	Hub Power Co. Ltd.	Equity	7.40%
Maple Leaf Cement I	Sukuk	12.64%	Hub Power Co. Ltd.	CP	6.06%
Pakistan Oilfields Ltd.	Equity	10.52%	Eden Housing II	Sukuk	4.86%
Fauji Fertilizer Co. Ltd.	Equity	8.57%	Fauji Fertilizer Bin Qasim	Equity	4.33%
Pak Elektron Limited	Sukuk	8.44%	Pak Petroleum Ltd.	Equity	2.94%

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)****	SUKUK	48,300,000	16,034,441	32,265,559	13.02%	12.77%	30.12%
Maple Leaf Cement (Sukuk I)	SUKUK	49,936,250	18,618,980	31,317,270	12.64%	12.39%	34.13%
Eden Housing (Sukuk II)	SUKUK	17,343,750	5,296,053	12,047,697	4.86%	4.77%	43.07%
Maple Leaf Cement (Sukuk II)****	SUKUK	1,875,000	1,875,000	-	0.00%	0.00%	0.00%
Total		117,455,000	41,824,474	75,630,526	30.52%	29.93%	

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

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Performance

Performance %	September 2011*	Jan. - Sep. 2011**	Trailing 12 Months**	Since Launch April 22, 2006**
NAFA Income Opportunity Fund <i>Formerly NAFA Cash Fund</i>	-3.21%	0.39%	3.21%	6.83%
Benchmark	1.07%	13.66%	13.49%	11.73%

* Represent Cumulative Return

** 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. 2,243 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:	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 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's unit price declined by 3.21% during September 2011. The return is negative on account of reversal of mark-up following delay in payment by a Sukuk holding in the portfolio. Further, we made regulatory provision in Azgard Nine TFC, which is now fully provided.

The Fund has high allocation in TFCs of around 92.8% of the Fund. All TFCs in your Fund are floating rate instruments linked to KIBOR. During the first nine months of CY 2011 average 6-Month KIBOR was around 13.66% as against 12.46% for the same period last year. Weighted average price of the TFC portfolio is Rs.77 against the par value of Rs100.

The Yield to Maturity of your Fund is around 20.62% p.a. and that of the TFC portfolio is 22.03% p.a. The weighted average time to maturity of your Fund is 2.75 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, there are TFCs in the portfolio whose prices may go up and down. Therefore, only long-term investors are advised to invest in this Fund.

Details of Non-Compliant Investments

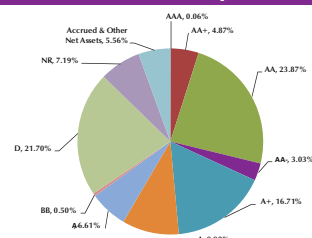
Particulars	Type of Investment	Value of Investments before Provision	Provision held	Value of Investments after Provision	% of Net Assets	% of Gross Assets	Yield to Maturity per annum
BRR Guardian Modaraba***	SUKUK	49,687,500	12,421,875	37,265,625	1.66%	1.37%	25.37%
Escort Investment Bank Limited***	TFC	14,987,880	3,746,970	11,240,910	0.50%	0.41%	65.90%
Kohat Cement Limited (Sukuk)***	SUKUK	241,500,000	80,172,204	161,327,796	7.19%	5.92%	30.12%
Saudi Pak Leasing***	TFC	51,529,950	17,507,455	34,022,495	1.52%	1.25%	28.10%
Agritech Limited	TFC	149,880,000	107,913,600	41,966,400	1.87%	1.54%	39.26%
Eden Housing (Sukuk II)	SUKUK	31,912,500	9,744,737	22,167,763	0.99%	0.81%	43.07%
Maple Leaf Cement (Sukuk I)	SUKUK	399,490,000	148,951,844	250,538,156	11.17%	9.20%	34.13%
PACE Pakistan Limited	TFC	149,820,000	49,064,402	100,755,598	4.49%	3.70%	34.03%
Azgard Nine Limited (PPTFC)	TFC	249,800,000	249,800,000	-	0.00%	0.00%	N/A
Dewan Cement Limited	TFC	150,000,000	150,000,000	-	0.00%	0.00%	N/A
Gharibwal Cement Limited (PPTFC)	TFC	24,355,500	24,355,500	-	0.00%	0.00%	N/A
Maple Leaf Cement (Sukuk II)***	SUKUK	15,000,000	15,000,000	-	0.00%	0.00%	N/A
New Allied Electronics (PPTFC)	TFC	31,706,536	31,706,536	-	0.00%	0.00%	N/A
New Allied Electronics (Sukuk II)	SUKUK	44,148,934	44,148,934	-	0.00%	0.00%	N/A
Total		1,603,818,800	944,534,057	659,284,743	29.39%	24.20%	

***Book Value, performing but below investment grade

Excess / (Short) exposures

Particulars	Exposure Type	% of Net Assets	Limit	Excess / (Short) exposures
Engro Fertilizer Limited (PPTFC)	Per Party	12.99%	10.00%	2.99%
Maple Leaf Cement (Sukuk I)	Per Party	11.17%	10.00%	1.17%
Pakistan Mobile Communication (Listed II)	Per Party	16.71%	10.00%	6.71%
Cash and Cash Equivalent	Cash Balance	1.63%	25.00%	(23.37%)

Credit Quality of the Portfolio as of September 30, 2011 (% of NAV)



Asset Allocation (% of NAV) 30-Sep-11 30-Aug-11

TFCs / Sukuks	92.82%	89.94%
Cash Equivalents	1.63%	2.80%
Other Net Assets	5.55%	7.26%
Total	100.00%	100.00%
Leverage	Nil	Nil

Top 10 TFC/SUKUK Holdings (as at September 30, 2011)

Name of TFCs / Sukuks	% of Net Assets
Pakistan Mobile Communication (Listed II)	16.71%
Engro Fertilizer Limited (PPTFC)	12.99%
Maple Leaf Cement (Sukuk I)	11.17%
Orix Leasing Pakistan (PPTFC)	8.77%
Kohat Cement Limited (Sukuk)	7.19%
Avari Hotels Limited	6.60%
World Call Telecom Limited	6.55%
PACE Pakistan Limited	4.49%
Jahangir Siddiqui & Company IV	4.04%
Allied Bank Limited II	2.93%
Total	81.44%

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Performance

Performance %	September 2011*	Jan. - Sep. 2011**	Trailing 12 Months**	Since Launch October 29, 2007**
NAFA Islamic Aggressive Income Fund <i>Formerly NAFA Islamic Income Fund</i>	-1.03%	9.71%	5.17%	1.41%
Benchmark	0.62%	7.72%	7.44%	6.49%

* Represent Cumulative Return

** 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. 172 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:	KPMG Taseer Hadi & Co. Chartered Accountants
Benchmark:	Average 3-month deposit rate of Islamic Banks
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 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's unit price declined by 1.03% during September 2011. The return is negative on account of reversal of mark-up following delay in payment by a Sukuk holding in the portfolio. The annualized return for the first nine months of the CY 2011 is 9.71% against the benchmark return of 7.72%, hence an out-performance of 1.99%.

Your Fund is invested in sukuk of Cement, Fertilizer and Consumer Electronics sub-sectors. Around 7% of the portfolio is allocated to the Government Ijara sukuk and 16% in bank deposits, which provide diversification and liquidity to the portfolio.

The Yield-to-Maturity of the sukuk portfolio of your Fund is around 24.65% p.a. while, its weighted average time to maturity is 2.98 years. The weighted average time to maturity of your Fund is 1.97 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; therefore only long-term investors are advised to invest in this Fund.

Asset Allocation (% of NAV) 30-Sep-11 30-Aug-11

	30-Sep-11	30-Aug-11
Sukuk	70.31%	69.20%
GOP Ijara Sukuk - Govt. Backed	6.90%	9.71%
Cash Equivalents	15.93%	11.98%
Other Net Assets	6.86%	9.11%
Total	100.00%	100.00%
Leverage	Nil	Nil

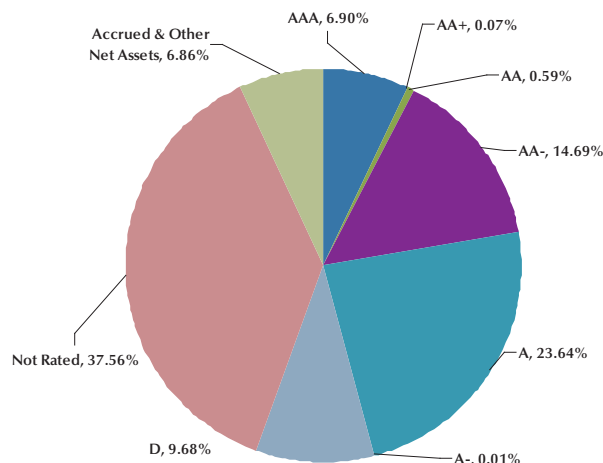
Details of Non-Compliant Investments

Excess exposure				
Particulars	Exposure Type	% of Net Assets	Limit	Excess Exposure
Kohat Cement Limited (Sukuk)	Per Party	37.56%	15.00%	22.56%
Construction and Material	Sector	47.24%	35.00%	12.24%

Top Sukuk Holdings (as at September 30, 2011)

Name of Sukuk	% of Net Assets
Kohat Cement Limited (Sukuk)	37.56%
Engro Fertilizer Limited (Sukuk)	14.55%
Maple Leaf Cement (Sukuk I)	9.68%
Pak Elektron Limited (Sukuk)	8.52%
GOP Ijarah (Sukuk V)	5.73%
GOP Ijarah (Sukuk VII)	1.17%
Total	77.21%

Credit Quality of the Portfolio as of September 30, 2011 (% of NAV)



Name of the Members of Investment Committee

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



NAFA Stock Fund (NSF)

NBP Fullerton
Asset Management Limited

MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (30/09/2011): Rs. 6.4920

September 2011

Performance

Performance % *	September 2011	Jan. - Sep. 2011	Trailing 12 Months	Since Launch January 22, 2007
NAFA Stock Fund	5.10%	3.86%	25.33%	12.87%
Benchmark	6.40%	(3.17%)	15.99%	(16.22%)

* 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. 894 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:	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 6.40% whereas NAFA Stock Fund's (NSF) Net Asset Value (NAV) increased by 5.10%, thus an under-performance of 1.30% was recorded. Since inception on January 22, 2007 the NAV of NSF has increased by 12.87% while the benchmark has declined by 16.22%, thus to date out-performance is 29.09%. This out-performance is net of management fee and all other expenses.

During the month, the stock market recovered on lower CPI inflation numbers of August and prospects of further cut in the Discount Rate by the SBP in its Monetary Policy review in October. NSF under-performed as the Fund was under-weight in selected stocks in the Chemicals and Banking sectors that performed better than the market. Further, some of NSF's holdings in the Oil & Gas sector under-performed the market. At the start of the month NSF was around 81% invested in equities. During the month we significantly enhanced the allocation of the Fund in the Fertilizer sub-sector and the Banking sector.

The weightage in the Oil & Gas Exploration and Oil Marketing Companies sub-sectors was also increased. On the other hand, the allocation of the Fund in the Refineries and Jute sub-sectors was reduced. The weightage in the high dividend yielding Electricity sector was maintained. At the end of the month, NSF was around 97% invested in equities. During the month, NSF's key holdings in the Fertilizer sub-sector out-performed the market, which benefited the Fund. Moreover, during the beginning of the month NSF was under-weight in the Industrial Engineering sector that under-performed, thereby benefiting the Fund.

We are vigilant to the developments in the capital markets and will adjust the portfolio allocations of NSF accordingly.

Asset Allocation (% of NAV) 30-Sep-11 30-Aug-11

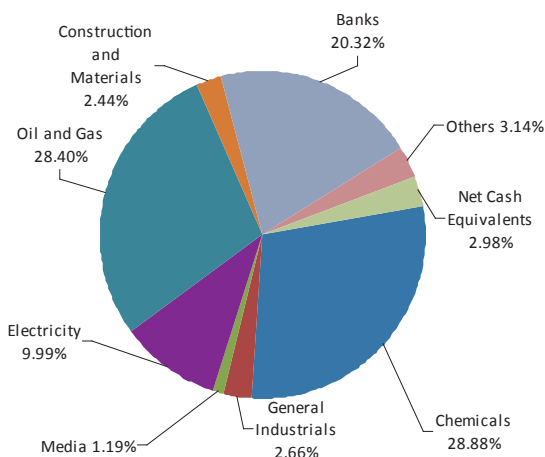
Asset Allocation (% of NAV)	30-Sep-11	30-Aug-11
Equities / Stock	97.02%	80.80%
Cash Equivalents	4.20%	12.15%
T-Bills	-	7.48%
Other Net (Liabilities)	-1.22%	-0.43%
Total	100.00%	100.00%
Leverage	Nil	Nil

Characteristics of Equity Portfolio**

	PER	PBV	DY
NSF	6.2	1.4	7.5%
KSE-30	7.0	3.2	7.2%

** Based on NAFA's estimates

Asset Allocation (as on 30th September 2011)



Top Ten Equity Holdings (as on 30th September 2011)

Name	% of NAV	Name	% of NAV
Fauji Fertilizer Co. Ltd.	12.36%	Pak Petroleum Ltd.	6.44%
Hub Power Co. Ltd.	9.06%	Fauji Fertilizer Bin Qasim	5.88%
Pakistan Oilfields Ltd.	9.03%	Oil & Gas Dev.Co	5.21%
Engro Corp. Limited	7.09%	Meezan Bank Ltd.	3.65%
MCB Bank Limited	6.85%	Fatima Fertilizer Co.	3.55%

Name of the Members of Investment Committee

Dr. Amjad Waheed, 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.