

NAFA Funds

Monthly Report (September 2012)



NAFA

NBP Fullerton
Asset Management Ltd.

A Subsidiary of
National Bank of Pakistan

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“September 2012”

FUND NAME	FUND SIZE (Rs. In million)	FUND LAUNCH DATE	STABILITY RATING / STAR RANKING *	SEPTEMBER 2012	LAST ONE YEAR	SINCE LAUNCH
NAFA Government Securities Liquid Fund ¹	13,609	16-May-09	AAA (f)	8.73%	10.49%	10.95%
NAFA Money Market Fund ¹	22,408	24-Feb-12	AA+ (f)	9.44%	n/a	10.90%
NAFA Savings Plus Fund ¹	1,204	21-Nov-09	AA- (f)	9.33%	10.68%	10.61%
NAFA Riba Free Savings Fund ¹	1,120	21-Aug-10	AA- (f)	9.21%	10.24%	10.57%
NAFA Financial Sector Income Fund ¹	3,359	28-Oct-11	A+ (f)	10.29%	n/a	12.19%
NAFA Asset Allocation Fund ²	636	21-Aug-10	n/a	-0.42%	21.38%	47.66%
NAFA Multi Asset Fund ²	666	22-Jan-07	★★★★ (4-star)	-0.16%	24.02%	85.35%
NAFA Islamic Multi Asset Fund ²	299	29-Oct-07	★★★★ (4-star)	-1.72%	22.05%	57.89%
NAFA Stock Fund ²	1,434	22-Jan-07	★★★★ (4-star)	0.37%	42.41%	59.38%

1 Annualized return

2 Cumulative return

n/a = Not applicable

* Stability rating for Fixed Income Funds and Star Ranking for Equity/Balanced Funds.

Funds' Rating Definitions:

AAA(f) : An exceptionally strong capacity to maintain relative stability in returns and possesses negligible exposure to risks.

AA(f) : A very strong capacity to maintain relative stability in returns and possesses very low exposure to risks.

A(f) : A strong capacity to maintain relative stability in returns and possesses low exposure to risks. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions.

4 - Star (★★★★) : Good Performance

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



Dr. Amjad Waheed, CFA
Chief Executive Officer

The economics risks facing Pakistan are on the rise emanating from unprecedented Government borrowing and depleting foreign exchange reserves. Government domestic borrowing has risen from Rs 230 billion in FY 2007 to Rs 1,815 billion in FY 2012 (see chart-1). Consequently, borrowing by the more productive private sector has declined from Rs 366 billion in FY 2007 to Rs 235 billion in FY 2012. Failure to improve the tax to GDP ratio and rationalization of government expenditures resulting in excessive government borrowing has serious implications for the economic and investment climate of the country.

Large foreign currency payments to IMF and others are due during this Fiscal year. Foreign exchange reserves have already depleted to US\$ 10 billion from around US\$ 15 billion in June 2011. Domestic debt servicing can be managed in the short run by further domestic borrowing, however, the same is not possible to make foreign debt payments. Consequently, further deterioration of the foreign exchange reserves is expected in the second half of this fiscal year. This may lead to increased risk of rupee devaluation and sovereign default, which has serious implications for the investment climate of the country. Being an election year, we do not expect from the present government to finalize a new package with IMF that can help stave off the existing foreign debt servicing burden. IMF has indicated that it will not be willing to finalize a package with an interim government as the new elected government may not take ownership of this package. Based on the above, inflation and interest rates are expected to rise significantly in the second half of this Fiscal Year.

Fixed Income investments include bank deposits, Treasury bills, Pakistan Investment Bonds, Fixed Income mutual funds, and National Savings Schemes. An investor is exposed to interest rate risks if he purchases fixed rate instrument of say 5-year maturity with return of 10% per annum and subsequently interest rates rise to 30% per annum. In this case, the investor is stuck with a lower profit rate. This can be described with an example where an investor of Defence Savings Certificate is told that on an investment of Rs 100 today, the Government will pay him or her Rs 297 after 10 years. The Government will pay the committed amount at the end of 10 years. However, if inflation rises considerably during this 10-year period, the investor will not be able to purchase even a cup of tea for the Rs 297 that he or she will receive at that time. Investors are advised to keep their fixed rate investments short-term, generally maturing within the next six months to mitigate inflation and interest rate risks. Money market mutual funds are feasible in this scenario as the average maturity of their investments cannot exceed 90 days as per the SECP Regulations. If investors are investing in TFCs / Sukuks, then floating rate instruments are preferable to fixed rate as the rate on these instruments are linked to the market interest rates (KIBOR) that generally reset every 6 months.

Equities are a good hedge against inflation in the long-term, as businesses generally increase the price of their products and services in line with inflation. Accordingly, their earnings also increase, which is reflected in their rising stock prices. However, in the short-run, equities respond negatively to rise in inflation and interest rates. Therefore, it is better to invest in equities via asset allocation funds where the fund manager has the flexibility to completely exit from equities if he or she expects a substantial rise in interest rates and inflation. NAFA Asset Allocation Fund is an example where the return on the Fund over the last two years is 48%, which is competitive compared with the stock market return of 57% during the same period. However, the risk (volatility) of the Fund at 6% is less than half than that of the stock market (14%) (see chart-2). Thus, the Fund has offered investors a good return with a low risk by a combination of superior stock selection and better market timing.

Chart -1: Private Sector & Government Borrowing Vs. Fiscal Deficit

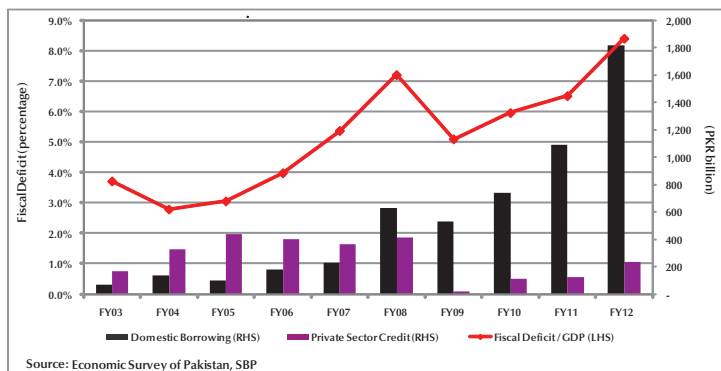
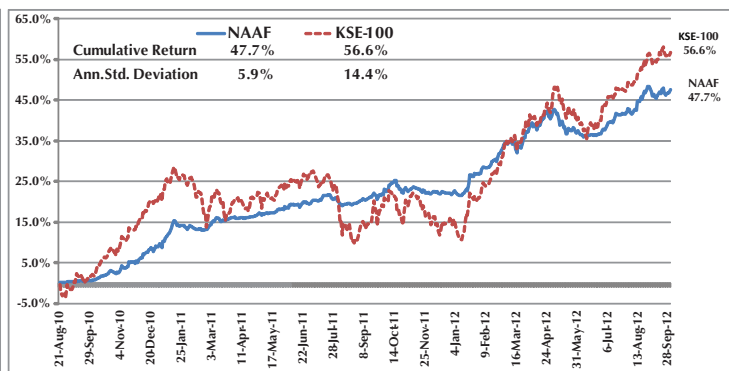


Chart-2: Relative Performance of NAFA Asset Allocation Fund (NAAF)



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September 2012

Stock Market Review

During the month of September the stock market swung between gains and losses amid country-wide protests, uncertainty on the NRO case, muted foreign investors' activity and healthy corporate earnings in the outgoing results season. Majority of the companies posted results that surpassed market expectations that buoyed investors' sentiments. The market seems consolidating close to the highest level seen in April 2008. Announcement of the upcoming national elections will be a positive trigger for the market. Moreover, any policy rate cut by the SBP in its forthcoming monetary policy announcement scheduled in the 1st week of October will help flow of fresh allocations in equities. As per our estimates the stocks in the KSE-30 Index are valued at 8.1x (6.7x without Unilever and Engro Foods) estimated earnings on average.

State Bank of Pakistan is scheduled to announce monetary policy in the 1st week of October wherein the market is expecting further monetary easing. Key factors for this monetary expectation are some let-up in the inflationary pressures during the undergoing fiscal year and improvement in current account situation. However, there are latent risks to the current account emanating from scheduled loan payments to IMF and continuation of subdued performance of financial account during FY13. This scenario is expected to put downward pressure on the FX reserve position and the exchange rate. In addition to this, we have not witnessed any pause in the incessant borrowing by the government to finance its yawning fiscal deficit, which is feeding inflationary expectations. Therefore, SBP's decision will be dictated by these two competing situations, present vs. the expected.

Oil and Gas, General Industries, Fixed Line Communication and Food Producers sectors paced the gains in the market. On the other hand, Chemicals, Banking and Media sectors lagged the market. Better than expected earnings and healthy payouts announcements by the key companies attracted investors' interest in the Oil and Gas sector. Positive developments on the International Clearing House (ICH) with significant earnings impact brought telecom companies in the lime light. Muted off-take numbers and downward price pressures kept investors from taking positions in the fertilizer sector. Banking sector depicted lackluster performance due to impact on their earnings following the policy rate cut by SBP without any adjustment in saving rate.

In our view, the market will take direction from upcoming results announcements, political climate, inflation and interest rate outlook and receipt of foreign flows.

Fixed Income Review

YoY headline inflation (CPI) for the month of August 2012 clock in at 9.05% which has created further room for SBP to consider discount rate cut. Following this market expectation we have witnessed declining trend in the six month paper as compared to the month of August and it touched its lowest level at 10.0% at the end of the month. During the month, SBP also conducted two T-Bill auctions, one PIB auction and one Ijarah Sukuk (XIII) auction. In the T-Bill auctions, MoF cumulatively accepted Rs 587 billion (realized amount) against the target of Rs 450 billion and maturity of Rs 426 billion. The cut-off yields of 3-month, 6-month and 1 year T-Bills declined by 18bps, 20bps and 23bps respectively. During the month of September, T-Bills auctions bid pattern continued to depict major participation in 6 months and one year tenors (longer duration), while considerably muted interest was observed in 3 months. In PIB auction, MoF accepted Rs. 38 billion (realized amount) against the target of Rs. 26 billion (initial target was Rs.30 billion, however due to non participation in more than 10 year duration bond, it was reduced to Rs.26 billion). Cut off yield of 10 year paper decreased by 45 bps to close at 11.6%. While in the Ijarah auction, MoF accepted Rs 47 billion against the target of Rs 45 billion. Inter-bank rates declined during the month with six month KIBOR decreased by 29 bps to close at 10.22%. Auction target for 2nd quarter FY 2013 from October to December 2012 for T-Bills and PIBs is Rs. 1,125 billion and of Rs. 90 billion respectively.

Trading activity of TFCs in the secondary market remained healthy during the month, with total traded value reported by MUFAP at Rs 977 mln. Banking sector bonds contribution in the total traded value of private sector bonds was around 47% during September, while remaining volume was in Chemicals and Telecom sector bonds.

NAFA Government Securities Liquid Fund remains the only 'AAA(f)' rated money market fund in Pakistan greater than Rs 10 billion in size. The last four funds in fixed income category launched by NAFA, namely NAFA Savings Plus Fund, NAFA Riba Free Savings Fund, NAFA Financial Sector Income Fund and NAFA Money Market Fund are all performing well posting healthy returns since their inception. The long run returns of these funds will remain attractive considering their very low credit risk profile and investment in securities and instruments with limited exposure to interest rate risk.



MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (29/09/2012): Rs. 10.0542

September 2012

Performance

Performance % *	September 2012	FYTD Jul 12 - Sep 12	Trailing 12 Months (Oct 11 to Sep 12)	Since Launch May 16, 2009
NAFA Government Securities Liquid Fund	8.73%	10.41%	10.49%	10.95%
Benchmark	9.33%	9.92%	10.36%	10.91%

* Represent Annualized Return - (based on morning star formula)
(Fund's returns are net of management fee & all other expenses)

General Information

Launch Date: May 16, 2009
Fund Size: Rs. 13,609 million
Type: Open-end – Money Market Fund
Dealing Days: Daily – Monday to Saturday
Dealing Time: (Mon - Thr) 9:00 A.M to 5:00 P.M
(Friday) 9:00 A.M to 5:30 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: KPMG Taseer Hadi & Co.
Chartered Accountants
Benchmark: 70% 3-Month T-Bills & 30% average 3-Month deposit rates (AA & above rated banks)
Fund Manager: Muhammad Ali Bhabha, CFA, FRM
Minimum Subscription: 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.

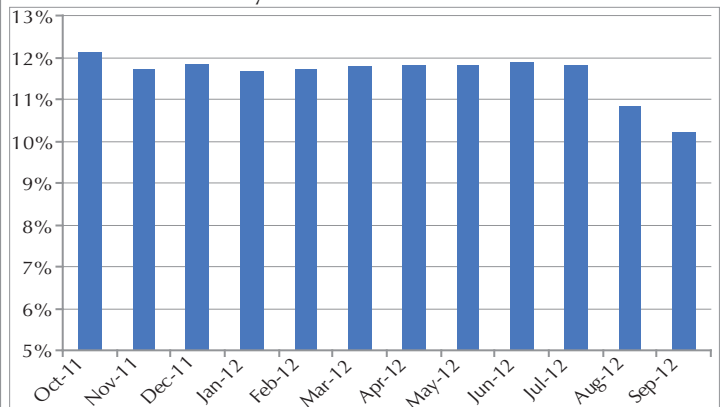
Fund Manager Commentary

The Fund earned an annualized return of 8.73% during September 2012 against the benchmark return of 9.33%. The return for the first quarter of FY 2012-13 is 10.41% against the benchmark return of 9.92%. The performance of the Fund is net of management fees and all other expenses.

NGSLF's stability rating is 'AAA (f)' awarded by PACRA. The rating reflects exceptionally strong credit and liquidity profile of the Fund. Last 365 days' average daily allocation in short-term Government Securities was 89.53%. The allocation at month end is 85.68%. The investment value of NGSLF has not declined on any day since its launch in May 2009. Weighted average time to maturity of the Fund is 45 days. Placements with AA and above banks/DFIs were increased to 9.81% from 2.97% during the month.

The lower trend in return by the Fund is due to decrease in the yields on the T-bills. In the two T-Bill auctions of September, MoF cumulatively accepted around Rs. 587 billion in realized value against the target of Rs. 450 billion. The cut-off annualized yields for the last T-Bill auction were noted at 10.23%, 10.24% and 10.26% for the 3-month, 6-month and 1 year tenors, respectively. SBP has announced auction target of T-Bill for 2nd quarter from October 12 to December 12 of Rs. 1,125 billion.

Last 12 months monthly average of secondary market yields of 3 month T-Bills

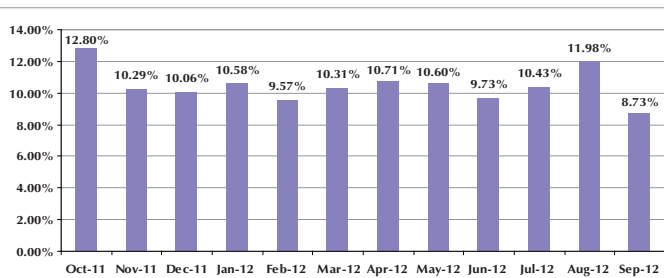


Asset Allocation (% of Total Assets) 29-Sep-12 31-Aug-12

Asset Allocation	29-Sep-12	31-Aug-12
T-Bills (Including Reverse Repo via Master Repurchase Agreement)	85.68%	93.67%
Placements with Banks	7.27%	-
Placements with DFIs (AA+ & above rated)	2.54%	2.97%
Cash Equivalents	4.33%	3.22%
Other including receivables	0.18%	0.14%
Total	100.00%	100.00%

Leverage Nil Nil

Monthly Annualized Returns of NGSLF for last 12 months



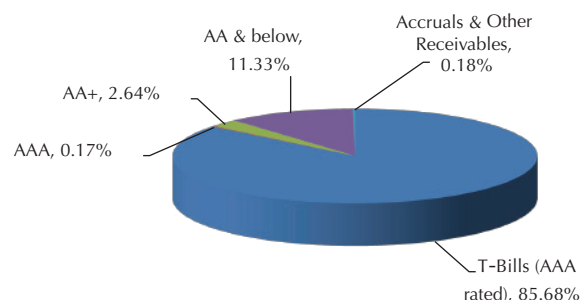
WORKERS' WELFARE FUND (WWF)

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs. 70,258,772/-. If the same were not made the NAV per unit/ last one year return of scheme would be higher by Rs. 0.0519/0.57%. For details investors are advised to read note 5 of the Financial Statements of the Scheme for the period ended March 31, 2012 .

Name of the Members of Investment Committee

- Dr. Amjad Waheed, CFA
- Sajjad Anwar, CFA
- Muhammad Ali Bhabha, CFA, FRM
- Tanvir Abid, CFA, FRM

Credit Quality of the Portfolio as of September 29, 2012 (% of Total Assets)



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MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (29/09/2012): Rs. 10.0361

September 2012

Performance

Performance % *	September 2012	FYTD Jul 12 - Sep 12	Since Launch February 24, 2012
NAFA Money Market Fund	9.44%	11.30%	10.90%
Benchmark	7.04%	7.35%	7.35%

* Represent Annualized Return - (based on morning star formula)
(Fund's returns are net of management fee & all other expenses)

General Information

Launch Date:	February 24, 2012
Fund Size:	Rs. 22,408 million
Type:	Open-end – Money Market Fund
Dealing Days:	Daily – Monday to Saturday
Dealing Time:	(Mon - Thr) 9:00 A.M to 5:00 P.M (Friday) 9:00 A.M to 5:30 P.M (Saturday) 9:00 A.M to 1:00 P.M
Settlement:	2-3 business days
Pricing Mechanism	Forward Pricing
Load:	Front end: 0.5% (w.e.f October 15, 2012) (Nil on investment above Rs. 5 million), Back end: 0% 1.00% per annum (W.E.F 16th August 2012).
Management Fee:	
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:	3-Month deposit rates (AA & above rated banks)
Fund Manager:	Salman Ahmed
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-
Asset Manager Rating:	AM2 by PACRA

Investment Objective

To provide stable income stream with preservation of capital by investing in AA and above rated banks and money market instruments.

Fund Manager Commentary

The Fund earned an annualized return of 9.44% during September 2012 against the benchmark return of 7.04%, thus registering an out-performance of 2.4% p.a. Since the launch of Fund in February 2012, it has earned an annualized return of 10.90%, thus outperforming its benchmark by 3.55% p.a. This out-performance is net of management fee and all other expenses.

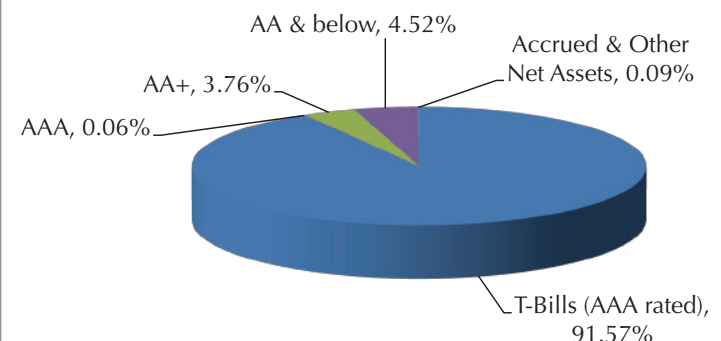
Being a money market scheme, the investment guidelines of the Fund are very restrictive. The authorized investments of the Fund include T-Bills, Bank Deposits and Money Market instruments. Minimum rating is AA, while the Fund is not allowed to invest in any security exceeding six month maturity. The weighted average time to maturity of the Fund cannot exceed 90 days. The Fund is rated AA+(f) by PACRA which denotes a very strong capacity to maintain relative stability in returns and possesses very low exposure to risks.

The allocation of the Fund in AAA rated T-Bills is around 91.57% at month-end. The weighted average time to maturity of the Fund is 83 days.

In the T-Bill auctions during CY 2012, MoF cumulatively accepted around Rs. 3,294 billion in realized value against the target of Rs. 3,070 billion and maturities of Rs. 2,957 billion. The cut-off annualized yield for the last T-Bill auction was noted at 10.23%, 10.24% and 10.26% for the 3-month, 6-month and 1-year tenors, respectively.

We are monitoring the developments in capital market conditions and associated expectations and will proactively rebalance the Portfolio.

Credit Quality of the Portfolio as of September 29, 2012 (% of Total Assets)



Asset Allocation (% of Total Assets) 29-Sep-12 31-Aug-12

Asset Allocation	29-Sep-12	31-Aug-12
T-Bills	91.57%	93.80%
Placements with Banks	2.21%	-
Placements with DFIs	2.21%	2.29%
Money Market Placements	1.55%	1.85%
Cash Equivalents	2.37%	2.00%
Others including receivables	0.09%	0.06%
Total	100.00%	100.00%
Leverage	Nil	Nil

WORKERS' WELFARE FUND (WWF)

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs. 19,026,535/-. If the same were not made the NAV per unit/ since inception annualized return of scheme would be higher by Rs. 0.0085/0.16%. For details investors are advised to read note 7 of the Financial Statements of the Scheme for the period ended March 31, 2012.

Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA
Sajjad Anwar, CFA
Muhammad Ali Bhabha, CFA, FRM
Tanvir Abid, CFA, FRM
Salman Ahmed

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MONTHLY REPORT (MUFAP's Recommended Format)

Unit Price (29/09/2012): Rs. 10.0402

September 2012

Performance

Performance % *	September 2012	FYTD Jul 12 - Sep 12	Trailing 12 Months Oct 11 - Sep 12	Since Launch November 21, 2009
NAFA Savings Plus Fund	9.33%	10.20%	10.68%	10.61%
Benchmark	7.86%	8.09%	8.26%	8.30%

* Represent Annualized Return - (based on morning star formula)
(Fund's returns are net of management fee & all other expenses)

General Information

Launch Date:	November 21, 2009
Fund Size:	Rs. 1,204 million
Type:	Open-end – Income fund
Dealing Days:	Daily – Monday to Saturday
Dealing Time:	(Mon - Thr) 9:00 A.M to 5:00 P.M (Friday) 9:00 A.M to 5:30 P.M (Saturday) 9:00 A.M to 1:00 P.M
Settlement:	2-3 business days
Pricing Mechanism:	Forward Pricing
Load:	Front end: 0.5% (w.e.f October 15, 2012) (Nil on investment above Rs. 5 million), Back end: 0%
Management Fee:	1.50% per annum (w.e.f March 11, 2012)
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:	Muhammad Ali Bhabha, CFA, FRM
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 9.33% during the month versus the benchmark return of 7.86%, thus depicting an out-performance of 1.47% p.a. CYTD return of the Fund is 10.37% p.a. against benchmark return of 8.23% p.a., hence an out-performance of 2.14%. Since its inception the out-performance of the Fund against its benchmark is 2.31% p.a. This out-performance is net of management fee and all other expenses.

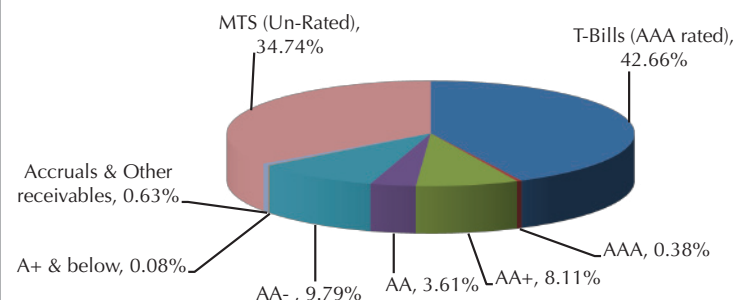
NSPF is one of the highest rated income funds in the market. It cannot invest in any avenue which has more than six months maturity nor can it invest in debt securities and Equities. Moreover, it cannot invest in money market instruments below credit rating of 'AA-'. The investment value of the Fund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

The portfolio of NSPF is fairly diversified among Treasury bills, COIs, Money market placements, MTS and bank deposits etc. The allocation in T-Bills is around 42.66%, placements with DFIs/Banks is around 8.23%, MTS is around 34.74% and allocation in Money Market Placements issued by AA+ rated entities is around 7.74% with asset class maturities at 64 days, 76 days, 60 days and 137 days respectively. The weighted average maturity of the entire Fund is around 66 days.

Our internal guidelines permit MTS 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.

We are monitoring the developments in capital market conditions and associated expectations and will proactively alter the Fund's allocation.

Credit Quality of the Portfolio as of September 29, 2012 (% of Total Assets)

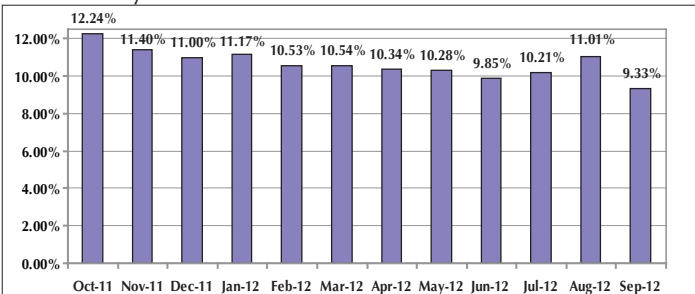


Asset Allocation (% of Total Assets) 29-Sep-12 31-Aug-12

Asset Allocation (% of Total Assets)	29-Sep-12	31-Aug-12
T-Bills	42.66%	35.47%
Money Market Placements	7.74%	8.47%
Placements with DFIs	8.23%	8.85%
Placements with Banks	0.00%	4.02%
Margin Trading System (MTS)	34.74%	38.16%
Cash Equivalents	6.00%	4.26%
Other including receivables	0.63%	0.77%
Total	100.00%	100.00%

Leverage Nil Nil

Monthly Annualized Returns of NSPF for last 12 months



WORKERS' WELFARE FUND (WWF)

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs. 4,425,596/-. If the same were not made the NAV per unit/ last one year return of scheme would be higher by Rs. 0.0369/0.41%. For details investors are advised to read note 6 of the Financial Statements of the Scheme for the period ended March 31, 2012.

Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA
Sajjad Anwar, CFA
Muhammad Ali Bhabha, CFA, FRM
Tanvir Abid, CFA, FRM

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MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (29/09/2012): Rs. 10.0747

September 2012

Performance

Performance % *	September 2012	FYTD Jul 12 - Sep 12	Trailing 12 Months Oct 11 to Sep 12	Since Launch August 21, 2010
NAFA Riba Free Savings Fund	9.21%	10.02%	10.24%	10.57%
Benchmark	8.06%	8.14%	8.25%	8.27%

* Represent Annualized Return - (based on morning star formula)
(Fund's returns are net of management fee & all other expenses)

General Information

Launch Date: August 21, 2010
Fund Size: Rs. 1,120 million
Type: Open-end – Shariah Compliant Income Fund
Dealing Days: Daily – Monday to Saturday
Dealing Time: (Mon - Thr) 9:00 A.M to 5:00 P.M
(Friday) 9:00 A.M to 5:30 P.M
(Saturday) 9:00 A.M to 1:00 P.M
Settlement: 2-3 business days
Pricing Mechanism: Forward Pricing
Load: Front end: 0.5% (w.e.f October 15, 2012)
(Nil on investment above Rs. 5 million),
Back end: 0%
Management Fee: 1.25% per annum (w.e.f March 11, 2012)
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 of A- and above rated Islamic Banks
Fund Manager: Salman Ahmed
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 Fund generated an annualized return of 9.21% for the month of September 2012 thus out-performing its benchmark by 1.15%. During last one year the Fund has out-performed its benchmark by 1.99% by earning an annualized return of 10.24%. This outperformance is net of management fee and all other expenses.

The Fund aims 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 debt securities and the stock market. The Fund can invest in short-term Shariah compliant money market securities of up to six months maturity rated AA- or better. With stability rating of AA-(f) awarded by PACRA, the Fund is amongst the highest rated Islamic Income Funds in the market.

The allocation of the Fund is fairly diversified with significant exposure of around 48.05% in GoP Ijarah sukus, which are floating rate instruments with 6-months coupon re-setting. The SBP has accepted an amount of Rs. 47 billion against the target of Rs. 45 billion in GOP Ijarah Sukuk auction on September 11, 2012. This asset class has become very popular and is now a reliable source of funding for the Government. The outstanding stock of GOP Ijarah Sukuk has increased to Rs 416 billions compared with Rs 225 billions a year ago. Around 11.8% of the Fund size is invested in "AA+" rated Shariah compliant money market instruments and 38% in bank deposits. This allocation reduces the credit risk and enhances the liquidity profile of the Fund.

The average duration of the Fund is 57 days and the weighted average time to maturity of the Fund is 1.03 years.

Asset Allocation (% of Total Assets)	29-Sep-12	31-Aug-12
GOP Ijarah Sukuk - Govt. Backed	48.05%	51.03%
Islamic Money Market Placements	11.80%	17.43%
Cash Equivalents	38.02%	28.76%
Other including receivables	2.13%	2.78%
Total	100.00%	100.00%
Leverage	Nil	Nil

Top Holdings (as at September 29, 2012)

Name of Sukuks	% of Total Assets
GOP Ijarah (Sukuk IX)	15.27%
HUBCO Short Term Islamic Sukuk II	9.76%
GOP Ijarah (Sukuk VIII)	8.89%
GOP Ijarah (Sukuk V)	7.55%
GOP Ijarah (Sukuk XII)	4.45%
GOP Ijarah (Sukuk XIII)	4.17%
GOP Ijarah (Sukuk X)	3.55%
HUBCO Short Term Islamic Sukuk I	2.04%
GOP Ijarah (Sukuk XI)	1.87%
GOP Ijarah (Sukuk VI)	1.60%
Total	59.15%

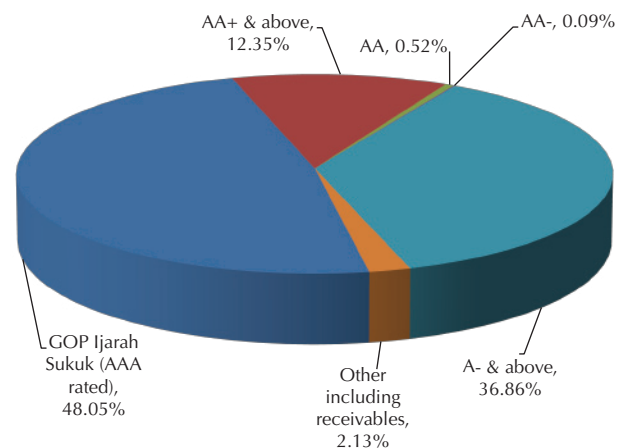
WORKERS' WELFARE FUND (WWF)

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs. 2,326,090/-. If the same were not made the NAV per unit/ last one year return of scheme would be higher by Rs. 0.0209/0.23%. For details investors are advised to read note 5 of the Financial Statements of the Scheme for the period ended March 31, 2012 .

Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA
Sajjad Anwar, CFA
Muhammad Ali Bhabha, CFA, FRM
Tanvir Abid, CFA, FRM
Salman Ahmed

Credit Quality of the Portfolio as of September 29, 2012 (% of Total Assets)



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Performance

Performance % *	September 2012	FYTD Jul 12 - Sep 12	Jan. - Sep. 2012	Since Launch October 28, 2011
NAFA Financial Sector Income Fund	10.29%	10.91%	11.99%	12.19%
Benchmark	9.48%	10.09%	10.53%	10.58%

* Represent Annualized Return - (based on morning star formula)
(Fund's returns are net of management fee & all other expenses)

General Information

Launch Date:	October 28, 2011
Fund Size:	Rs. 3,359 Million
Type:	Open-end – Income Fund
Dealing Days:	Daily – Monday to Saturday
Dealing Time:	(Mon - Thr) 9:00 A.M to 5:00 P.M (Friday) 9:00 A.M to 5:30 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% (Nil on investment above Rs. 5 million), 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:	70% 6-Month KIBOR & 30% average 3-Month deposit rates (A & above rated banks)
Fund Manager:	Salman Ahmed
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-
Asset Manager Rating:	AM2 by PACRA

Investment Objective

To provide income enhancement and preservation of capital by investing in prime quality Financial Sector TFCs/Sukuku, Bank deposits and short-term money market instruments.

Fund Manager Commentary

The Fund generated an annualized return of 10.29% for the month of September 2012 versus the benchmark return of 9.48%, thus an out-performance of 0.81%. Since its launch the Fund offered an annualized return of 12.19% against benchmark return of 10.58%, hence an out-performance of 1.61%. This outperformance is net of management fee and all other expenses.

The Fund is unique as it invests a minimum of 70% of its assets in financial sector debt securities, instruments or deposits. Minimum entity rating of issuers of debt securities (mainly banks) is AA-. This minimizes credit risk and at the same time enhances the liquidity of the Fund. Duration of the Fund cannot be more than one year. This minimizes interest rate or pricing risk. The Fund invests 25% of its assets in less than 90 days T-Bills or saving accounts with banks, which further enhances the liquidity profile of the Fund.

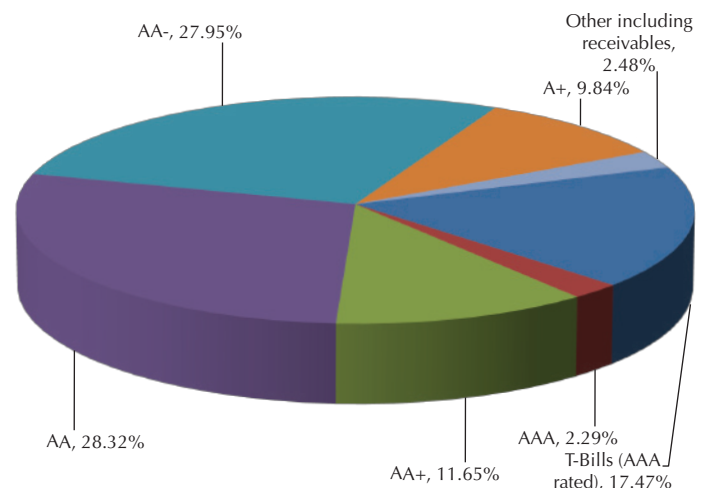
The Fund Size increased by around 1.39% during the month. Exposure in TFCs was 55.95% at the end of the month while, exposure to Government Securities was around 17.47%.

The weighted average time-to-maturity and yield-to-maturity of the Fund is 2.55 years and 10.78% p.a. respectively, while that of the TFC portfolio is 4.43 years and 11.58% p.a. The weighted average credit quality of the Fund is AA.

Asset Allocation (% of Total Assets) 29-Sep-12 31-Aug-12

	29-Sep-12	31-Aug-12
T-Bills	17.47%	28.42%
TFCs	55.95%	55.28%
Money Market Placements	4.08%	3.00%
Placement with DFIs	7.39%	-
Cash Equivalents	12.63%	9.86%
Other including receivables	2.48%	3.44%
Total	100.00%	100.00%
Leverage	Nil	Nil

Credit Quality of the Portfolio as of September 29, 2012 (% of Total Assets)



Top 10 TFC (Including Short Term Sukuk) (as at September 29, 2012)

Name of TFC / Short Term Sukuk	% of Total Assets
United Bank Limited IV	13.14%
Bank Alfalah Limited IV - FT	10.95%
Faysal Bank Limited III	8.84%
NIB Bank Limited	8.07%
HUBCO Short Term Islamic Sukuk	4.08%
Askari Bank Limited III	3.52%
Jahangir Siddiqui & Company Limited V	2.01%
Allied Bank Limited II	1.92%
Bank Alfalah Limited IV - FX	1.82%
Soneri Bank Limited	1.76%
Total	56.11%

WORKERS' WELFARE FUND (WWF)

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs. 4,363,623/-. If the same were not made the NAV per unit/ since inception annualized return of scheme would be higher by Rs. 0.0135/0.16%. For details investors are advised to read note 7 of the Financial Statements of the Scheme for the period ended March 31, 2012.

Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA
Sajjad Anwar, CFA
Muhammad Ali Bhabha, CFA, FRM
Tanvir Abid, CFA, FRM
Salman Ahmed

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MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (28/09/2012): Rs.11.1674

September 2012

Performance				
Performance %	September 2012	Jul. 2012 - Sep. 2012	Trailing 12 Months Oct 2011 - Sep 2012	Since Launch August 21, 2010
NAFA Asset Allocation Fund *	(0.42%)	8.05%	21.38%	47.66%
Benchmark	(0.07%)	4.52%	12.35%	26.71%

* Fund's Cumulative returns are net of management fee & all other expenses

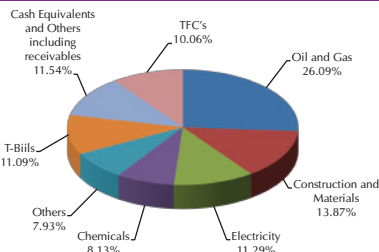
General Information		Investment Objective
Launch Date:	August 21, 2010	To generate income by investing in Debt & Money Market securities and to generate capital appreciation by investing in equity and equity related securities.
Fund Size:	Rs.636 million	
Type:	Open-end – Asset Allocation Fund	Fund Manager's Commentary
Dealing Days:	Daily – Monday to Friday (Mon-Thr) 9:00 A.M to 5:00 P.M (Friday) 9:00 A.M to 5:30 P.M	
Dealing Time:	2-3 business days	During the month under review, NAFA Asset Allocation Fund's (NAAF) Net Asset Value (NAV) decreased by 0.42% while the benchmark decreased by 0.07%. Thus your Fund under-performed the benchmark by 0.35%. Since inception on August 21, 2010 the Fund has increased by 47.66%, while the Benchmark has increased by 26.71%. Thus, to-date the out-performance of your Fund stands at 20.95%.
Settlement:	Forward Pricing	The market depicted an overall flat trend. During the month, the Fund's allocation in the stock market was decreased and at the end of September, NAAF was around 67% invested in equities. The Fund has sizeable overweight positions in key Oil & Gas and Electricity sector and Fertilizer and Cement sub-sector stocks that performed better than the market thereby benefiting the Fund. On the other hand, the drag on the Fund performance was over-weight position in key banking sector stock and under-weight position in Food Producers sector. During the month, the Fund's allocation was enhanced in Electricity, Fixed Line Telecommunication and Industrial Engineering sectors. Moreover, the Fund's allocation in Banks sector and Fertilizer and Cement sub-sector was significantly reduced.
Pricing Mechanism:	Front end – 2%, Back end - 0%	
Load:	2% per annum	
Management Fee:	Moderate	
Risk Profile:	Lahore Stock Exchange	
Listing:	Central Depository Company (CDC)	
Custodian & Trustee:	A. F. Ferguson & Co.	
Auditors:	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/-	
Asset Manager Rating:	Income Unit: Rs. 100,000/- AM2 by PACRA	

Asset Allocation (% of Total Assets)	28-Sep-12	31-Aug-12
Equities / Stocks	67.31%	72.39%
TFCs	10.06%	10.90%
Cash Equivalents	9.37%	8.64%
Money Market Placements (Short Term Sukuk)	-	6.12%
T-Bills	11.09%	-
Others including receivables	2.17%	1.95%
Total	100.00%	100.00%
Leverage	Nil	Nil

Characteristics of Equity Portfolio**			
	PER	PBV	DY
NAAF	6.5	2.4	8.8%
KSE-30	8.1	3.8	7.7%

** Based on NAFA's estimates

Asset Allocation (% of Total Assets)(as on 28th September, 2012)

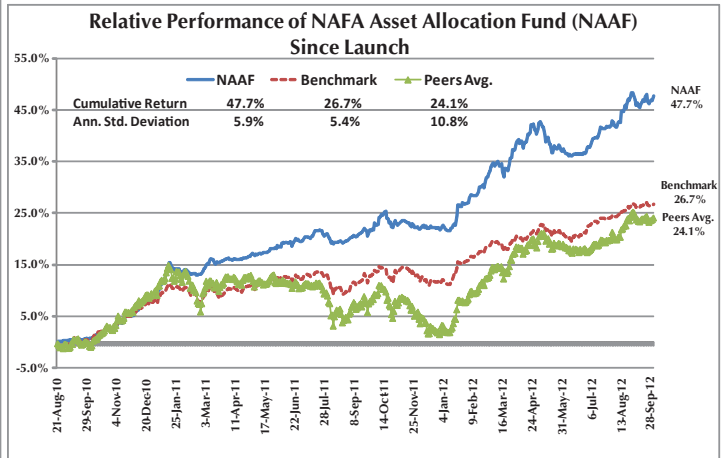


WORKERS' WELFARE FUND (WWF)

The scheme has maintained provision against Workers' Welfare Fund's liability to the tune of Rs 2,782,600/- if the same were not made the NAV per unit/ last one year return of scheme would be higher by Rs 0.0489/0.53%. For details investors are advised to read the Note 6 of the Financial Statements of the Scheme for the period ended March 31, 2012.

Name of the Members of Investment Committee

- Dr. Amjad Waheed, CFA
- Sajjad Anwar, CFA
- Tanvir Abid, CFA, FRM
- Muhammad Ali Bhabha, CFA, FRM
- Hussain Yasar



Top Ten Holdings (as on 28th September, 2012)

Name	Asset Class	% of Total Assets
Pakistan Oilfields Ltd	Equity	9.06%
Hub Power Company Ltd	Equity	8.27%
Pakistan Petroleum Ltd	Equity	8.08%
Oil & Gas Dev.Co Ltd	Equity	6.43%
Lucky Cement Ltd	Equity	5.79%
Attock Cement Pakistan Ltd	Equity	4.46%
Engro Corporation Ltd	Equity	4.04%
Allied Bank Ltd I	TFC	3.92%
D. G. Khan Cement Co Ltd	Equity	3.62%
Fauji Fertilizer Co Ltd	Equity	3.30%
Total		56.97%

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MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (28/09/2012): Rs.11.2875

September 2012

Performance				
Performance %	September 2012	Jul. 2012- Sep. 2012	Trailing 12 Months Oct 2011 - Sep 2012	Since Launch January 22, 2007
NAFA Multi Asset Fund *	(0.16%)	8.52%	24.02%	85.35%
Benchmark	(0.38%)	5.94%	14.69%	42.10%

* Fund's Cumulative returns are net of management fee & all other expenses

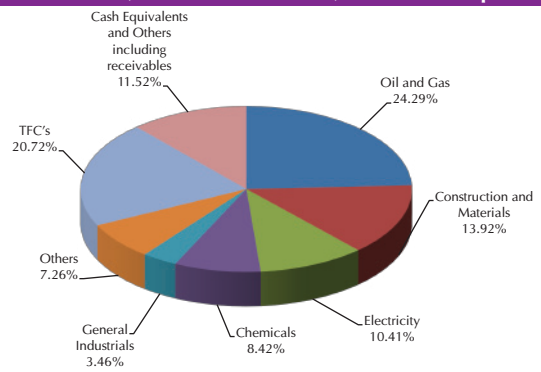
General Information		Investment Objective
Launch Date:	January 22, 2007	To provide investors with a combination of capital growth and income. NMF aims to achieve attractive returns at moderate levels of risk by investing in a variety of asset classes such as stocks, bonds, money market instruments, CFS etc.
Fund Size:	Rs 666 million	
Type:	Open-end – Balanced Fund	Fund Manager's Commentary During the month under review, NAFA Multi Asset Fund's (NMF) Net Asset Value (NAV) decreased by 0.16% while the benchmark decreased by 0.38%. Thus your Fund out-performed the benchmark by 0.22%. Since inception on January 22, 2007 your Fund has increased by 85.35%, while the benchmark has increased by 42.10%. Thus, to-date the out-performance of your Fund stands at 43.25%. 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. The market depicted an overall flat trend. NMF out-performed on the back of better than market performance of its key holdings in the Construction & Materials, Oil & Gas and Fixed Line Telecommunication sectors. The Fund also benefited from improved TFC prices. During the month, NMF's weightage in the Oil & Gas and Telecom sectors was increased. On the other hand, the allocation in the Construction & Materials sector was decreased. At the end of the month, NMF was around 68% invested in equities.
Dealing Days:	Daily – Monday to Friday (Mon-Thr) 9:00 A.M to 5:00 P.M (Friday) 9:00 A.M to 5:30 P.M	
Dealing Time:	2-3 business days	
Settlement:	Forward Pricing	
Pricing Mechanism:	Front end – 3%, Back end - 0%	
Load:	2% per annum (Effective Jan 22,2012)	
Management Fee:	Moderate	
Risk Profile:	Lahore Stock Exchange	
Listing:	Central Depository Company (CDC)	
Custodian & Trustee:	M. Yousuf Adil Saleem & Co.	
Auditors:	Chartered Accountants	
Benchmark:	50% KSE-30 Index & 50% 3-month KIBOR	
Fund Manager:	Sajjad Anwar, CFA	
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-	
Asset Manager Rating:	AM2 by PACRA	

Asset Allocation (% of Total Assets)	28-Sep-12	31-Aug-12
Equities / Stocks	67.76%	67.51%
TFCs / Sukuks	20.72%	21.86%
Cash Equivalents	8.80%	7.70%
Others including receivables	2.72%	2.93%
Total	100.00%	100.00%
Leverage	Nil	Nil

Characteristics of Equity Portfolio**			
	PER	PBV	DY
NMF	6.4	2.3	8.6%
KSE-30	8.1	3.8	7.7%

** Based on NAFA's estimates

Asset Allocation (% of Total Assets)(as on 28th September, 2012)



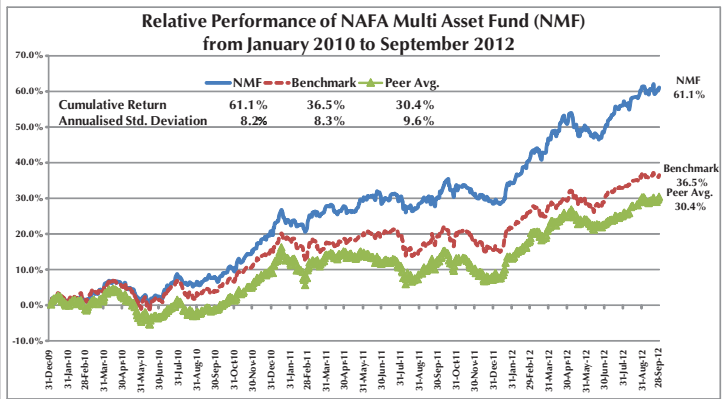
Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA
Sajjad Anwar, CFA
Tanvir Abid, CFA, FRM
Muhammad Ali Bhabha, CFA, FRM

WORKERS' WELFARE FUND (WWF)

The scheme has maintained provision against Workers' Welfare Fund's liability to the tune of Rs 6,563,780/-If the same were not made the NAV per unit/ last one year return of scheme would be higher by Rs 0.1112/1.22%.For details investors are advised to read the Note 9 of the Financial Statements of the Scheme for the period ended March 31, 2012.

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Top Ten Holdings (as on 28th September, 2012)

Name	Asset Class	% of Total Assets	Name	Asset Class	% of Total Assets
Pakistan Oilfields Ltd	Equity	9.72%	Lucky Cement Ltd	Equity	4.86%
Pakistan Petroleum Ltd	Equity	9.39%	D. G. Khan Cement Co Ltd	Equity	4.68%
Hub Power Company Ltd	Equity	9.20%	Engro Corporation Limited	Equity	4.38%
Oil & Gas Dev.Co	Equity	5.10%	Cherat Cement Co Ltd	Equity	4.37%
Maple Leaf Cement I	Sukuk	5.06%	Fauji Fertilizer Co Ltd	Equity	4.03%

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
Eden Housing (Sukuk II)	SUKUK	26,718,750	9,314,450	17,404,300	2.61%	2.56%	56.35%
Maple Leaf Cement (Sukuk I)	SUKUK	86,041,065	51,624,639	34,416,426	5.16%	5.06%	57.67%
Pak Elektron Limited (Sukuk)	SUKUK	17,142,857	7,429,029	9,713,828	1.46%	1.43%	11.75%
Saudi Pak Leasing	TFC	32,551,770	11,074,893	21,476,877	3.22%	3.15%	19.87%
Maple Leaf Cement (Sukuk II)	SUKUK	2,578,333	2,578,333	-	-	-	-
New Allied Electronics (Sukuk I)	SUKUK	10,000,000	10,000,000	-	-	-	-
Total		175,032,775	92,021,344	83,011,431	12.45%	12.20%	



MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (28/09/2012): Rs.11.1130

September 2012

Performance

Performance %	September 2012	Jul. 2012-Sep. 2012	Trailing 12 Months Oct 2011 - Sep 2012	Since Launch October 29, 2007
NAFA Islamic Multi Asset Fund*	(1.72%)	7.79%	22.05%	57.89%
Benchmark	0.70%	8.49%	18.65%	NA**

* Fund's Cumulative returns are net of management fee & all other expenses

** KMI-30 Index was launched from September 2008

General Information

Launch Date:	October 29, 2007
Fund Size:	Rs. 299 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 by PACRA

Investment Objective

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

Fund Manager's Commentary

During the month under review, Net Asset Value (NAV) of NAFA Islamic Multi Asset Fund (NIMF) decreased by 1.72%, whereas the benchmark increased by 0.70%, thus your Fund under-performed the benchmark by 2.42%. The management fee of the Fund will reduce to 2% p.a. with effect from October 29, 2012.

NIMF is a Balanced Fund and market weight implies 50% weight in equities and 50% in fixed income asset class. The market depicted an overall flat trend. NIMF's under-performance resulted from the lagged performance of its key holdings in the Construction & Materials, Chemicals, General Industrials and Industrial Engineering sectors. During the month the weightage of the Electricity and Oil & Gas sectors was increased. On the other hand, the allocation of NIMF in the Fertilizer sub-sector was reduced. At the end of the month NIMF was around 68% invested in equities.

Asset Allocation (% of Total Assets) 28-Sep-12 31-Aug-12

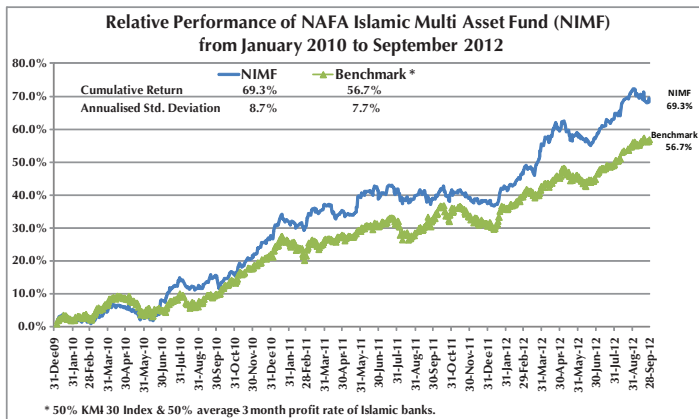
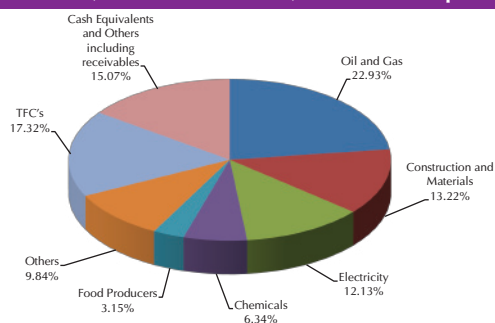
Asset Allocation (% of Total Assets)	28-Sep-12	31-Aug-12
Equities / Stocks	67.61%	67.28%
Sukuks	17.32%	20.03%
Cash Equivalents	10.41%	7.61%
Others including receivables	4.66%	5.08%
Total	100.00%	100.00%
Leverage	Nil	Nil

Characteristics of Equity Portfolio***

	PER	PBV	DY
NIMF	7.2	3.6	9.1%
KMI-30	8.3	4.8	8.8%

*** Based on NAFA's estimates

Asset Allocation (% of Total Assets) (as on 28th September, 2012)



Top Ten Holdings (as on 28th September, 2012)

Name	Asset Class	% of Total Assets	Name	Asset Class	% of Total Assets
Hub Power Company Ltd	Equity	12.13%	Lucky Cement Ltd	Equity	5.26%
Pakistan Oilfields Ltd	Equity	11.54%	Pak Elektron Ltd	Sukuk	3.98%
Pakistan Petroleum Ltd	Equity	7.90%	Oil & Gas Dev.Co Ltd	Equity	3.48%
D. G. Khan Cement Co Ltd	Equity	6.72%	Sitara Chemical Ind Ltd	Equity	3.38%
Maple Leaf Cement I	Sukuk	6.39%	Kohat Cement Ltd	Sukuk	3.28%

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
Kohat Cement Limited (Sukuk)****	SUKUK	13,320,562	3,330,141	9,990,421	3.35%	3.28%	10.53%
Eden Housing (Sukuk II)	SUKUK	13,359,375	4,657,225	8,702,150	2.92%	2.86%	56.35%
Maple Leaf Cement (Sukuk I)	SUKUK	48,643,750	29,186,250	19,457,500	6.52%	6.39%	57.67%
Pak Elektron Limited (Sukuk)	SUKUK	21,428,571	9,286,286	12,142,285	4.07%	3.98%	11.75%
Maple Leaf Cement (Sukuk II)	SUKUK	1,458,333	1,458,333	-	-	-	-
Total		98,210,591	47,918,235	50,292,356	16.86%	16.51%	

****Book Value, performing but below A- (A minus)

Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA
Sajjad Anwar, CFA
Tanvir Abid, CFA, FRM
Muhammad Ali Bhabha, CFA, FRM

WORKERS' WELFARE FUND (WWF)

The scheme has maintained provision against Workers' Welfare Fund's liability to the tune of Rs 3,079,868/-If the same were not made the NAV per unit/ last one year return of scheme would be higher by Rs 0.1147/1.26%.For details investors are advised to read the Note 8 of the Financial Statements of the Scheme for the period ended March 31, 2012.

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Performance

Performance %	September 2012	Jul. 2012- Sep. 2012	Trailing 12 Months Oct 2011 - Sep 2012	Since Launch January 22, 2007
NAFA Stock Fund *	0.37%	15.45%	42.41%	59.38%
Benchmark	(1.52%)	9.29%	17.02%	(2.71%)

* Fund's Cumulative returns are net of management fee & all other expenses

General Information

Launch Date:	January 22, 2007
Fund Size:	Rs. 1,434 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:	2% per annum (Effective Jan 22,2012)
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 by PACRA

Investment Objective

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

Fund Manager's Commentary

During the month under review, the benchmark decreased by 1.52% whereas NAFA Stock Fund's (NSF) Net Asset Value (NAV) increased by 0.37%, thus an out-performance of 1.89% was recorded. Since inception on January 22, 2007 the NAV of NSF has increased by 59.38% while the benchmark has declined by 2.71%, thus to date out-performance is 62.09%. This out-performance is net of management fee and all other expenses.

The market depicted an overall flat trend. During the month, NSF was almost completely invested in equities. The out-performance of the Fund resulted from better than the market performance of key holdings in the Construction & Materials, Software & Computer Services and Fixed Line Telecommunication sectors as well as the Jute and Textile sub-sectors. NSF also benefited from its under-weight position in key Banking sector stocks and Fertilizer sub-sector stocks. On the other hand, the drag on the fund performance was under-weight position in key stocks in Food Producers and Oil & Gas sectors. During the month the weight of NSF in Oil & Gas, Fixed Line Telecommunication, Personal Goods and Software & Computer Services sectors was increased. On the other hand, the allocation in Banking sector and Fertilizer sub-sector was reduced.

NSF is invested in stocks with attractive valuations and healthy growth expectations. The portfolio of NSF is priced at forward earnings multiple of 6.2, offering 6.7% dividend yield. We are striving to continue to perform well going forward.

Asset Allocation (% of Total Assets) 28-Sep-12 31-Aug-12

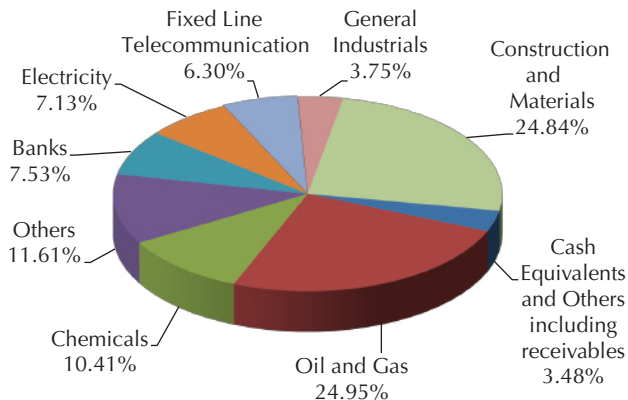
	28-Sep-12	31-Aug-12
Equities / Stock	96.52%	96.88%
Cash Equivalents	1.89%	2.20%
Others including receivables	1.59%	0.92%
Total	100.00%	100.00%
Leverage	Nil	Nil

Characteristics of Equity Portfolio**

	PER	PBV	DY
NSF	6.2	1.8	6.7%
KSE-30	8.1	3.8	7.7%

** Based on NAFA's estimates

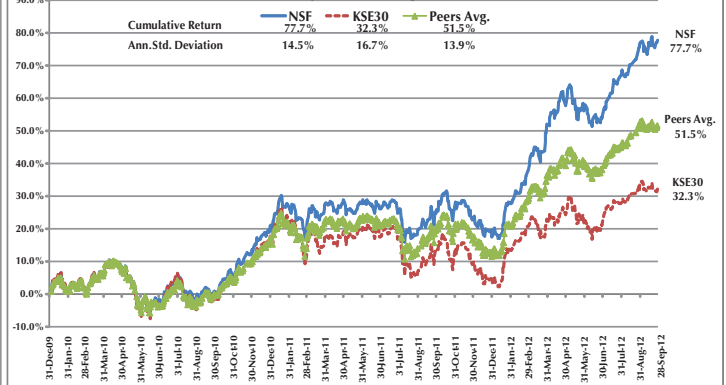
Asset Allocation (% of Total Assets) (as on 28th September, 2012)



WORKERS' WELFARE FUND (WWF)

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs 14,679,878/-, if the same were not made the NAV per unit/ last one year return of scheme would be higher by Rs 0.0864/1.46%. For details investors are advised to read the Note 8 of the Financial Statements of the Scheme for the period ended March 31, 2012.

Relative Performance of NAFA Stock Fund (NSF) from January 2010 to September 2012



Top Ten Equity Holdings (as on 31st September, 2012)

Name	% of Total Assets	Name	% of Total Assets
Pakistan Oilfields Ltd	9.60%	Hub Power Company Ltd	6.15%
Pakistan Petroleum Ltd	8.16%	D. G. Khan Cement Co Ltd	4.85%
Oil & Gas Dev.Co	7.18%	Attock Cement Pakistan Ltd	4.64%
Cherat Cement Co Ltd	7.07%	Lucky Cement Ltd	4.55%
Engro Corporation Limited	6.57%	Pakistan Telecommunication	4.28%

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.