



NAFA Stock Fund (NSF)

**National Fullerton
Asset Management Limited**
(A Subsidiary of National Bank of Pakistan)

Unit Price (31/05/2010): Rs. 6.9092

May 2010

Performance

Performance (%)*	May 2010	CYTD Jan. - May 2010	Since Launch January 22, 2007
NAFA Stock Fund	(10.44)%	(4.15)%	(14.02)%
Benchmark	(11.88)%	(6.15)%	(30.98)%

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

General Information

Launch Date:	January 22, 2007
Fund Size:	Rs. 927 million
Type:	Open-end – Equity Fund
Dealing Days:	Daily – Monday to Friday
Dealing Time:	9:00 A.M to 4:30 P.M
Settlement:	2-3 business days
Pricing Mechanism	Forward Pricing
Load:	Front end-3%, Back end-0%
Management Fee:	3% per annum
Risk Profile	Moderate-to-High
Listing:	Lahore Stock Exchange
Custodian & Trustee:	Central Depository Company (CDC)
Auditors:	A. F. Ferguson & Co. Chartered Accountants
Benchmark:	KSE-30 Index
Fund Manager:	Sajjad Anwar, CFA
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-
Asset Manager Rating:	AM2- by PACRA

Investment Objective

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

Fund Manager's Commentary

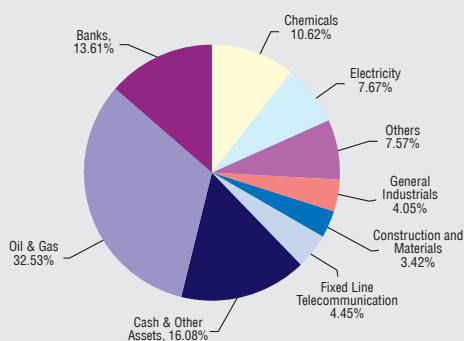
During the month under review, KSE-30 Index decreased by 11.88%, whereas NAFA Stock Fund's (NSF) Net Asset Value (NAV) decreased by 10.44%, thus an out-performance of 1.44% was recorded. Since inception on January 22, 2007 the NAV of NSF has declined by 14.02% while that of the benchmark has declined by 30.98%, thus to date out-performance is 16.96%.

As the Stock Market depicted a downhill path during May 2010 on concerns over the budget and weak foreign portfolio inflows. Therefore, NSF maintained an under-weight stance in equities. At the start of the month NSF was 87.29% invested in equities. During the month the weight was gradually reduced to 83.92% in line with the bearish trend in the market. We reduced the weight of NSF across-the-board though primarily in Banks, Oil & Gas and Chemicals sectors. We significantly reduced our exposure in Banks on the back of possibilities of increase in the tax rate on banks in the upcoming budget. We slightly reduced NSF exposure towards the Oil & Gas sector following decline in crude oil prices. Similarly, exposure in the Chemicals sector was lowered on weak market sentiment. On the other hand, we maintained NSF exposure in the Power sector on the back of attractive dividend yields and defensive nature of the stocks. We increased our weightage in the General Industrials sector ensuing from attractive valuations. We also slightly increased exposure in Refineries on improved fundamentals.

Post-budget the market is likely to recover as negatives seem to be priced-in. NSF is invested in fundamentally sound stocks with attractive valuations.

Asset Allocation %	May-10	Apr.-10
Equities / Stock	83.92%	87.29%
Cash & Other Assets	16.08%	12.71%
Leverage	Nil	Nil

Asset Allocation (as on 31st May 2010)



Top Five Holding (Alphabetical)

Fauji Fertilizer Co. Ltd.
MCB Bank Ltd.
Oil & Gas Development Co. Ltd.
Pakistan Oilfields Ltd.
The Hub Power Co. Ltd.

Name of the Members of Investment Committee

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

Disclaimer: This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell the fund. All investments in mutual funds are subject to market risks. The price of units may go up as well as down. Past performance is not necessarily indicative of future results.