

NAFA STOCK FUND (NSF) Monthly Report

NAV per unit (30/09/2007): Rs.12.4901

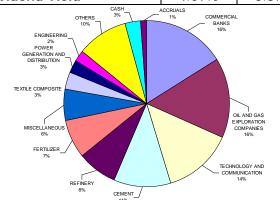
September 2007

Investment Objective	Performance					
To provide investors with long term capital growth from an actively managed portfolio invested primarily in	Return (%) *	Jan.22–Jun.30 2007	Jul. – Sep. 2007	Aug. 2007	Sept. 2007	Since Launch Jan. 22, 2007
	NAFA Stock Fund	43.47%	4.78%	-10.21%	9.88%	48.25%
listed companies in Pakistan. The risk	Benchmark	26.89%	-6.06%	-10.35%	8.62%	20.83%
profile of the Fund will be moderate to high.	* Returns are net of management fee & all other expenses					

General Information						
Launch Date:	January 22, 2007					
Fund Size:	•					
	Rs. 1,617 million					
Type:	Open-end – Equity Fund					
Dealing:	Daily					
Settlement:	2-3 business days					
Load:	Front end-3%, Back end-0%					
Management Fee:	3% per annum					
Listing:	Lahore Stock Exchange					
Custodian & Trustee:	Central Depository Company					
Auditors:	A. F. Ferguson & Co.					
	Chartered Accountants					
Benchmark:	KSE-30 Index					
Fund Manager(s):	Khurram Shehzad, CFA					
Min. Subscription:	Growth Unit: Rs. 10,000/-					
'	Income Unit: Rs. 100,000/-					

ASSET ALLOCATION (On Sep. 30, 2007)

	Portfolio	Market
Price-to-Earnings Ratio	8.76x	11.29x
Price-to-Book Value	2.16x	3.10x
Dividend Yield	4.09%	3.87%



Disclaimer: The price of units may go down as well as up. Please refer to respective offering document(s).

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Fund Manager Commentary

During the month under review, the KSE-30 Index increased by 8.62%, while NAFA Stock Fund's (NSF) Net Asset Value (NAV) increased by 9.88%, thus an out-performance of 1.26% was recorded. The Cumulative out-performance of NSF versus its benchmark (KSE-30 Index) since inception is 27.42%.

The beginning of Ramadan during the last month hinted towards a possibility of reduction in volumes and lack of investor interest. Moreover, the Supreme Court hearings in the "Dual Office" case also provided a pretext for a subdued performance by the market. However, the capital markets displayed maturity, and purely on the basis of medium-term positive outlook, cheaper valuations and liquidity in the system the market performed well during the month and rose by 8.62%.

Your Fund (NSF) maintained an average weight of approximately 96% in equities based on the expected market recovery. The decision of moving from cash to equities proved correct as we were able to add on to our cumulative outperformance as well.

Most of the companies whose year-end was June announced their annual corporate results in September and the earnings driven stocks performed well upon these announcements. Since most of the stocks in NSF portfolio are earnings driven therefore an out-performance was recorded during the month as per the expectations mentioned in our August Monthly Report.

Textile Weaving, Paper & Board and Insurance were the three highest out-performing sectors against the KSE-100 Index and Investment Companies, Pharma and Synthetics were the three highest under-performing sectors.

The Market Price-to-Earnings Ratio (PER) registered an increment to 11.29x from 10.47x. Going forward, as the dust clears on the political front re-rating of the market to higher PER levels is expected.

Your investments & "NAFA" grow together





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