



# NAFA MULTI ASSET FUND (NMF)

## Monthly Report

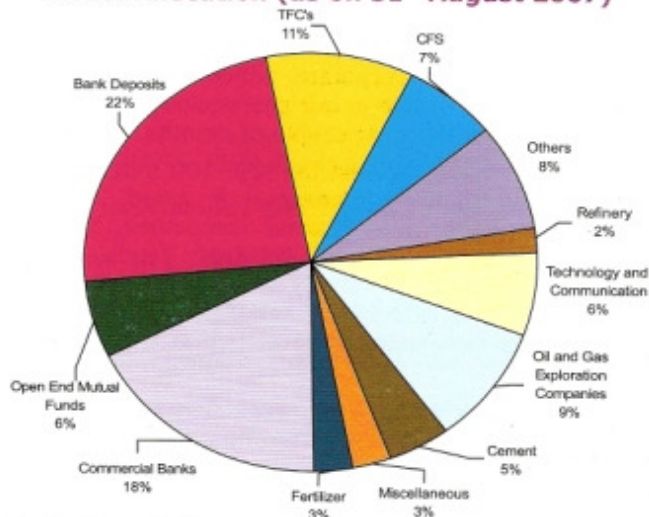
NAV per unit (31/08/2007): Rs. 11.1285

August 2007

Investment Objective	Performance					
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.	<b>Return (%) *</b>	<b>Since Launch – March 31 2007</b>	<b>April - June 2007</b>	<b>July 2007</b>	<b>August 2007</b>	<b>Since Launch January 22, 07</b>
	<b>NAFA Multi Asset Fund</b>	5.29%	23.67%	5.32%	-5.05%	<b>27.5%</b>
	<b>Benchmark</b> (50%KSE-30 index & 50%KIBOR)	3.34%	11.88%	-0.76%	-4.86%	<b>8.9%</b>
* Returns are net of management fee & all other expenses						

General Information	Fund Manager Commentary
<b>Launch Date:</b> January 22, 2007 <b>Fund Size:</b> Rs. 1,734 million <b>Type:</b> Open-end – Balance Fund <b>Dealing:</b> Daily <b>Settlement:</b> 2-3 business days <b>Load:</b> Front end – 3%, Back end - 0% <b>Management Fee:</b> 2.5% per annum	<p>During the month under review, NAFA Multi Asset Fund's NAV declined by 5.05%, while the benchmark fell by 4.86%. The fact that the Fund dropped by 5% whereas the stock market dropped by over 10% indicates the moderate risk profile of this Fund.</p> <p>The equity market expectations motivated us to maintain an average asset allocation mix of 33% in equities. As per the Trust Deed of NAFA Multi-Asset Fund the minimum required equity exposure is 30%. This decision of moving from 56% equity exposure to 33% equity exposure proved correct as we were able to partially protect the Fund from the market fall.</p> <p>NMF stock portfolio mostly comprises of earnings-driven stocks that have the tendency to perform at the time of corporate announcements. We are therefore expecting upside in our shareholdings as corporate results are expected over the next couple of months.</p> <p>The fixed income avenues, especially the CFS market witnessed record low rates around 10.6% p.a. The Fund (NMF) also invested in arbitrage transactions where we were on occasions able to earn attractive returns.</p> <p>The return of the Fund is mainly dependent upon the asset allocation between equities and fixed income. At present some of the blue-chip stocks that the Fund is holding are reflecting a dividend yield in excess of 9% whereas the average market dividend yield is 4.29%. This should translate into good performance for the Fund as the stock market recovers.</p> <p>Moreover, our efforts towards finding good fixed-income instruments continued, and almost 10.54% of your Fund is now invested in TFCs and Islamic Sukkuks.</p> <p>We expect the stock market to start recovering some of its lost ground and we are gradually increasing the Fund's equity exposure to benefit from this trend.</p>
<b>Listing:</b> Lahore Stock Exchange <b>Trustee:</b> Central Depository Company <b>Auditors:</b> A. F. Ferguson & Company <b>Benchmark:</b> 50% KSE-30 Index & 50% 1-month KIBOR <b>Fund Manager(s):</b> Adnan Faisal, CFA <b>Minimum Subscription:</b> Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-	

### Asset Allocation (as on 31<sup>st</sup> August 2007)



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

### National Fullerton Asset Management Ltd.

9<sup>th</sup> Floor, Adamjee House, I.I.Chundrigar Road,  
Karachi-74000, Pakistan.  
Toll Free: 0800-20001 UAN: +92-21-111-111-632.  
Fax: +92-21-2467605.

Website: [www.nafafunds.com](http://www.nafafunds.com) Email: [info@nafafunds.com](mailto:info@nafafunds.com)

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