

## NAFA MULTI ASSET FUND (NMF) Monthly Report

NAV per unit (31/12/2007): Rs. 12.5738

December 2007

Investment Objective	Performance 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,	Return (%) *	Jul. – Dec. 2007	Oct. – Dec. 2007	Nov. 2007	Dec. 2007	Since Launch January 22, 07
	NAFA Multi Asset Fund	11.69%	6.63%	0.53%	-0.71%	44.06%
	Benchmark (50%KSE-30 index & 50% 1-month KIBOR)	1.98%	3.09%	-1.09%	0.35%	17.50%
money market instruments, CFS etc.	* Returns are net of management fee & all other expenses					

General Information					
Launch Date:	January 22, 2007				
Fund Size:	Rs. 1,572 million				
Type:	Open-end – Balance Fund				
Dealing:	Daily				
Settlement:	2-3 business days				
Load:	Front end – 3%, Back end - 0%				
Management Fee:	2.5% per annum				
Listing:	Lahore Stock Exchange				
Trustee:	Central Depository Company				
Auditors:	A. F. Ferguson & Co.				
	Chartered Accountants				
Benchmark:	50% KSE-30 Index & 50% 1-				
	month KIBOR				
Fund Manager(s):	Adnan Faisal, CFA				
Minimum Subscription:	Growth Unit: Rs. 10,000/-				
	Income Unit: Rs. 100,000/-				

## & 50% 1-month KIBOR) increased by 0.35%. Thus your

During the month under review, NAFA Multi Asset Fund's NAV declined by 0.71% while the benchmark (50% KSE-30

Fund under-performed the benchmark by 1.06% during the month. Since inception i.e. January 22, 2007 your Fund has risen by 44.06%, while the benchmark has risen by 17.5%.

**Fund Manager Commentary** 

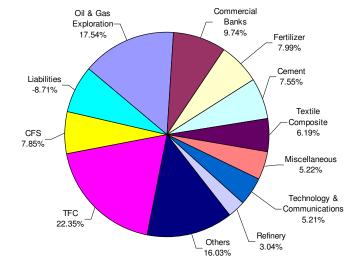
Throughout the month of December Your Fund remained over-weight in equities as the market kept on performing well on the back of strong fundamentals. However, the last working day of the month saw a 4.9% decline in KSE-30 Index in response to the assassination of Late Ms. Benazir Bhutto. Since the Fund was overweight in equities, it ended up under-performing the benchmark.

In addition to the sharp fall, the skewed movement of KSE-30 Index further contributed to the under-performance. MCB, which effectively constitutes 10% of the benchmark of NMF, out-performed the stock market by 7.65%. We remained non-invested in MCB on the basis of expensive valuations.

Investment in TFCs increased from 19% of the Fund size to 22% of the Fund size. This is expected to further boost the return on Fixed Income portfolio as the returns on CFS have remained depressed. Considering the current macroeconomic fundamentals, it is expected that interest rates may register an upward adjustment and that is expected to further boost the fixed income portfolio returns.

In view of the existing outlook on equities market, we plan to keep around 50% of the Fund size in equities until the prevailing situation starts to show signs of certainty. We would increase our focus on arbitrage transactions to increase the Fund return and reduce the risk.

## Asset Allocation (as on 31st December 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.

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