

## NAFA MULTI ASSET FUND (NMF) Monthly Report

NAV per unit (31/10/2007): Rs. 12.5970

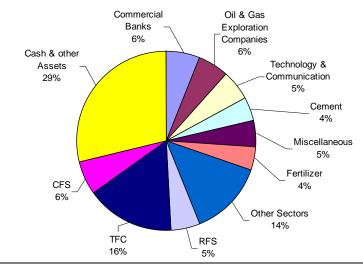
October 2007

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,	Return (%) *	Jan.22-June.30	July-Sep. 2007	Sept. 2007	Oct. 2007	<b>Since</b> <b>Launch</b> January 22, 07
	NAFA Multi Asset Fund	28.96%	6.13%	5.95%	6.84%	44.32%
	Benchmark (50%KSE-30 index & 50% 1-month KIBOR)	15.22%	-1.24%	4.67%	3.86%	18.37%
money market instruments, CFS etc.	* Returns are net of management fee & all other expenses					

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General Information						
Launch Date:	January 22, 2007					
Fund Size:	Rs. 1,863 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/-					
Asset Allocation (as on 21st October 2007)						

## Asset Allocation (as on 31<sup>st</sup> October 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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## **Fund Manager Commentary**

During the month under review, NAFA Multi Asset Fund's (NMF) NAV grew by 6.84%, while the benchmark (50% KSE-30 & 50% 1-month KIBOR) increased by 3.86%. This reflects an out performance of 2.98% during the month of October. The total out performance since the launch now stands at 25.95%.

The stock market remained buoyant in the initial weeks of the month under review and all indices set new historic highs. However the market lost some of its luster in the ending weeks of the month due to deteriorating law & under situation in the country. Considering the moderate risk level of your Fund, Equity asset allocation averaged around 54%; with more focus on security selection.

In Equity asset class, major sector allocation is in commercial banks, oil & gas, fertilizer, cement and technology sector. Within these sectors our core allocation is in growth-oriented companies. We believe as expansion plans of these companies come to fruition, their earnings will further improve and get reflected in their stock price.

On the Fixed Income side, lower credit off take continues to limit investment opportunities. In this scenario your Fund's holdings of A-rated TFCs and Sukkuks remain a positive factor in return generation and currently stand at 16% of the Fund's assets. Returns on CFS have improved in October and averaged 11.18% p.a. that is 60 basis points above last month's return. This was mainly due to higher volumes in the stock market. Arbitrage opportunities through Ready Future Spread (RFS) transactions are continuously explored and we have dedicated 5% of Fund's assets to such transactions.

Currently the asset allocation is 44% Equity and 56% Fixed Income. Going forward, we shall be vigilant in altering our asset allocation based on any new developments.

Your investments & "NAFA" grow together





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