# Golden Arrow Selected Stocks Fund

*Fund Manager Report - Mar 2010*

## Fund activity during the month

Golden Arrow Selected Stock Fund posted a return of 2.68% in March 2010 versus KSE-100 Index return of 5.39%. However, for the quarter ended March 31, 2010 the fund out performed the benchmark by posting a return of 9.79% versus index return of 8.43%. Some what higher exposure in textiles and insurance due to longer term outlook and under exposure in oil & gas led to the underperformance in March. Based on market dynamics, the fund is being positioned to take advantage of unfolding opportunities in equities. As such, exposure to fixed income asset class has been reduced and is likely to remain so in the near turn.

During the month major sector allocation changes included reduction in banking sector exposure as gains were taken during the usual annual results season run up in banking stocks. However, we continue to believe that the sector fundamentals have improved and therefore maintain core holdings in the sector. Exposure to the fertilizer sector was significantly increased during March based on improved outlook for fertilizer prices and sales volume and therefore increasing earnings momentum. Exposure was also increased in the gas distribution segment due to rising likelihood of potentially positive regulatory change regarding gas loss compensation going forward. The fund is positioned to capture the expected rise in the market and improve its performance further.

## Investment Objective

Disciplined and balanced fund management strategy focusing on fundamentally strong companies offering deep-value, coupled with few cherry-picked growth companies

## Fund Information

| | |
|---|---|
| **Fund Type** | Closed-end |
| **Category** | Equity |
| **Date of Fund launch** | May, 1983 |
| **Date of Manag. takeover** | Sep, 2004 |
| **Assets under Management** | 1,108.194mn |
| **NAV (31st Mar 10)** | 7.29 |
| **Benchmark** | KSE100 Index |
| **Dealing Days** | Mon to Fri |
| **Cut-off Timmings** | 9:00 am to 5:00 pm |
| **Pricing Mechanism** | Forward Pricing |
| **Management Fee** | 2% |
| **Risk Profile** | Moderate / High |
| **Trustee** | CDC |
| **Auditor** | A. F. Fergusons |
| **Asset Manager Rating** | AM3 |

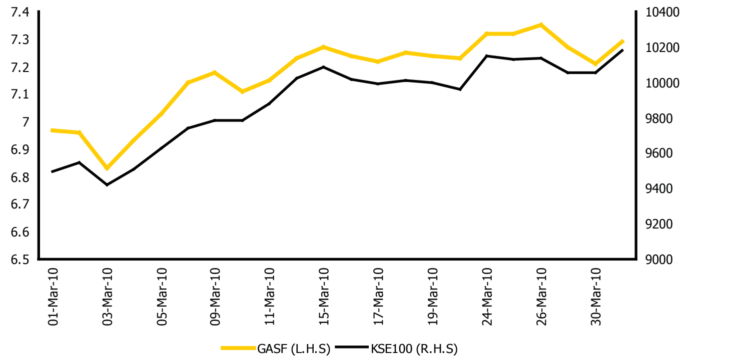
## Portfolio Characteristics

| **Statistics** | **FY10E** |
|---|---|
| Price to Earning Ratio | 9.14x |
| Price to Book Value Ratio | 1.16x |
| EPS Growth | 11.54% |
| Dividend Yield | 2.73% |
| No. of Long Term Positions | 59 |
| Beta | 0.73 |

## Investment Committee Members

| | |
|---|---|
| Mr. Nadeem Naqvi | Mr. Muhammad Yaqoob |
| Mr. Amin Hussain | Mr. Ahmed Hassan |
| Mr. Imran Motiwala | Mr. Danish Owais |

## Fund Performance




| | YTD | 1 Month | 3 Month | 6 Month | 1 Year |
|---|---|---|---|---|---|
| **KSE 100** | 42.11% | 5.39% | 8.43% | 8.86% | 48.37% |
| **GASF** | 33.27% | 2.68% | 9.79% | 9.95% | 42.38% |

| Debt Securities (% of NAV) | Ratings | Mar10 |
|---|---|---|
| Al-Abbas Sugar Mills | A+ | 2.12% |
| JDW Sugar | A | 1.59% |
| Kohat Cement | - | 0.21% |

## Top Ten Equity Holdings

| | | | |
|---|---|---|---|
| Dawood Hercules | 8.42% | World Call Telecom | 3.90% |
| Sui Southern Gas Company | 6.46% | TRG Pakistan | 3.75% |
| Habib Bank Limited | 4.60% | Sui Northern Gas Pakistan | 3.19% |
| National Bank of Pakistan | 4.56% | Engro Chemical Pakistan Limited | 2.70% |
| Pak Datacom Limited | 4.21% | Kohinoor Energy Limited | 2.68% |

| Asset Allocation (% of NAV) | Feb-10 | Mar-10 |
|---|---|---|
| Equities | 89.04% | 94.72% |
| TFCs | 9.84% | 3.73% |
| Cash | 1.12% | 1.55% |
| Leverage | NIL | NIL |

| Sector Allocation (% of NAV) | Feb-10 | Mar-10 |
|---|---|---|
| Commercial Banks | 27.42% | 22.46% |
| Fertilizer | 7.50% | 12.02% |
| Technology & Communication | 11.37% | 11.95% |
| Oil & Gas Marketing | 2.70% | 9.66% |
| Textile Spinning | 5.32% | 5.03% |