Golden Arrow Selected Stocks Fund

For the month ending August 2010

Fund activity during the month

Golden Arrow Selected Stocks Fund (GASSF) posted a return of -7.11% in August 2010 versus KSE-100 (Benchmark) return of -6.71%. The overall performance was slightly below the broader market due to under exposure in Oil & Gas E&P sector that held up due to long position by foreign portfolio investors. We continue to hold the view that over the 12-month investment horizon the E&P sector is unlikely to outperform the market given to elevated valuations. As a result, rather than running after performing sectors, the Investment committee focused on stock picking in undervalued sector which it views as potential outperformance. During the August Fund remained on the buy side with limited long positions taken in the Cement, Banking and Support Services Sectors.

Overall, the fund is positioned aggressively in attractively priced securities, especially in gas utilities and telecom & technology sectors, with fertilizer and banking stocks backing that up. While this portfolio composition has meant a degree of short term under performance, we believe that over 8-12 months horizon, as the market gets over its uncertainty and risk aversion reduces, our selection has the potential for significant outperformance.

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	954.387mn
NAV (31st Aug 10)	6.27
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

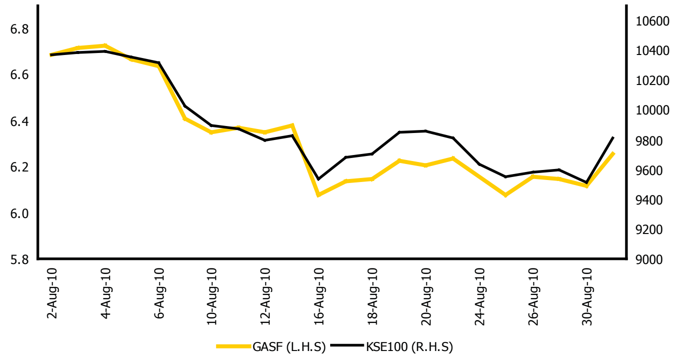
Portfolio Characteristics

Statistics	**FY10**
Price to Earning Ratio	10.84x
EPS Growth	13.63%
Dividend Yield	2.94%
No. of Long Term Positions	60
Beta	0.68

Investment Committee Members

Mr. Nadeem Naqvi
Mr. Imran Motiwala
Mr. Amin Hussain
Mr. Muhammad Yaqoob
Mr. Ahmed Hassan

Fund Performance



	YTD	1 Month	3 Month	6 Month	1 Year
KSE 100	0.94%	-6.71%	5.22%	1.61%	13.11%
GASF	-1.57%	-7.11%	1.29%	-11.69%	3.47%

Debt Securities (% of NAV)	Ratings	Aug 31, 2010
Al-Abbas Sugar Mills	A+	2.09%
JDW Sugar	A	1.20%
Kohat Cement Company Limited	-	1.52%

Top Ten Equity Holdings

Sui Southern Gas Company	9.91%	Nishat Mills Limited	4.98%
Dawood Hercules	6.79%	Habib Bank Limited	4.76%
TRG Pakistan	6.66%	Sui Northern Gas Pakistan	3.17%
Pak Datacom Limited	5.98%	Muree Brewery	2.49%
D.G. Khan Cement	5.46%	Habib Metropolitan Bank	2.44%

Asset Allocation (% of NAV)	July 30, 2010	Aug 31, 2010
Equities	92.68%	93.67%
TFCs	4.47%	4.74%
Cash	1.78%	0.17%
Other Assets	1.08%	1.42%
Leverage	NIL	NIL

Sector Allocation (% of NAV)	July 30, 2010	Aug 31, 2010
Banks	18.13%	17.33%
Personal Goods	16.77%	15.86%
Gas Water and Multiutilities	10.78%	13.08%
Chemicals	11.97%	11.52%
Support Services	7.43%	6.66%