Golden Arrow Selected Stocks Fund

For the month ending December 2010

Fund activity during the month

Golden Arrow Selected Stocks Fund returned 20.11% against the benchmark return of 23.66% for the half year ending December 2010. During the month no major strategic adjustments to the portfolio were made apart from the rotation of trading positions in the Insurance, Oil and Gas, Banking and Chemicals sector.

The Banking segment of our portfolio performed well relative to the market with one of our long-time preferred picks in the sector outperforming the index by the healthy margin during the period thus revalidating our support for value focused strategy. We continue to believe that the dynamics of the equity market have changed substantially in the past few years. With economic activity on the decline in the West and rising pessimism pertaining to future direction of the economy, the focus is expected to remain on the emerging markets in the near term. Hence the emerging markets will be expected to benefit from the flows which will help the regional markets including Pakistan to post sustainable returns.

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	1007.960mn
NAV (31st Dec 10)	PkR 6.63
Market Price (31st Dec 10)	PkR 3.16
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

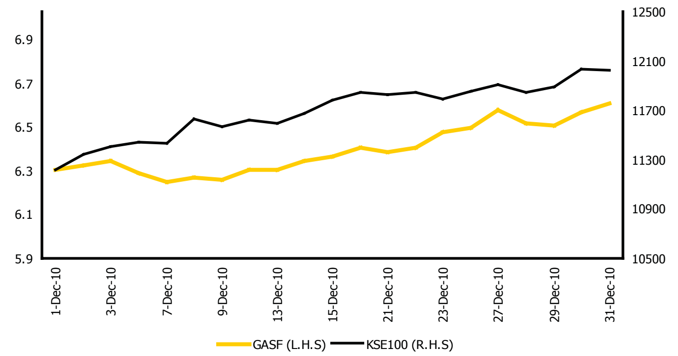
Portfolio Characteristics

Statistics	**FY10**
Price to Earnings Ratio	6.99x
EPS Growth	30.09%
Dividend Yield	4.57%
No. of Long Term Positions	56
Beta	0.74

Investment Committee Members

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

Fund Performance



	FYTD	1 Month	3 Month	6 Month	1 Year
KSE 100	23.66%	7.01%	20.06%	23.66%	28.08%
GASF	20.11%	4.41%	12.95%	20.11%	12.65%

Debt Securities (% of NAV)	Ratings	Dec 31, 2010
Al-Abbas Sugar Mills Limited	A+	1.76%
JDW Sugar Mills Limited	A	1.04%
Kohat Cement Company Limited	Withdrawn by PACRA	1.29%

Top Ten Equity Holdings

Sui Southern Gas Company	12.21%	Thal Limited	3.44%
Dawood Hercules	8.65%	Habib Metropolitan Bank	3.34%
TRG Pakistan	6.68%	Muree Brewery	3.08%
Habib Bank Limited	5.58%	Sui Northern Gas Pakistan	2.60%
Pak Datacom Limited	4.09%	Bank Alfalah Limited	2.51%

Asset Allocation (% of Total Assets)	Nov 30, 2010	Dec 31, 2010
Equities	82.14%	94.18%
TFCs	3.62%	4.00%
Cash	12.23%	1.15%
Other Assets	2.01%	0.67%
Leverage	NIL	NIL

Sector Allocation (% of NAV)	Nov 30, 2010	Dec 31, 2010
Banks	19.60%	21.00%
Gas Water and Multiutilities	16.56%	14.81%
Personal Goods	11.89%	13.09%
Chemicals	11.72%	13.06%
Support Services	8.20%	6.68%