Golden Arrow Selected Stocks Fund

For the month ending October 2010

Fund activity during the month

In October 2010, the Golden Arrow Selected Stocks Fund Ltd. (GASSFL) posted a return of 5.11% versus KSE-100 Index return of 5.84%. However, in the financial Year-to-Date (June 30 – Oct 29), GASSFL outperformed by posting a return of 11.78% versus KSE-100 Index return of 9.02%. GASSFL fund size was PkR 938 million as at Oct 29, 2010 versus PkR 1023 as at Sep 30, 2010 due to payment of cash dividend of PkR 129mn for FY10.

Our selective stock picking has delivered concrete returns and we maintain our investment philosophy of seeking to capture “value premium” along with opportunities where we can obtain “momentum premium”. Despite the fact our style results in periods of short-term underperformance, with the index heavy-weights unlikely to outperform the market owing to the elevated valuations, we believe that our fund will continue to post good performance in the near future. We presently utilize our research capabilities to filter sectors that have underperformed in the Fertilizer, Construction, Banking and Support Sectors to add value to our portfolio.

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	938.543mn
NAV (29th Oct 10)	PkR 6.17
Market Price (29th Oct 10)	PkR 2.75
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

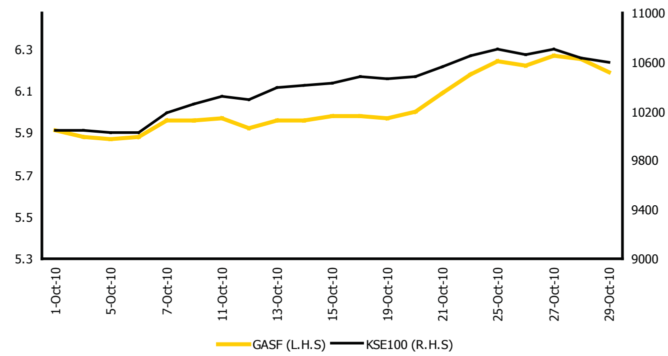
Portfolio Characteristics

Statistics	**FY10**
Price to Earnings Ratio	14.39x
EPS Growth	12.41%
Dividend Yield	2.82%
No. of Long Term Positions	60
Beta	0.70

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	9.02%	5.84%	0.75%	1.63%	15.71%
GASF	11.78%	5.11%	4.58%	-4.04%	6.38%

Debt Securities (% of NAV)	Ratings	Oct 29, 2010
Al-Abbas Sugar Mills Limited	A+	2.11%
JDW Sugar Mills Limited	A	1.15%
Kohat Cement Company Limited	Withdrawn by PACRA	1.37%

Top Ten Equity Holdings

Sui Southern Gas Company	14.79%	Pak Datacom Limited	5.10%
TRG Pakistan	8.06%	Habib Bank Limited	4.99%
Dawood Hercules	7.17%	Sui Northern Gas Pakistan	3.39%
D.G. Khan Cement	6.22%	Muree Brewery	2.62%
Nishat Mills Limited	6.06%	Thal Limited	2.59%

Asset Allocation (% of Total Assets)	Sep 30, 2010	Oct 29, 2010
Equities	94.47%	91.63%
TFCs	4.31%	4.02%
Cash	0.09%	1.27%
Other Assets	1.13%	3.09%
Leverage	NIL	NIL

Sector Allocation (% of NAV)	Sep 30, 2010	Oct 29, 2010
Banks	15.87%	18.37%
Gas Water and Multiutilities	16.88%	18.18%
Personal Goods	15.89%	17.55%
Chemicals	10.83%	11.88%
Support Services	7.36%	8.06%