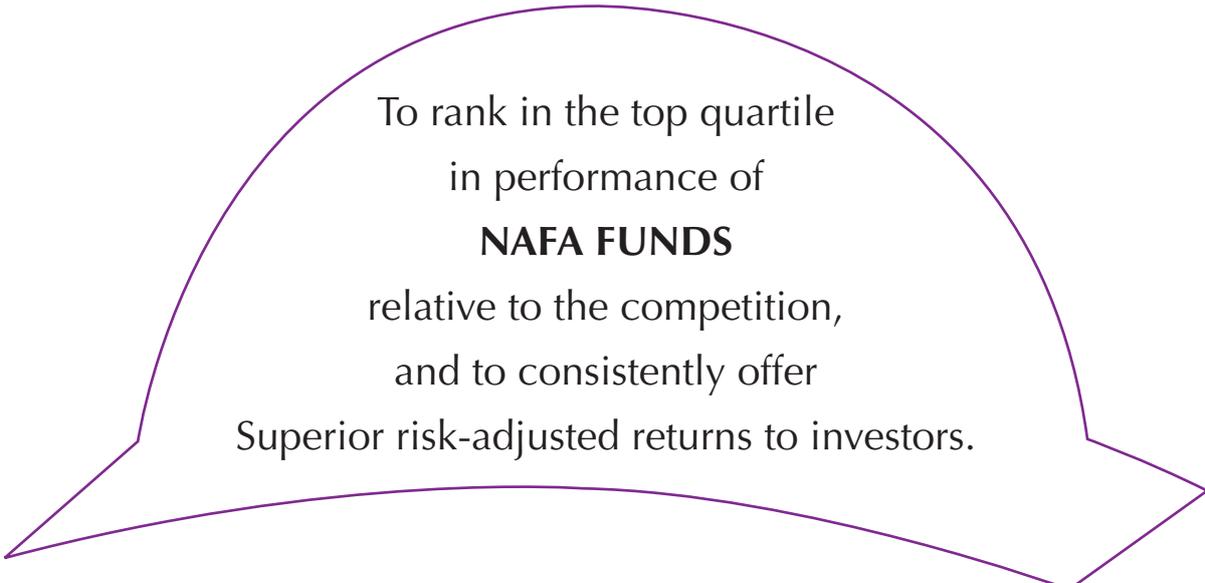


MISSION STATEMENT



To rank in the top quartile
in performance of
NAFA FUNDS
relative to the competition,
and to consistently offer
Superior risk-adjusted returns to investors.

NAFA ASSET ALLOCATION FUND

FUND'S INFORMATION

Management Company

NBP Fullerton Asset Management Limited – Management Company

Board of Directors of the Management Company

Mr. Shahid Anwar Khan	Chairman
Syed Ahmed Iqbal Ashraf	Director
Mr. Wag Geok Sum	Director
Mr. Patrick Pang Chin Hwang	Director
Mr. Shehryar Faruque	Director
Mr. Kamal Amir Chinoy	Director
Dr. Asif A. Brohi	Director
Dr. Amjad Waheed	Chief Executive Officer

Company Secretary & CFO of the Management Company

Mr. Muhammad Murtaza Ali

Audit & Risk Committee

Mr. Patrick Pang Chin Hwang	Chairman
Mr. Shehryar Faruque	Member
Syed Ahmed Iqbal Ashraf	Member

Trustee

Central Depository Company of Pakistan Limited (CDC)
CDC House, 99-B, Block "B" S.M.C.H.S.,
Main Shakra-e-Faisal, Karachi.

Bankers to the Fund

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
NIB Bank Limited
Soneri Bank Limited
United Bank Limited
National Bank of Pakistan

NAFA ASSET ALLOCATION FUND

Auditors

A.F. Ferguson & Co. Chartered Accountants
State Life Building No. 1-C
I.I. Chundrigar Road,
P.O.Box 4716
Karachi.

Legal Advisor

M/s Jooma Law Associates
205, E.I. Lines, Dr. Daudpota Road,
Karachi.

Head Office:

9th Floor, Adamjee House,
I.I. Chundrigar Road,
Karachi

Lahore Office:

House # 10 - A, Block -S, Gulberg - II, Lahore.
UAN: (+92-42) 111-111-NFA (632)
Fax No: (+92-42) 35760373

Islamabad Office:

Plot No. 395, 396
Industrial Area, 1-9/3 Islamabad.
UAN: 051-111-111-632
Phone: 051-2514987
Fax: 051-4859031

Peshawar Office:

1st Floor, Haji Tehmas Centre,
Near KFC, Tehkal Payan
University Road, Peshawar.
Phone: 92-91-5711784, 5711782
Fax: 92-91-5211780

Multan Office:

NBP Corporate Branch
3rd Floor, Park Lane Tower, Near Shahjahan Banquet Hall,
Officers Colony, Khanewal Road. Multan.
Tel : 92-061-6214070
Fax: 92-061-6214062
UAN: 92-061-111-111-632

NAFA ASSET ALLOCATION FUND

Contents

DIRECTORS' REPORT	05
TRUSTEE REPORT TO THE UNIT HOLDERS	08
STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE	09
FUND MANAGER REPORT	12
REVIEW REPORT TO THE UNIT HOLDERS ON THE STATEMENT OF THE COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE	15
INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS	16
STATEMENT OF ASSETS AND LIABILITIES	17
INCOME STATEMENT	18
STATEMENT OF COMPREHENSIVE INCOME	19
DISTRIBUTION STATEMENT	20
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND	21
CASH FLOW STATEMENT	22
NOTES TO THE FINANCIAL STATEMENTS	23
PERFORMANCE TABLE	39

NAFA ASSET ALLOCATION FUND

DIRECTORS' REPORT

The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the First Annual Report of **NAFA Asset Allocation Fund** for the period from August 2, 2010 to June 30, 2011.

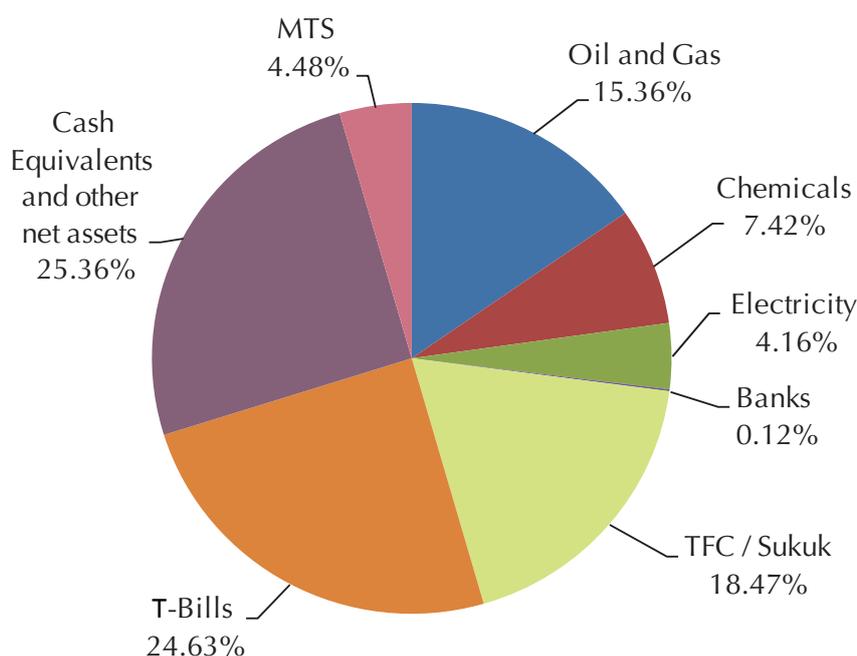
Fund's Performance

Since inception of the Fund till June 30, 2011, the stock market (KSE-30 Index) rose by 18.15% driven by healthy corporate earnings; improvement in external accounts; and positive foreign portfolio investment flows. Oil & Gas, Chemicals, Industrial Engineering and Electricity sectors outperformed the market. While Banking, Financial Services, Fixed Line Communications and Construction & Materials sectors lagged the market. In the Fixed Income portfolio, there continues to be a marginal improvement in market's demand for debt securities. The coupon rates of all TFCs in your Fund are floating and linked to KIBOR, which reduces interest rate risk.

Since inception (Aug 21, 2010) of the Fund till June 30, 2011, the return on NAFA Asset Allocation Fund was 19.45% as against its benchmark (1/3 of KSE-30 Index, 1/3 of 6-Month KIBOR, 1/3 of average 3-month bank deposit rate) return of 12.22%. Thus an out-performance of 7.23% during the year. The key factor for out-performance of the Fund was that some of the holdings in the Oil & Gas Exploration, Power and Fertilizer sub-sectors performed better than the market. Furthermore, our under-weight stance in the key companies in Cement, Oil & Gas Marketing sub-sectors and Banking sector that lagged the market also contributed to the out-performance of the Fund.

NAFA Asset Allocation Fund has earned a total income of Rs.50.73 million during the year. After deducting total expenses of Rs.6.88 million, the net income is Rs.43.85 million. During the year, the unit price of NAFA Asset Allocation Fund has increased from Rs.8.5979 on August 20, 2010 (distribution adjusted) to Rs.10.2704 on June 30, 2011 (Ex-Div).

The asset allocation of NAFA Asset Allocation Fund as on June 30, 2011 is as follows:



NAFA ASSET ALLOCATION FUND

Income Distribution

In addition to interim distribution of 6.00%, the Board of Directors of the Management Company has also approved a final distribution of 10.50%, translating into total distribution of 16.50% of the par value. After final distribution, the net asset value per unit will be Rs.10.2704 on June 30, 2011.

Taxation

As the above distribution is more than 90% of the income earned during the year, excluding realized and unrealized capital gains on investments, the Fund is not subject to tax under Clause 99 of the Part I of the Second Schedule of the Income Tax Ordinance, 2001.

Auditors

The present auditors, Messrs A.F.Ferguson & Co., Chartered Accountants, retire and, being eligible, offer themselves for re-appointment.

Directors' Statement in Compliance with Code of Corporate Governance

1. The financial statements, prepared by the management company, present fairly the state of affairs of the Fund, the result of its operations, cash flows and statement of movement in unit holders' funds.
2. Proper books of account of the Fund have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
4. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Fund's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
8. A performance table/ key financial data is given in this annual report.
9. Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements.
10. The Board of Directors of the Management Company held four meetings during the period from August 2, 2010 to June 30, 2011. The attendance of all directors is disclosed in the note 23 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 22 to these financial statements.
12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 19 to these financial statements.

NAFA ASSET ALLOCATION FUND

Acknowledgement

The Board takes this opportunity to thank its valued unit-holders for their confidence and trust in the Management Company, and providing the opportunity to serve them. It also offers its sincere gratitude to the Securities & Exchange Commission of Pakistan and State Bank of Pakistan for their patronage and guidance.

The Board also wishes to place on record its appreciation for the hard work, dedication and commitment shown by the staff and the Trustee.

On behalf of the Board of
NBP Fullerton Asset Management Limited

Dr. Amjad Waheed, CFA
Chief Executive

Shahid Anwar Khan
Chairman

Date: September 29, 2011
Place: Karachi.

NAFA ASSET ALLOCATION FUND

TRUSTEE REPORT TO THE UNIT HOLDERS NAFA ASSET ALLOCATION FUND

Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

NAFA Asset Allocation Fund (the Fund), an open-end fund was established under a trust deed dated June 29, 2010, executed between NBP Fullerton Asset Management Limited, as the Management Company and Central Depository Company of Pakistan Limited, as the Trustee.

In our opinion, the Management Company has in all material respects managed the Fund for the period from August 02, 2010 to June 30, 2011 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Muhammad Hanif Jakhura
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, October 6, 2011

NAFA ASSET ALLOCATION FUND

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE FOR THE PERIOD FROM August 2, 2010 to June 30, 2011.

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of Listing Regulations of the Lahore Stock Exchange for the purpose of establishing a framework of good Governance, whereby a listed Company is managed in compliance with the best practice of corporate governance.

NAFA Asset Allocation Fund (the Fund) is an open end mutual fund and is listed at the Lahore Stock Exchange. The Fund, being a unit trust scheme, does not have its own Board. The Board of Directors of the Management Company manages the affairs of the Fund and has appointed the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and the Company Secretary of NAFA and other necessary personnel to manage its affairs.

The Management Company has applied the principles contained in the Code in the following manner:

1. The Management Company encourages representation of independent non-executive directors. At present the Board consists of seven non-executive directors including two independent directors. The Management Company is not listed on any stock exchange and therefore does not have minority interest.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies.
3. All the resident directors of the Management Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Casual vacancies occurred during the period in the Board of the Management Company due to resignation of Mr. Gerard Lee How Cheng and Mr. Qamar Hussain was filled by Mr. Choy Peng Wah and Syed Iqbal Ashraf on November 15, 2010 and March 25, 2011. The casual vacancy due to resignation of Mr. Choy Peng Wah was filled by Mr. Wah Geok Sum on February 18, 2011. Further, on August 09, 2010, Dr.Asif A. Brohi Was appointed as a director.
5. The Management Company has adopted a "Code of Business Ethics and Business Practices", which has been acknowledged by all the directors and distributed to employees of the Management Company.

NAFA ASSET ALLOCATION FUND

6. The Board has developed a vision/mission statement overall corporate strategy and significant policies of the Fund. A complete record of the particulars along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter during the period. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated.
9. The related party transactions have been placed before the Audit Committee and approved by the Board of Directors with necessary justification for non arm's length transactions if any, and pricing methods for transactions that were made on terms equivalent to those that prevail in the arm's length transactions only if such terms can be substantiated.
10. All the members of Board are well aware of operations of the Fund and Management Company, therefore no orientation courses were arranged during the period.
11. The Board has approved the appointment of Head of Internal Audit and his terms of employment in 2007-08
12. Directors' Report has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
13. The financial statements of the Fund were duly endorsed by CEO and CFO before approval of the Board.
14. The Directors, CEO and Executives do not hold units of the Fund other than those disclosed in note 19 to the financial statements "Transactions with Connected Persons".
15. The Management Company has complied with the corporate and financial reporting requirements of the Code with respect to the Fund.
16. The Board has formed an Audit Committee. It comprises three members, all of whom are non-executive directors including the chairman of the Committee.
17. The meetings of the Audit Committee were held at least once every quarter prior to approval of the interim and final results of the Fund as required by the Code. Terms of Reference of the Audit Committee have been prepared and advised to the Committee for compliance.

NAFA ASSET ALLOCATION FUND

18. There exists an effective internal audit function within the Management Company. The Management Company has appointed the Head of Internal Audit, who is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Fund.
19. The Statutory Auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouse and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan.
20. The Statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. We confirm that all other material principles contained in the Code have been complied with.

Dated: September 29, 2011
Karachi

Dr. Amjad Waheed, CFA
Chief Executive Officer

NAFA ASSET ALLOCATION FUND

FUND MANAGER REPORT

NAFA Asset Allocation Fund

NAFA Asset Allocation Fund (NAAF) is an open-ended asset allocation fund.

Investment Objective of the Fund

Objective of NAAF is to generate income by investing in debt and money market securities and to generate capital appreciation by investing in equity and equity related securities.

Benchmark

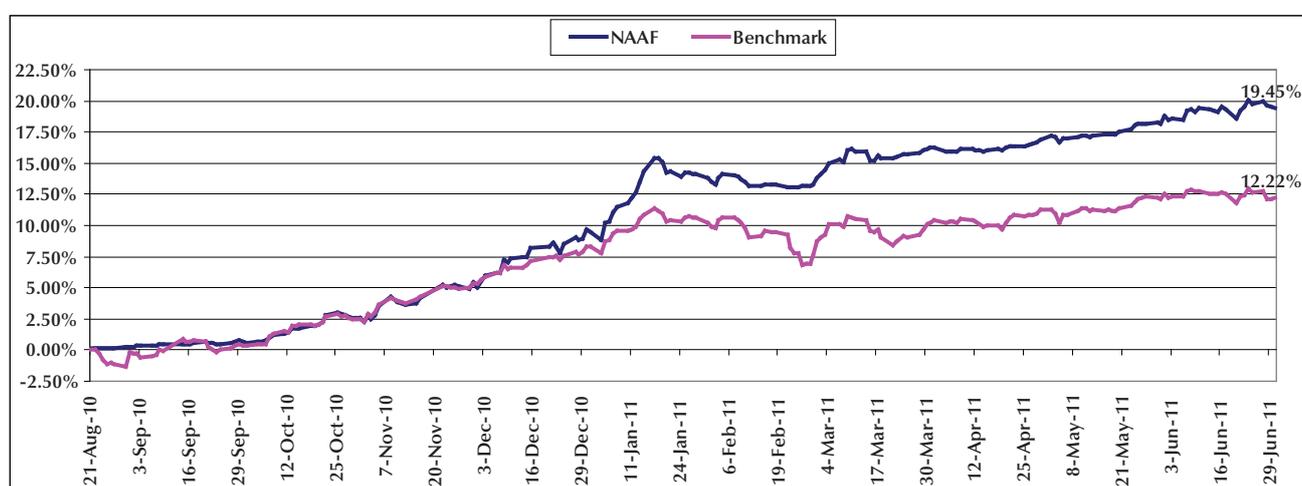
1/3 of Average 3-month Bank Deposit Rates, 1/3 of 6-month KIBOR and 1/3 of KSE-30 Index

Fund Performance Review

Since inception on August 20, 2010 till June 30, 2011, NAFA Asset Allocation Fund's Net Asset Value (NAV) increased by 19.45%, whereas the benchmark, 1/3 of Average 3-month Bank Deposit Rates, 1/3 of 6-month KIBOR and 1/3 of KSE-30 Index, increased by 12.22%. Thereby an out-performance of 7.23% was recorded. This out-performance is net of management fee and all other expenses. Thus, NAAF has met its investment objective.

In the wake of uncertain business environment, we followed a strategy of investing in high dividend yielding and defensive stocks belonging to the Oil & Gas, Chemicals and Electricity sectors, which benefited the Fund. Moreover, the under-weight stance in the Construction & Materials and Banking sectors that lagged the market also contributed to the out-performance of NAAF.

The chart below shows the performance of NAAF against the benchmark for the year:

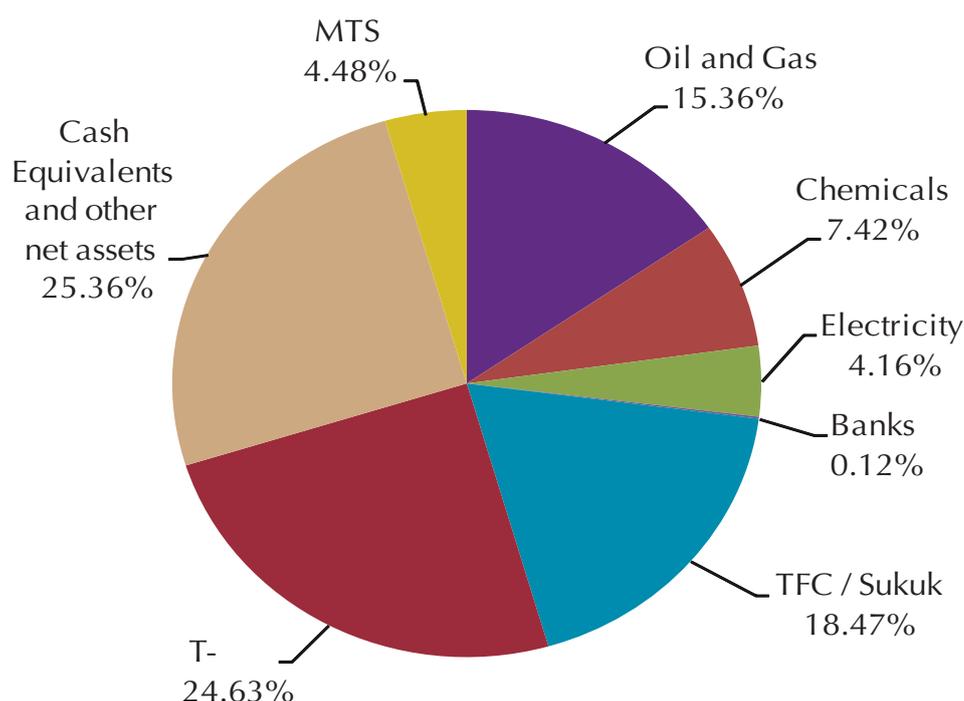


NAFA ASSET ALLOCATION FUND

The Fund started its investment operations with major allocation in money market and debt securities. We gradually built the portfolio of high dividend yielding and defensive stocks. During the year we completely exited the market to protect the downside risk that benefited the Fund. At the end of the year the Fund was invested in equities at around 27%.

Key factors responsible for the healthy performance of the stock market during the year include: (i) healthy corporate earnings (ii) positive foreign portfolio investment flows (iii) improvement in the external account (iv) stability on the domestic political front.

On the corporate debt sphere there continued to be a marginal improvement in the market's demand for debt securities of high rated issuers, mainly Banking, Telecom and Chemical sectors. NAAF is invested in AA category rated TFC belonging to Banking sector and Fertilizer sub-sector. Inflation as measured by CPI stood at 12.50% for FY11. During the year interest rates increased on the back of higher inflation. Coupon income on TFCs improved, which are floating rate instruments with coupon rate linked to KIBOR.



Income Distribution

Interim Periods / Quarters	Dividend % of Par Value	Cumulative Dividend Price Per Unit (Rs.)	Ex-Dividend Price Per Unit (Rs.)
Jun-11	10.50%	11.3204	10.2704
Mar-11	3.00%	11.0083	11.0083
Dec-11	3.00%	11.0301	11.0301

NAFA ASSET ALLOCATION FUND

Pattern of Unit Holders for NAFA Asset Allocation Fund – As on June 30, 2011

Size of Unit Holding (Units)		# of Unit Holders
1	1,000	13
1,001	5,000	47
5,001	10,000	26
10,001	50,000	62
50,001	100,000	16
100,001	500,000	14
500,001	1,000,000	0
1,000,001	5,000,000	1
5,000,001	10,000,000	0
10,000,001	100,000,000	1
Total:		<u>180</u>

During the period under question:

- There have been no significant changes in the state of affairs of the Fund
- The Management Company or its delegates did not receive any soft commission (i.e. goods and services) from its broker(s)/dealer(s) by virtue of transactions conducted by the Fund.

NAFA ASSET ALLOCATION FUND

REVIEW REPORT TO THE UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **NBP Fullerton Asset Management Limited** (the Management Company) for and on behalf of **NAFA Asset Allocation Fund** (the Fund) to comply with the Listing Regulation No. 35 (Chapter XI) of the Lahore Stock Exchange (Guarantee) Limited where the Fund is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Management Company of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Sub-regulation (xiii a) of the Listing Regulation No. 35 requires the Management Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of the requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length prices or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the period from August 2, 2010 to June 30, 2011.

A.F Ferguson & Co.
Chartered Accountants
Karachi
Dated: October 03, 2011

NAFA ASSET ALLOCATION FUND

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

We have audited the accompanying financial statements of **NAFA Asset Allocation Fund**, which comprise the statement of assets and liabilities as at June 30, 2011, and the related income statement, statement of comprehensive income, distribution statement, statement of movement in unit holders' fund and cash flow statement for the period from August 2, 2010 to June 30, 2011 and a summary of significant accounting policies and other explanatory notes.

Management Company's responsibility for the financial statements

The Management Company of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with approved accounting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at June 30, 2011, and of its financial performance, cash flows and transactions for the period from August 2, 2010 to June 30, 2011 in accordance with approved accounting standards as applicable in Pakistan.

Other matters

In our opinion, the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

A.F. Ferguson & Co.
Chartered Accountants
Engagement Partner: **Rashid A. Jafer**
Dated: October 03, 2011
Karachi

NAFA ASSET ALLOCATION FUND

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2011

	Note	June 30, 2011 Rupees in '000
ASSETS		
Balances with banks	4	62,963
Investments	5	198,352
Receivable against Margin Trading System		12,676
Receivable against sale of investments		5,654
Dividend and profit receivable	6	2,910
Deposits, prepayments and other receivables	7	3,166
Preliminary expenses and floatation costs	8	828
Total assets		286,549
LIABILITIES		
Payable to the Management Company	9	1,947
Payable to the Trustee	10	58
Payable to the Securities and Exchange Commission of Pakistan	11	164
Payable against redemption of units		303
Accrued expenses and other liabilities	12	1,355
Total liabilities		3,827
NET ASSETS		282,722
Unit Holders' Funds (as per statement attached)		282,722
CONTINGENCIES AND COMMITMENTS	13	
		Number of units
NUMBER OF UNITS IN ISSUE		24,974,471
		Rupees
NET ASSET VALUE PER UNIT	14	11.3204

The annexed notes 1 to 30 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ASSET ALLOCATION FUND

INCOME STATEMENT FOR THE PERIOD FROM AUGUST 2, 2010 TO JUNE 30, 2011

	Note	For the period from August 2, 2010 to June 30, 2011 Rupees in '000
INCOME		
Capital gain on sale of investments - net		20,726
Income from term finance certificates		5,584
Income from government securities		7,682
Income from Margin Trading System		339
Profit on bank deposits		2,829
Dividend income		3,507
Unrealised appreciation in the value of investments 'at fair value through profit or loss' - net	5.4	2,060
Total Income		42,727
EXPENSES		
Remuneration of the Management Company		3,121
Remuneration of the Trustee		602
Annual fee - Securities and Exchange Commission of Pakistan		164
Amortisation of preliminary expenses and floatation costs	8	172
Auditors' remuneration	15	357
Annual listing fee		20
Printing charges		126
NCCPL Fee		78
Legal and professional charges		50
Securities transaction cost		944
Settlement and bank charges		358
Total Expenses		5,992
Net Income from operating activities		36,735
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed		8,005
Provision for Workers' Welfare Fund	16	(895)
Net income for the period before taxation		43,845
Taxation	17	-
Net income for the period after taxation		43,845
Earnings per unit	18	

The annexed notes 1 to 30 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ASSET ALLOCATION FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM AUGUST 2, 2010 TO JUNE 30, 2011

	For the period from August 2, 2010 to June 30, 2011 Rupees in '000
Net income for the period after taxation	43,845
Other comprehensive income for the period	-
Total comprehensive income for the period	<u>43,845</u>

The annexed notes 1 to 30 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ASSET ALLOCATION FUND

DISTRIBUTION STATEMENT FOR THE PERIOD FROM AUGUST 2, 2010 TO JUNE 30, 2011

	For the period from August 2, 2010 to June 30, 2011 Rupees in '000
Net income for the period after taxation	43,845
Interim Distribution for the period ended December 31, 2010: 3.00% (Date of distribution: February 18, 2011) -Bonus Units	(5,865)
Interim Distribution for the period ended March 31, 2011: 3.00% (Date of distribution: April 19, 2011) -Bonus Units	(6,112)
Undistributed income carried forward	<u>31,868</u>
Undistributed income comprising of :	
Realised income	29,808
Unrealised income	2,060
	<u>31,868</u>

The annexed notes 1 to 30 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ASSET ALLOCATION FUND

STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND FOR THE PERIOD FROM AUGUST 2, 2010 TO JUNE 30, 2011

	For the period from August 2, 2010 to June 30, 2011 Rupees in '000
Issue of 30,011,109 units - including 1,086,883 bonus units	303,502
Redemption of 5,036,638 units	(56,620) 246,882
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	
- amount representing (income) / loss and capital (gains) / losses transferred to income statement	(8,005)
Unrealised appreciation in the value of investments 'at fair value through profit or loss' - net	2,060
Capital gain on sale of investments - net	20,726
Other net income for the period	21,059 43,845
Less: Distributions made during the period	
Interim Distribution for the quarter ended December 31, 2010: 3.00% (Date of distribution: February 18, 2011) -Bonus Units	(5,865)
Interim Distribution for the quarter ended March 31, 2011: 3.00% (Date of distribution: April 19, 2011) -Bonus Units	(6,112) (11,977)
Interim distribution: Issue of bonus units	11,977
Net assets at the end of the period	<u><u>282,722</u></u>

The annexed notes 1 to 30 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ASSET ALLOCATION FUND

CASH FLOW STATEMENT FOR THE PERIOD FROM AUGUST 2, 2010 TO JUNE 30, 2011

	For the period from August 2, 2010 to June 30, 2011 Rupees in '000
CASH FLOW FROM OPERATING ACTIVITIES	
Net income for the period before taxation	43,845
Adjustments	
Unrealised appreciation in the value of investments 'at fair value through profit or loss'	(2,060)
Amortisation of preliminary expenses and floatation costs	172
Element of (income)/ loss and capital (gains)/ losses included in prices of units issued less those in units redeemed	(8,005)
	<u>33,952</u>
(Increase) / decrease in assets	
Investments	(196,292)
Receivable against Margin Trading System	(12,676)
Receivables against sale of investments	(5,654)
Dividend and profit receivable	(2,910)
Deposits, prepayments and other receivables	(3,166)
	<u>(220,698)</u>
Increase / (decrease) in liabilities	
Payable to the Management Company	947
Payable to the Trustee	58
Payable to the Securities and Exchange Commission of Pakistan	164
Accrued expenses and other liabilities	1,355
	<u>2,524</u>
Net cash used in operating activities	<u>(184,222)</u>
CASH FLOW FROM FINANCING ACTIVITIES	
Receipts from issue of units	303,502
Payments on redemption of units	(56,317)
Net cash generated from financing activities	<u>247,185</u>
Net increase in cash and cash equivalents during the period	<u>62,963</u>
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period	<u><u>62,963</u></u>

The annexed notes 1 to 30 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ASSET ALLOCATION FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM AUGUST 2, 2010 TO JUNE 30, 2011

1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Asset Allocation Fund (the Fund) was established under a Trust Deed executed between NBP Fullerton Asset Management Limited (Formerly National Fullerton Asset Management Limited) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on June 29, 2010 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on July 14, 2010.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by SECP. The registered office of the Management Company is situated at 9th Floor, Adamjee House, I.I. Chundrigar Road, Karachi. The Management Company is a member of Mutual Funds Association of Pakistan (MUFAP).

The Fund is an open-ended mutual fund and is listed on the Lahore Stock Exchange. Units are offered for public subscription on a continuous basis. The units of the Fund are transferable and can be redeemed by surrendering them to the Fund. The units are listed on the Lahore Stock Exchange. The Fund is categorized as an Open-End "Asset Allocation Scheme" as per the criteria laid down by the Securities and Exchange Commission of Pakistan for categorization of Collective Investment Schemes (CIS).

The objective of the Fund is to generate income by investing in debt and money market securities and to generate capital appreciation by investing in equity and equity related securities. The Fund also undertakes transactions under Margin Trading System.

As per the Trust Deed, the first accounting period shall commence from the date on which the Fund property is first paid or transferred to the Trustee. The Fund opened its bank account on August 2, 2010 for receipt of subscription towards seed capital of the Fund. Accordingly, these financial statements have been prepared for the period from August 2, 2010 to June 30, 2011.

The Pakistan Credit Rating Agency (PACRA) has assigned an asset manager rating of AM2- (Positive outlook) to the Management Company.

Title of the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the requirements of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the requirements of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

2.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective and have not been early adopted :

The following amendment to existing standard has been published and is mandatory for accounting periods beginning on or after July 1, 2011 :

IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Fund will apply the revised standard from July 1, 2011. The Fund is currently in the process of assessing the impact, if any, of the revised standard on the related party disclosures.

There are other amendments to the standards, improvements to International Financial Reporting Standards 2010 and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2011 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not detailed in these financial statements.

NAFA ASSET ALLOCATION FUND

2.3 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Fund's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in application of accounting policies principally relate to classification and valuation of investments (note 3.2 and note 5).

2.4 Accounting Convention

These financial statements have been prepared under the historical cost convention except that investments have been carried at fair value.

2.5 Functional and Presentation Currency

These financial statements are presented in Pakistani Rupees, which is the Fund's functional and presentation currency.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

3.1 Cash and cash equivalents

Cash and cash equivalents include balances with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts which are subject to insignificant changes in value.

3.2 Financial assets

3.2.1 Classification

The Fund classifies its financial assets in the following categories: at fair value through profit or loss, available for sale and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this classification on a regular basis.

Investments are categorised as follows:

a) Financial assets at fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as held for trading in the 'financial assets at fair value through profit or loss' category.

b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

c) Available for sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables, (b) held to maturity investments or (c) financial assets at fair value through profit or loss. These are intended to be held for an indefinite period of time which may be sold in response to needs for liquidity or changes in prices.

3.2.2 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

3.2.3 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at 'fair value through profit or loss'. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement.

NAFA ASSET ALLOCATION FUND

3.2.4 Subsequent measurement

Subsequent to initial recognition, financial assets designated by the management as at 'fair value through profit or loss' and 'available for sale' are valued as follows:

a) Basis of valuation of debt securities

The investment of the Fund in debt securities is valued on the basis of rates determined by the Mutual Fund Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its circular no. 1 of 2009 dated January 6, 2009. In the determination of the rates MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

b) Basis of valuation of government securities

The investment of the Fund in government securities is valued on the basis of rates announced by the Financial Markets Association of Pakistan.

c) Basis of valuation of equity securities

The investment of the Fund in equity securities is valued on the basis of closing quoted market prices available at the stock exchange.

Investments of the Fund in unquoted equity securities are carried at lower of investment price or their break-up value as per the latest audited financial statements.

Net gains and losses arising from changes in the fair value of financial assets carried at 'fair value through profit or loss' are taken to the 'income statement'.

Net gains and losses arising from changes in fair value of 'available for sale' financial assets are taken to the 'statement of comprehensive income' until these are derecognised or impaired. At this time, the cumulative gain or loss previously recognised directly in the 'statement of comprehensive income' is transferred to the 'income statement'.

Subsequent to initial recognition financial assets classified as 'loans and receivables' are carried at amortised cost using the effective interest method.

Gain or loss is also recognised in the 'income statement' when financial assets carried at amortised cost are derecognised or impaired, and through the amortisation process.

3.2.5 Impairment

The Fund assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for 'available for sale' financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the 'Income Statement' is reclassified from 'Unit Holders' Fund' to the 'Income Statement'.

a) Debt securities

Provision for non-performing debt securities is made on the basis of time based criteria as prescribed under circular no. 1 of 2009 dated January 6, 2009 issued by the SECP. Impairment losses recognised on debt securities can be reversed through the 'Income Statement'.

As allowed under circular no. 13 of 2009 dated May 4, 2009 issued by the SECP, the management may also make provision against debt securities over and above the minimum provision requirement prescribed in the aforesaid circular, in accordance with a provisioning policy approved by the Board of Directors and disseminated by the Management Company in its website.

b) Equity securities

For equity securities classified as 'available for sale', a significant or prolonged decline in the fair value of the security below its cost is considered, among other indicators, as an indicator that the security is impaired. If any such evidence exists for 'available for sale' financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in 'income statement' is reclassified from 'unit holders' fund' to 'income statement'. Impairment losses recognised on equity instruments are not reversed through the 'income statement'.

NAFA ASSET ALLOCATION FUND

c) Loans and receivables

For financial assets classified as 'loans and receivables', a provision for impairment is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The amount of the provision is determined based on the provisioning criteria specified by the SECP.

3.2.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

3.2.7 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Assets and Liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

3.3 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

3.4 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the NBFC Regulations, 2008.

3.5 Issue and redemption of units

Units are issued on the realisation of funds and are recorded at the offer price applicable for that date, determined by the Management Company. The applications are received by the distributors during business hours and are processed by the Management Company on the realisation of funds. The offer price represents the Net Asset Value per unit as of the close of the previous business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the Net Asset Value per unit as of the close of the business day less any back-end load (if applicable), any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

3.6 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

An equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

The Fund records that portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period which pertains to unrealised gains / (losses) that form part of the Unit Holders' Funds in a separate reserve account and any amount remaining in this reserve account at the end of an accounting period (whether gain or loss) is included in the amount available for distribution to the unit holders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period is recognised in the Income Statement.

3.7 Provisions

Provisions are recognised when the Fund has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

NAFA ASSET ALLOCATION FUND

3.8 Securities under Margin Trading System (MTS)

Securities purchased under margin financing are included as 'receivable against Margin Trading System (MTS)' at the fair value of consideration given. All MTS transactions are accounted for on the settlement date. Income on MTS is calculated on outstanding balance at agreed rates and recorded in the Income Statement. Transaction costs are expensed in the Income Statement.

3.9 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed among the unit holders.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes. In addition, the Fund also records deferred tax on unutilised tax losses to the extent that it is probable that the related tax benefit will be realised. However, the Fund has not recognised any amount in respect of deferred tax in these financial statements as the Fund intends to avail the tax exemption under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders every year.

3.10 Proposed distributions

Distributions declared subsequent to the balance sheet date are considered as non-adjusting events and are recognised in the financial statements in the period in which such distributions are declared.

3.11 Revenue recognition

- Realised capital gains / (losses) arising on sale of investments are included in the 'income statement' on the date at which the transaction takes place.
- Income from government securities is accrued using the effective interest method.
- Dividend income is recognised when the right to receive the dividend is established.
- Income from investments in term finance certificates is recognised on an accrual basis, except where recovery is doubtful in which case it is credited to suspense account.
- Unrealised gains / (losses) arising on revaluation of investments classified as financial assets 'at fair value through profit or loss' are included in the 'income statement' in the period in which they arise.
- Profit on bank deposits is recognised on an accrual basis.
- Income on issue and repurchase of units is recognised when the units are issued and redeemed at the transaction date.
- Income on MTS transactions is recognised on an accrual basis.

	Note	June 30, 2011 Rupees in '000
4 BALANCES WITH BANKS		
Savings accounts	4.1	62,735
Current accounts		228
		<u>62,963</u>
4.1 These carry profits at the rates ranging from 5% to 12% per annum.		
5 INVESTMENTS		
At fair value through profit or loss' - held for trading		
- Equity securities - listed	5.1	76,501
- Term finance certificates - listed	5.2	52,206
- Government securities	5.3	69,645
		<u>198,352</u>

NAFA ASSET ALLOCATION FUND

5.1 Listed equity securities - at fair value through profit or loss

All shares have a nominal face value of Rs.10 each.

Name of the investee company	Number of shares				Market value as at June 30, 2011	Investment as a percentage of		
	Purchases during the period	Bonus / Right Issue	Sales during the period	As at June 30, 2011		Net assets	Market value of total investments	Paid up capital of the investee company
					Rupees in '000		----- % -----	
Oil & Gas								
Attock Petroleum Limited	50,900		41,000	9,900	3,705	1.31	1.87	0.01
Attock Refinery Limited	50,400		50,400	-	-	-	-	-
National Refinery Limited	40,700		40,500	200	70	0.02	0.04	0.00
Oil and Gas Development Company Limited	67,873		18,700	49,173	7,523	2.66	3.79	0.00
Pakistan Oilfields Limited	247,800		206,600	41,200	14,791	5.23	7.46	0.02
Pakistan Petroleum Limited	371,500	3,500	304,100	70,900	14,681	5.19	7.40	0.01
Pakistan State Oil Company Limited	13,000		3,000	10,000	2,646	0.94	1.33	0.01
Chemicals								
Engro Corporation Limited	45,600	4,580	49,900	280	46	0.02	0.02	0.00
Fauji Fertilizer Bin Qasim Limited	1,144,900		960,900	184,000	7,756	2.74	3.91	0.02
Fauji Fertilizer Company Limited	646,900		559,200	87,700	13,186	4.66	6.65	0.01
Lotte Pakistan PTA Limited	891,000		891,000	-	-	-	-	-
Construction and Materials								
Lucky Cement Limited	26,500		26,500	-	-	-	-	-
Fixed Line Telecommunication								
Pakistan Telecommunication Company Limited	215,000		215,000	-	-	-	-	-
Electricity								
The Hub Power Company Limited	1,820,000		1,506,300	313,700	11,764	4.16	5.93	0.03
Kot Addu Power Company Limited	147,500		147,500	-	-	-	-	-
Nishat Chunian Power Limited	136,000		136,000	-	-	-	-	-
Nishat Power Limited	250,000		250,000	-	-	-	-	-
Banks								
Allied Bank Limited	82,181	4,000	81,182	4,999	321	0.11	0.16	0.00
MCB Bank Limited	13,100		13,100	-	-	-	-	-
National Bank of Pakistan	89,800		89,800	-	-	-	-	-
United Bank Limited	123,800		123,600	200	12	0.00	0.01	0.00
					76,501	27.06	38.57	
Carrying value as at June 30, 2011					74,704			

5.2 Listed term finance certificates- at fair value through profit or loss

Name of the investee company	Number of certificates			Market value as at June 30, 2011	Investment as a percentage of			
	Purchases during the period	Sales during the period	As at June 30, 2011		Net assets	Market value of total investments	Issue size	
					Rupees in '000		----- % -----	
Allied Bank Limited	2,000	-	2,000	10,200	3.61	5.14	0.00	
United Bank Limited	3,000	-	3,000	15,160	5.36	7.64	0.01	
Bank Alfalah Limited	2,000	-	2,000	10,044	3.55	5.06	0.01	
Engro Corporation Limited	3,400	-	3,400	16,802	5.94	8.47	0.00	
				52,206	18.46	26.31		
Carrying value as at June 30, 2011				51,909				

NAFA ASSET ALLOCATION FUND

5.2.1 Investments include term finance certificates with market value of Rs 35.404 million which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No.11 dated October 23, 2007 issued by the SECP.

5.3 Government securities - at fair value through profit or loss

Issue date	Tenor	Face value			Market value as at June 30, 2011	Investment as a percentage of		
		Purchases during the period	Sales / matured during the period	As at June 30, 2011		Net assets	Market value of total investments	
						Rupees in '000	----- % -----	
Market Treasury Bills								
September 26, 2010	12 months	10,000	10,000	-	-	-	-	
April 22, 2010	6 months	65,000	65,000	-	-	-	-	
August 13, 2010	3 months	15,000	15,000	-	-	-	-	
October 21, 2010	6 months	25,000	25,000	-	-	-	-	
October 21, 2010	3 months	5,000	5,000	-	-	-	-	
August 3, 2010	6 months	20,000	20,000	-	-	-	-	
August 13, 2010	3 months	45,000	45,000	-	-	-	-	
November 4, 2010	3 months	35,000	35,000	-	-	-	-	
November 4, 2010	6 months	10,000	10,000	-	-	-	-	
November 16, 2010	3 months	5,000	5,000	-	-	-	-	
December 2, 2010	3 months	70,000	70,000	-	-	-	-	
December 18, 2010	3 months	70,000	70,000	-	-	-	-	
January 13, 2011	3 months	70,000	70,000	-	-	-	-	
January 27, 2011	3 months	70,000	70,000	-	-	-	-	
February 10, 2011	3 months	35,000	35,000	-	-	-	-	
January 27, 2011	3 months	70,000	70,000	-	-	-	-	
February 24, 2011	3 months	45,000	45,000	-	-	-	-	
April 21, 2011	3 months	70,000	-	70,000	69,645	24.63	35.11	
June 3, 2010	12 months	20,000	20,000	-	-	-	-	
March 10, 2011	3 months	25,000	25,000	-	-	-	-	
		-	780,000	710,000	70,000	69,645	24.63	35.11
Carrying value as at June 30, 2011					<u>69,679</u>			

5.4 Net unrealised appreciation in the value of investments classified as 'at fair value through profit or loss'

Note June 30, 2011
Rupees in '000

Market value of investments	198,352
Less: Carrying value of investments	(196,292)
	<u>2,060</u>

6 DIVIDEND AND PROFIT RECEIVABLE

Profit accrued on savings deposits	374
Dividend receivable	456
Income accrued on receivable against Margin Trading System	78
Income accrued on term finance certificates	2,002
	<u>2,910</u>

7 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Security deposit with National Clearing Company of Pakistan Limited	2,750
Security deposit with Central Depository Company of Pakistan Limited	100
Receivable against transfer sales	144
Prepayments	172
	<u>3,166</u>

8 PRELIMINARY EXPENSES AND FLOATATION COSTS

Preliminary expenses and floatation costs incurred	8.1	1,000
Less: Amortisation during the period		(172)
Balance as at June 30, 2011		<u>828</u>

NAFA ASSET ALLOCATION FUND

8.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund and are being amortised over a period of five years commencing from August 21, 2010 as per the requirements set out in the Trust Deed.

9 PAYABLE TO THE MANAGEMENT COMPANY	Note	June 30, 2011 Rupees in '000
Remuneration of the Management Company	9.1	452
Expense paid by the Management Company on behalf of the Fund		
-Preliminary expenses and floatation costs		1,000
-Initial deposit on opening of bank accounts		75
-Professional charges		38
-Listing fee		20
Front-end load payable		362
		<u>1,947</u>

9.1 Under the provisions of the NBFC Regulations, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such assets of the Fund. In the current period, the Management Company has charged no remuneration for the period August 21, 2010 to October 15, 2010. However, for the period October 16, 2010 to June 30, 2011, remuneration of the Management company has been charged at the rate of 2 percent of the average annual net assets of the Fund. The remuneration is paid to the Management Company on a monthly basis in arrears.

10 PAYABLE TO THE TRUSTEE	Note	June 30, 2011 Rupees in '000
	10.1	<u>58</u>

10.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff structure specified therein, based on the daily net assets of the Fund. The fee is paid on a monthly basis in arrears.

The tariff structure applicable to the Fund is as follows:

Net Assets	Tariff per annum
Upto Rs. 1,000 million	Rs.0.7 million or 0.20% p.a. of NAV, whichever is higher
On an amount exceeding Rs 1,000 million	Rs.2.0 million plus 0.10% p.a. of NAV exceeding Rs 1,000 million

11 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	June 30, 2011 Rupees in '000
Annual fee		<u>164</u>

Under the provisions of the NBFC Regulations, a collective investment scheme categorised as asset allocation scheme is required to pay an annual fee to SECP at an amount equal to 0.095 percent of the average annual net assets of the fund. The Fund has been categorised as an Asset Allocation Scheme by the Management Company.

12 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	June 30, 2011 Rupees in '000
Auditors' remuneration payable		256
Provision for workers' welfare fund	16	895
Payable to brokers		54
Settlement charges		75
Printing charges payable		67
Others		8
		<u>1,355</u>

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

There were no contingencies outstanding as at June 30, 2011.

NAFA ASSET ALLOCATION FUND

	June 30, 2011 Rupees in '000
13.2 Commitments	
Margin Trading System transactions entered into by the Fund which have not been settled as at June 30, 2011 :	
-Purchase transactions	3,645
-Sale transactions	1,886
14 Net Asset Value per unit	
The net asset value (NAV) per unit as disclosed on the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the period end.	
15 AUDITORS REMUNERATION	June 30, 2011 Rupees in '000
Annual audit fee	231
Half yearly review fee	92
Out of pocket expenses	34
	<hr/> <hr/> <u>357</u>
16 PROVISION FOR WORKERS' WELFARE FUND	
The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh, challenging the applicability of WWF to the CISs, which is pending adjudication.	
Subsequently a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However, on December 14, 2010 the Ministry filed its response against the Constitutional petition requesting the court to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in Court.	
Subsequent to the year ended June 30, 2011, the Honorable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. The Management Company is hopeful that the decision of the LHC will lend further support to the Constitutional Petition which is pending in the SHC. However, pending the decision of the said constitutional petition, the Management Company, as a matter of abundant caution, has made the provision for WWF amounting to Rs. 0.895 million in these financial statements.	
17 TAXATION	
The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for the year / period, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. The Fund has not recorded a tax liability in respect of income relating to the current period as subsequent to the year end the Management Company has distributed the required minimum percentage of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders.	
18 EARNINGS PER UNIT	
Earnings per unit (EPU) for the period from August 02, 2010 to June 30, 2011 has not been disclosed in these financial statements as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.	
19 TRANSACTIONS WITH CONNECTED PERSONS	
19.1 Connected persons include NBP Fullerton Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan, and Alexandra Fund Management Pte. Limited being the sponsors, other collective investment schemes managed by the Management Company and directors and officers of the Management Company.	
19.2 The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.	

NAFA ASSET ALLOCATION FUND

19.3 Remuneration and front-end load payable to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

19.4 Remuneration payable to the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

19.5 Details of the transactions with connected persons are as follows:

**For the period
from August 2,
2010 to June 30, 2011
Rupees in '000**

NBP Fullerton Asset Management Limited - Management Company

Remuneration for the period	3,121
Expenses paid by the Management Company on behalf of the Fund	
- Preliminary expenses and floatation costs	1,000
- Initial deposit on opening of bank accounts	75
- Professional charges	48
- Listing fee	20
- Front-end load	507

Alexandra Fund Management Pte. Limited - Sponsor

Issue of 16,308,503 units	164,866
Issue of 900,093 bonus units	-

Central Depository Company of Pakistan Limited - Trustee

Remuneration for the period	602
CDS charges	282

Employees of the Management Company

Issue/ transfer in of 703,504 units	7,889
Redemption / transfer out of 590,812 units	6,651
Issue of 4,121 bonus units	-

Taurus Securities Limited

Brokerage expense	75
-------------------	----

19.6 Amounts outstanding as at period end

**June 30, 2011
Rupees in '000**

NBP Fullerton Asset Management Limited - Management Company

Management fee payable	452
Preliminary expenses and floatation costs	1,000
Initial deposit on opening of bank accounts	75
Professional charges	38
Listing fee	20
Front-end load	362

Central Depository Company of Pakistan Limited - Trustee

Remuneration payable	58
CDS charges payable	3
Security deposit	100

National Bank of Pakistan

Balance in current account	228
----------------------------	-----

Alexandra Fund Management Pte. Limited - Sponsor

Investment held by the sponsor in the Fund (17,208,597 units)	194,808
---	---------

NAFA Government Securities Liquid Fund

Payable against transfer out of units	303
---------------------------------------	-----

Employees of the Management Company

Investment held in the Fund (116,813 units)	1,322
---	-------

Taurus Securities Limited

Brokerage payable	9
-------------------	---

NAFA Savings Plus Fund

Receivable against transfer sales	144
-----------------------------------	-----

NAFA ASSET ALLOCATION FUND

20 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

Details of members of the investment committee of the Fund are as follows:

-----2011-----			
S. No.	Name	Qualification	Experience in years
1	Dr. Amjad Waheed	MBA / Doctorate in Business Administration / CFA	23
2	Sajjad Anwar	MBA / CFA	11
3	Hussain Yasar	MBA / Passed CFA Level-1	5.5
4	Tanveer Abid	MBA / CFA / FRM	12
5	Ahmed Nouman	EMBA / CFA	15

20.1 Mr. Hussain Yasar is the manager of the Fund.

21 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

2011

1	KASB Securities Limited	10.84%
2	Taurus Securities Limited	9.34%
3	Invisor Securities (Private) Limited	8.70%
4	JS Global Capital Limited	7.73%
5	BMA Capital Management Limited	7.69%
6	NEXT Securities Limited	6.79%
7	Habib Metro Securities Limited	6.56%
8	Topline Securities Limited	6.19%
9	Elixir Securities Limited	6.11%
10	AKD Securities Limited	5.57%

22 PATTERN OF UNIT HOLDING

-----2011-----

Category	Number of unit holders	Investment amount	Percentage investment
	(Rupees in '000)		
Individuals	179	87,914	31.10%
Associated companies / Directors	1	194,808	68.90%
	180	282,722	100.00%

23 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 28th, 29th, 30th and 31st Board meetings were held on August 25, 2010, October 18, 2010, February 18, 2011 and April 19, 2011 respectively. Information in respect of attendance by Directors in the meetings is given below:

Name of Director	Number of meetings			Meetings not attended
	Held	Attended	Leave granted	
Mr. Qamar Hussain*	3	1	2	29th and 30th meeting
Mr. Shahid Anwar Khan	4	4	0	
Dr. Asif A. Brohi*****	4	0	4	28th, 29th, 30th and 31st meeting
Mr. Shehryar Faruque	4	3	1	29th meeting
Mr. Kamal Amir Chinoy	4	3	1	30th meeting
Syed Iqbal Ashraf**	1	1	0	
Mr. Gerard Lee How Cheng***	3	2	1	29th meeting
Mr. Patrick Pang Chin Hwang	4	4	0	
Mr. Choy Peng Wah****	1	0	1	30th meeting
Mr. Wah Geok Sum*****	1	1	0	
Dr Amjad Waheed	4	4	0	

NAFA ASSET ALLOCATION FUND

- * Mr. Qamar Hussain resigned from the board with effect from March 25, 2011.
- ** Mr. Syed Iqbal Ashraf was co-opted on the board with effect from March 25, 2011.
- *** Mr. Gerard Lee How Cheng resigned from the board with effect from November 15, 2010.
- **** Mr. Choy Peng Wah was co-opted on the board with effect from November 15, 2010 and has resigned from the board with effect from February 18, 2011 .
- ***** Mr. Wah Geok Sum was co-opted on the board with effect from February 18, 2011.
- ***** Dr. Asif A. Brohi was co-opted on the board with effect from August 09, 2010

24 FINANCIAL INSTRUMENTS BY CATEGORY

-----As at June 30, 2011-----				
	Loans and receivables	At fair value through profit or loss	Available for sale	Total
------(Rupees in '000)-----				
Financial assets	62,963	-	-	62,963
Balances with banks	12,676	-	-	12,676
Receivable against Margin Trading System	5,654	-	-	5,654
Receivable against sale of investments	-	198,352	-	198,352
Investments	2,910	-	-	2,910
Dividend and profit receivable	2,994	-	-	2,994
Advances, deposits and other receivables	87,197	198,352	-	285,549
-----As at June 30, 2011-----				
	Liabilities at fair value through profit or loss		Amortised cost	Total
------(Rupees in '000)-----				
Financial liabilities	-		1,947	1,947
Payable to the Management Company	-		58	58
Payable to the Trustee	-		303	303
Payable against redemption of units	-		459	459
Accrued expenses and other liabilities	-		2,767	2,767

25 FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

25.1 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices.

The Management Company manages the market risk by monitoring exposure on marketable securities by following internal risk management policies and regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

24.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present is not exposed to currency risk as its operations are geographically restricted to Pakistan and all transactions are carried out in Pakistani Rupees.

24.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

NAFA ASSET ALLOCATION FUND

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds KIBOR based interest bearing term finance certificates exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR on June 30, 2011 with all other variables held constant, the net assets of the Fund and net income for the year would have been higher / lower by Rs.0.020 million.

The composition of the Fund's investment portfolio and KIBOR rates is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2011 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2011, the Fund holds Market Treasury Bills which are classified as 'at fair value through profit or loss', exposing the Fund to fair value interest rate risk. In case of 100 basis points increase in rates announced by the Financial Market Association on June 30, 2011, with all other variables held constant, the net income for the period and net assets would be lower by Rs 0.025 million. In case of 100 basis points decrease in rates announced by the Financial Market Association on June 30, 2011, with all other variables held constant, the net income for the period and net assets would be higher by Rs 0.025 million.

The composition of the Fund's investment portfolio and rates announced by Financial Market Association is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2011 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

Interest rate sensitivity position for on balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off balance sheet instruments is based on the settlement date.

-----June 30, 2011-----					
Interest rate	Total	'---Exposed to yield / interest rate risk---			Not exposed to yield / interest rate risk
		Upto three months	More than three months and upto one year	More than one year	
%		----- (Rupees in '000) -----			
On-balance sheet financial instruments					
Financial assets					
Balances with banks	5.00 - 12%	62,963	62,735	-	228
Receivable against Margin Trading System		12,676			12,676
Receivable against sale of investments		5,654	-	-	5,654
Investments	13.28 - 15.67	198,352	121,851	-	76,501
Dividend and profit receivable		2,910	-	-	2,910
Advances, deposits and other receivables		2,994	-	-	2,994
		285,549	184,586	-	100,963
Financial liabilities					
Payable to the Management Company		1,947	-	-	1,947
Payable to the Trustee		58	-	-	58
Payable on redemption of units		303	-	-	303
Accrued expenses and other liabilities		459	-	-	459
		2,767	-	-	2,767
On-balance sheet gap		282,782	184,586	-	98,196
Off-balance sheet financial instruments					
Margin Trading System (MTS) transactions entered into by the Fund which have not been settled as at June 30, 2011 :					
-Purchase transactions		3,645	-	-	3,645
-Sale transactions		(1,886)	-	-	(1,886)
Off-balance sheet gap		1,759	-	-	1,759
Total interest rate sensitivity gap		284,541	184,586	-	99,955

NAFA ASSET ALLOCATION FUND

24.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund is exposed to equity price risk because of the investments held by the Fund and classified in the Statement of Assets and Liabilities as financial asset 'at fair value through profit or loss'. The Fund manages price risk by limiting individual equity securities to not more than ten percent of net assets attributable to holders of the Fund's assets. Moreover, the sector limits have also been restricted to twenty five percent. The equity investments are listed in the Karachi Stock Exchange. The Fund's policy requires that the overall market position is monitored on a daily basis by the Fund Manager and is reviewed on a regular basis by the investment committee as well as the Board of Directors.

In case of 5% increase / decrease in KSE 100 index on June 30, 2011, net income for the year would increase / decrease by Rs 4.073 million and net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as 'at fair value through profit or loss'.

The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KSE index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2011 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of KSE 100 index.

25.2 Credit risk

Credit risk represents the risk of a loss if counterparties fail to perform as contracted. The Fund's credit risk is primarily attributable to balances with banks, its investment in term finance certificates, receivable against sale of investments, dividend receivable and profit receivable on balances with banks. The credit risk on liquid funds is limited because the counter parties are financial institutions with reasonably high credit ratings. In addition, the internal risk management policies and investment guidelines (approved by the investment Committee) require the Fund to invest in debt securities that have been rated as investment grade by a well known rating agency. Credit risk on dividends receivable is minimal due to statutory protection. All transactions in listed securities are settled / paid for upon delivery using the central clearing company. The risk of default is considered minimal due to inherent systematic measures taken therein.

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. The Fund does not expect to incur material credit losses on its financial assets.

The analysis below summarises the credit quality of the Fund's financial assets :

Balances with banks by rating category

	2011 Percentage
A1+	99.95%
A-2	0.05%
	<u>100.00%</u>

Balances with banks by rating category

AA	80.76%
AA-	19.24%
	<u>100.00%</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2011 is the carrying amount of the financial assets. The term finance certificates held by the Fund are generally secured against hypothecation of stocks and receivables and mortgage of fixed assets.

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse creditworthy counterparties thereby mitigating any significant concentration of credit risk.

NAFA ASSET ALLOCATION FUND

25.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to settlement of equity securities and to daily cash redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed off and are considered readily realisable.

The Fund has the ability to borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any significant redemptions during the year.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	----- June 30, 2011 -----			
	Total	Upto three months	Over three months and upto one year	Over one year
	----- (Rupees in '000) -----			
Financial liabilities				
Payable to the Management Company	1,947	452	-	1,495
Payable to the Trustee	58	58	-	-
Payable against redemption of units	303	303	-	-
Accrued expenses and other liabilities	459	459	-	-
	<u>2,767</u>	<u>1,272</u>	<u>-</u>	<u>1,495</u>

26 UNIT HOLDERS' FUND RISK MANAGEMENT

The Unit Holders' Fund is represented by redeemable units. These units are entitled to distributions and to payment of a proportionate share, based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in Unit holders' Fund'.

Currently, the Fund has no restrictions on the subscription and redemption of units. There is no specific capital requirement which is applicable to the Fund.

The Fund's objectives when managing unit holders' fund are to safeguard its ability to continue as a going concern so that it can continue to provide returns to unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies stated in note 25, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

27 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

NAFA ASSET ALLOCATION FUND

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book values as the items are either short term in nature or periodically repriced.

According to the amendments to International Financial Reporting Standard 7, Financial Instruments : Disclosure - Improving disclosures about financial instruments, an entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, whether directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2) ; and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3)

Investments carried at fair value are categorised as follows:

ASSETS	----- As at June 30, 2011 -----			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Investment in securities - at fair value through profit or loss	76,501	121,851	-	198,352

28 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the Management Company in their meeting held on July 04, 2011 have approved a final distribution for the period ended June 30, 2011 at the rate of 10.50%. The financial statements for the period ended June 30, 2011 do not include the effect of this final distribution which will be accounted for in the financial statements for the year ending June 30, 2012.

29 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on September 29, 2011.

30 GENERAL

30.1 Figures have been rounded off to the nearest thousand rupees.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ASSET ALLOCATION FUND

Performance Table

Particulars	For the period from August 2, 2010 to June 30, 2011
Net assets (Rs. '000')	282,722
Net Income (Rs. '000')	43,845
Net Asset Value per units (Rs.)	10.2704
Offer price per unit	10.4758
Redemption price per unit	10.2704
Highest offer price per unit (Rs.)	10.5262
Lowest offer price per unit (Rs.)	8.7855
Highest redemption price per unit (Rs.)	10.3198
Lowest redemption price per unit (Rs.)	8.6132
Total return of the fund	19.45%
Capital growth	2.95%
Income distribution	16.50%
Interim distribution per unit	0.6000
Final distribution per unit	1.0500
Distribution dates	
Interim	18-Feb-11 & 19-Apr-11
Final	4-Jul-11
Average annual return (launch date 21-08-2010) (Since inception to June 30, 2011)	19.45%
Portfolio Composition (Please see Fund Manager Report)	

"Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up."

BLANK