


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
Mr. Amir Shehzad	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
Mr. Amir Shehzad	Member

Trustee

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

FUND'S INFORMATION	02
DIRECTORS' REPORT	05
REPORT OF THE TRUSTEE TO THE UNITHOLDERS	07
AUDITORS' REVIEW REPORT TO THE UNITHOLDERS	08
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES	09
CONDENSED INTERIM INCOME STATEMENT	10
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME	11
CONDENSED INTERIM DISTRIBUTION STATEMENT	12
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND	13
CONDENSED INTERIM CASH FLOW STATEMENT	14
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS	15

NAFA ASSET ALLOCATION FUND

DIRECTORS' REPORT

The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the unaudited (reviewed) financial statements of NAFA Asset Allocation Fund for the half year ended December 31, 2011.

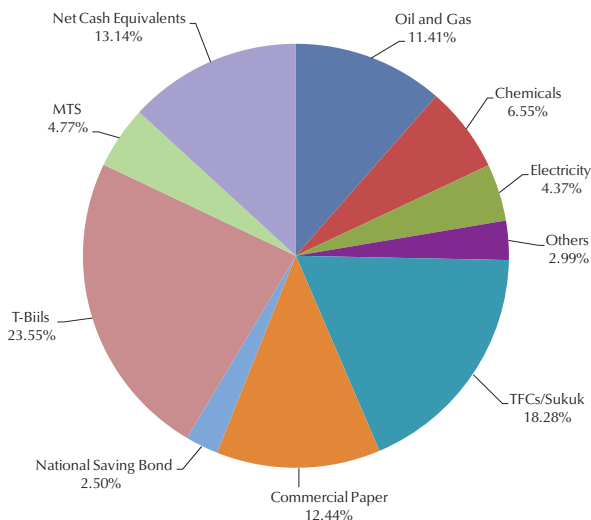
Fund's Performance

During the first half, the unit price of NAFA Asset Allocation Fund (NAAF) has increased from Rs. 10.2704 (Ex-Div) on June 30, 2011 to Rs.10.4685 on December 31, 2011, thus showing a growth of 1.93%, as compared to its Benchmark (1/3 of average 3-month bank deposit rate; 1/3 of 6-months KIBOR; 1/3 of KSE 30 Index) negative return of 0.75% during the same period. Thus, the Fund has outperformed its Benchmark by 2.68% during the period under review. Since inception the NAV of the Fund has increased from Rs. 8.5979 (Ex-Div) on August 20, 2010 to Rs. 10.4685 on December 31, 2011, thus showing an increase of 21.76%. During the said period, the Benchmark increased by 11.37%, translating into outperformance of 10.39%. This performance is net of management fee and all other expenses. The size of NAFA Asset Allocation Fund has increased from Rs.283 million to Rs.402 million during the period, i.e. an increase of 42.05%.

The stock market depicted a downward trend during 1HFY12 due to economic slowdown primarily stemming from shortfall in energy and subdued foreign investment activity. Among the out-performers for the period were Oil & Gas, Construction & Materials, Chemicals, Electricity and Financial Services sectors. On the other hand, Banking, Fixed Line Communication, Food Producers and Industrial Engineering sectors were among the laggards. Investment activity remained subdued with daily traded volume of mere 60m shares.

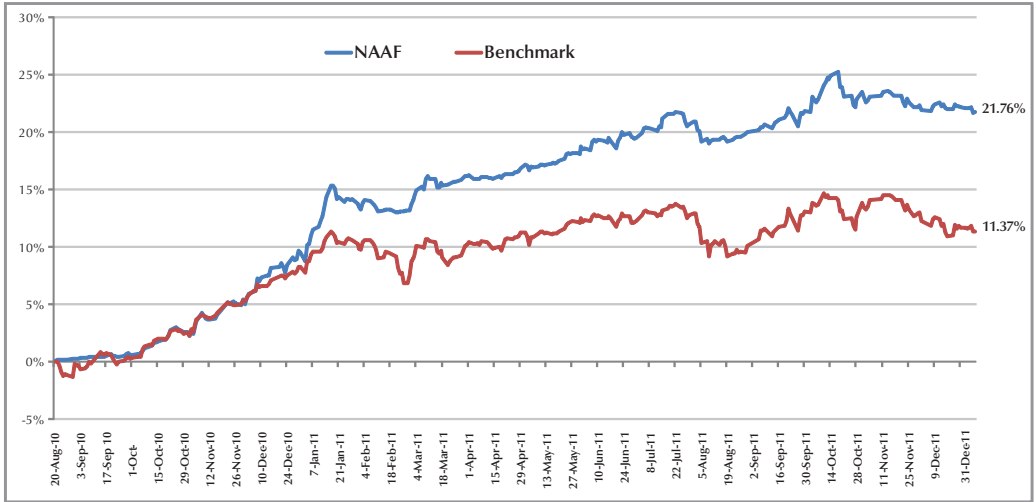
The State Bank of Pakistan slashed the policy rate by 200bps during the period under review citing some let up in the inflationary trends and to spur growth. Activity in the corporate bond market improved, although limited to the prime quality issues. The Fund is invested in AA category rated TFCs.

The Fund has earned total income of Rs.11.46 million during the period. After deducting expenses of Rs.6.11 million, the net income is Rs.5.35 million. The asset allocation of the Fund as on December 31, 2011 is as follows:



NAFA ASSET ALLOCATION FUND

NAAF Performance versus Benchmark (Since Inception)



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

Chief Executive

Director

Date: February 17, 2012
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) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of NAFA Asset Allocation Fund (the Fund) are of the opinion that NBP Fullerton Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 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: February 28, 2012

NAFA ASSET ALLOCATION FUND

INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE UNITHOLDERS

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **NAFA Asset Allocation Fund** as at December 31, 2011 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial information'), for the half year ended December 31, 2011. The Management Company (NBP Fullerton Asset Management Limited) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement for the quarters ended December 31, 2011 and December 31, 2010 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2011.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2011 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

A.F. Ferguson & Co.
Chartered Accountants

Dated: February 28, 2012

Karachi

NAFA ASSET ALLOCATION FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2011

	Note	Un-audited December 31, 2011	Audited June 30, 2011
----- Rupees in '000 -----			
ASSETS			
Balances with banks		61,192	62,963
Investments	4	330,036	198,352
Receivable against Margin Trading System		19,195	12,676
Receivable against sale of investments		475	5,654
Advances, deposits, prepayments and other receivables		2,912	3,166
Dividend and Profit receivable		4,712	2,910
Preliminary expenses and floatation costs		727	828
Total assets		419,249	286,549
LIABILITIES			
Payable to the Management Company		2,505	1,947
Payable to the Trustee		66	58
Payable to the Securities and Exchange Commission of Pakistan		166	164
Payable against redemption of units		-	303
Payable against purchase of investment		12,883	-
Accrued expenses and other liabilities		1,586	1,355
Total liabilities		17,206	3,827
NET ASSETS		402,043	282,722
Unit holders' fund (as per statement attached)		402,043	282,722
CONTINGENCIES AND COMMITMENTS			
	7		
-----Number of units-----			
Number of units in issue		38,404,859	24,974,471
-----Rupees-----			
Net asset value per unit	3.4	10.4685	11.3204

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ASSET ALLOCATION FUND

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

Note	Half year ended December 31, 2011	For the period from August 2, 2010 to December 31, 2010	Quarter ended December 31, 2011	Quarter ended December 31, 2010
------(Rupees in '000)-----				
INCOME				
Profit on bank deposits	2,058	903	1,079	394
(Loss) / gain on sale of investments - net	(3,881)	2,235	(1,818)	2,292
Income from term finance certificates and sukus	5,771	1,736	3,342	1,507
Income from government securities	8,763	2,353	4,315	1,591
Income from Margin Trading System	428	-	260	-
Dividend Income	4,377	1,166	3,715	1,166
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(6,060)	9,570	(8,782)	9,745
Total income	11,456	17,963	2,111	16,695
EXPENSES				
Remuneration of the Management Company	3,488	773	1,924	523
Sindh sales tax on remuneration of the Management Company	558	-	306	-
Remuneration of the Trustee	349	255	173	176
Annual fee - Securities and Exchange Commission of Pakistan	166	53	92	42
Annual listing fee	15	9	9	6
Securities transaction cost	653	247	360	203
Settlement charges and bank charges	202	181	(63)	113
Auditors' remuneration	252	222	126	163
Legal and professional charges	-	2	-	-
NCCPL Fee	126	-	63	-
Fund rating fee	-	-	(22)	-
Printing and related costs	92	114	46	50
Amortisation of preliminary expenses and floatation costs	101	73	51	51
Total expenses	6,002	1,929	3,065	1,327
Net income / (loss) from operating activities	5,454	16,034	(954)	15,368
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	-	4,049	-	4,011
(Provision) / reversal of provision for workers' welfare fund	(109)	(402)	19	(388)
Net income / (loss) for the period before taxation	5,345	19,681	(935)	18,991
Taxation	8	-	-	-
Net income / (loss) for the period after taxation	5,345	19,681	(935)	18,991
Earnings per unit	3.5			

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ASSET ALLOCATION FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

	Half year ended December 31, 2011	For the period from August 2, 2010 to December 31, 2010	Quarter ended December 31, 2011	Quarter ended December 31, 2010
	------(Rupees in '000)-----			
Net income / (loss) for the period after taxation	5,345	19,681	(935)	18,991
Other comprehensive income for the period	-	-	-	-
Total comprehensive income / (loss) for the period	<u>5,345</u>	<u>19,681</u>	<u>(935)</u>	<u>18,991</u>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ASSET ALLOCATION FUND

CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

	Half year ended December 31, 2011	For the period from August 2, 2010 to December 31, 2010	Quarter ended December 31, 2011	Quarter ended December 31, 2010
	------(Rupees in '000)-----			
Undistributed income brought forward	31,868	-	12,865	690
Final distribution for the period from August 02, 2010 to June 30, 2011:10.50% (Date of distribution: July 04, 2011)				
- Bonus units	(26,220)	-	-	-
- Cash distribution	(4)	-	-	-
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	2,263	-	1,322	-
Net income / (loss) for the period after taxation	5,345	19,681	(935)	18,991
Undistributed income carried forward	<u>13,252</u>	<u>19,681</u>	<u>13,252</u>	<u>19,681</u>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

Half Yearly Report

NAFA ASSET ALLOCATION FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

	Half year ended December 31, 2011	For the period from August 2, 2010 to December 31, 2010	Quarter ended December 31, 2011	Quarter ended December 31, 2010
------(Rupees in '000)-----				
Net assets at the beginning of the period	282,722	-	359,630	110,996
Issue of 18,131,536 units including 2,552,922 bonus units (2010: 21,393,156 units)	163,210	218,455	73,315	107,508
Redemption of 4,701,148 units (2010: 688,180 units)	(49,230)	(7,355)	(29,967)	(6,752)
Final distribution for the year ended June 30, 2011: 10.50%	113,980	211,100	43,348	100,756
- Bonus distribution	26,220	-	-	-
Net 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	-	(4,049)	-	(4,011)
- amount representing (income) / loss that form part of unit holders' fund - transferred to distribution statement	(2,263)	-	(1,322)	-
	(2,263)	(4,049)	(1,322)	(4,011)
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(6,060)	9,570	(8,782)	9,745
Capital (loss) / gain on sale of investments	(3,881)	2,235	(1,818)	2,292
Other operating income	15,286	7,876	9,665	6,954
Net income / (loss) for the period	5,345	19,681	(935)	18,991
Distribution:				
Final distribution for the year ended June 30, 2011: 10.50%				
- Bonus distribution	(26,220)	-	-	-
- Cash distribution	(4)	-	-	-
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	2,263	-	1,322	-
Net assets as at the end of the period	402,043	226,732	402,043	226,732

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ASSET ALLOCATION FUND

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

	Half year ended December 31, 2011	For the period from August 2, 2010 to December 31, 2010	Quarter ended December 31, 2011	Quarter ended December 31, 2010
------(Rupees in '000)-----				
CASH FLOW FROM OPERATING ACTIVITIES				
Net income / (loss) for the period before taxation	5,345	19,681	(935)	18,991
Adjustments				
Net unrealised (appreciation) / diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6,060	(9,570)	8,782	(9,745)
Amortisation of preliminary expenses and floatation costs	101	73	51	51
Loss / (gain) on sale of investments - net	3,881	(2,335)	1,818	(2,292)
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	-	(4,049)	-	(4,011)
	15,387	3,800	9,716	2,994
(Increase) / decrease in assets				
Investments	(141,625)	(183,605)	(6,566)	(105,214)
Receivable against Margin Trading System	(6,519)	-	(19,195)	-
Receivable against sale of investments	5,179	-	(475)	-
Advances, deposits, prepayments and other receivables	254	(2,670)	205	(70)
Dividend and Profit receivable	(1,802)	(1,484)	(2,290)	(795)
	(144,513)	(187,759)	(28,321)	(106,079)
Increase / (decrease) in liabilities				
Payable to the Management Company	558	1,140	(94)	(132)
Payable to the Trustee	8	59	8	3
Payable to Securities and Exchange Commission of Pakistan	2	53	92	42
Payable against purchase of investments	12,883	9,615	(1,118)	6,687
Accrued expenses and other liabilities	231	853	(421)	251
	13,682	11,720	(1,533)	6,851
Formation cost incurred	-	(1,000)	-	-
Net cash used in operating activities	(115,444)	(173,239)	(20,138)	(96,234)
CASH FLOW FROM FINANCING ACTIVITIES				
Receipts from issue of units	163,210	218,455	73,315	107,508
Payment on redemption of units	(49,533)	(7,355)	(30,217)	(6,752)
Distribution paid	(4)	-	-	-
Net cash inflow from financing activities	113,673	211,100	43,098	100,756
Net (decrease) / increase in cash and cash equivalents during the period	(1,771)	37,861	22,960	4,522
Cash and cash equivalents at the beginning of the period	62,963	-	38,232	33,339
Cash and cash equivalents as at the end of the period	<u>61,192</u>	<u>37,861</u>	<u>61,192</u>	<u>37,861</u>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ASSET ALLOCATION FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 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 the SECP. The registered office of the Management Company is situated at 9th Floor, Adamjee House, I.I.Chundrigar Road, Karachi.

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 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.

The Pakistan Credit Rating Agency Limited (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 the trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of International Accounting Standard (IAS) 34: 'Interim Financial Reporting', the Trust Deed, Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules), Non Banking Finance Companies and Notified Entities Regulations 2008 (NBFC Regulations) and the 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 IAS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

2.2 This condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual published financial statements of the Fund for the period from August 2, 2010 to June 30, 2011.

2.3 This condensed interim financial information is unaudited. However, a limited scope review has been performed by the external auditors in accordance with the requirements of the Code of Corporate Governance. Accordingly, the Board of Directors of the Management Company declare that this condensed interim financial information gives a true and fair view of the state of affairs of the Fund.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual published financial statements of the Fund for the year ended June 30, 2011.

3.1 Standards, interpretations and amendments to published approved accounting standards that are effective in the current period:

The following new standards and amendments to existing standards are mandatory for the first time for the financial year beginning July 1, 2011:

NAFA ASSET ALLOCATION FUND

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 adoption of the revised standard did not have any impact on the Fund's condensed interim financial information.

IFRS 7 (amendment) 'Financial instruments: Disclosures'. This amendment was a part of the IASB's annual improvement project published in May 2010. The amendment emphasises the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. The management is in the process of assessing the impact of this amendment on the Fund's condensed interim financial information.

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that became effective during the period and are mandatory for accounting periods beginning on or after July 1, 2011 but are considered not to be relevant or did not have any significant effect on the Fund's operations and are, therefore, not disclosed in this condensed interim financial information.

3.2 Standards, interpretations and amendments to published approved accounting standards, as adopted in Pakistan, that are not yet effective:

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that are mandatory for accounting periods beginning on or after July 1, 2012 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 this condensed interim financial information.

3.3 During the current period, the Fund has revised its methodology for determination of element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed. As per the revised methodology, element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed is determined based on the income earned during the period and on unrealised appreciation / (diminution) arising during the period on available for sale securities. The amount so determined is taken directly to the distribution statement. Previously, the element was calculated based on cumulative values of undistributed income and unrealised gain / loss on available for sale securities present in the net asset value of units. The element which related to income earned during the period was recognised in the income statement while the remaining amount was recognised in the distribution statement.

The revised methodology, in the opinion of the management, reflects a more appropriate manner for determination of element. The change in the presentation of element in the financial statements has been based on the recommendation of the Institute of Chartered Accountants of Pakistan (ICAP) to the Securities and Exchange Commission of Pakistan (SECP). As per ICAP's recommendation to the SECP, element of income, being in the nature of "equalization account" does not qualify for recognition either as expense or income as per International Financial Reporting Standards (IFRSs). Therefore, in order to enhance harmonization of mutual fund accounting with the primary accounting framework, the net balance of element of income at the end of the reporting period has been recognised directly in the distribution statement.

The change did not have any impact on the net assets value (NAV) of the Fund. Had the management not revised its methodology:

- Income for the period would have been higher by Rs 2.263 million; and
- amount taken to distribution statement would have been higher by Rs 1.369 million.

3.4 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 issue at the period / year end.

3.5 Earnings per unit

Earnings per unit has not been disclosed as, in the opinion of the management, determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

NAFA ASSET ALLOCATION FUND

Note (Un-Audited) (Audited)
December June
31, 2011 30, 2011

----- Rupees in '000 -----

4 INVESTMENTS

Financial assets 'at fair value through profit or loss'

Equity securities - listed	4.1	101,816	76,501
Term finance certificates and sukuk bonds - listed	4.2	123,489	52,206
Saving bonds	4.3	10,039	-
Market Treasury Bills	4.4	94,692	69,645
		<u>330,036</u>	<u>198,352</u>

4.1 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 December 31, 2011	Investment as a percentage of		
	As at July 01, 2011	Purchases during the period	Bonus / Right Issue	Sales during the period	As at December 31, 2011		Net assets	Market value of total investments	Paid up capital of the investee company
						Rupees in '000	----- % -----		
Oil & Gas									
Attock Petroleum Limited	9,900	14,300	-	24,200	-	-	-	-	-
Attock Refinery Limited	-	15,500	-	15,500	-	-	-	-	-
National Refinery Limited	200	15,600	-	15,800	-	-	-	-	-
Oil and Gas Development Company Limited	49,173	195,900	-	154,500	90,573	13,733	3.42	4.16	-0.3
Pakistan Oilfields Limited	41,200	171,300	-	151,900	60,600	20,995	5.22	6.36	0.03
Pakistan Petroleum Limited	70,900	230,500	4,960	240,200	66,160	11,136	2.77	3.37	0.01
Pakistan State Oil Company Limited	10,000	28,100	-	38,100	-	-	-	-	-
Chemicals									
Engro Corporation Limited	280	90,300	-	50,000	40,580	3,762	0.94	1.14	0.01
Fauji Fertilizer Bin Qasim Limited	184,000	984,500	-	1,069,500	99,000	4,200	1.04	1.27	0.01
Fauji Fertilizer Company Limited	87,700	302,000	-	266,800	122,900	18,378	4.57	5.57	0.01
Industrial Engineering									
Millat Tractors Limited	-	2,400	-	2,400	-	-	-	-	-
Construction and Materials									
Lucky Cement Limited	-	46,000	-	25,000	21,000	1,576	0.39	0.48	0.01
Electricity									
The Hub Power Company Limited	313,700	700,500	-	500,000	514,200	17,586	4.37	5.33	0.04
Kot Addu Power Company Limited	-	87,500	-	87,500	-	-	-	-	-
Nishat Chunian Power Limited	-	125,000	-	125,000	-	-	-	-	-
Banks									
Allied Bank Limited	4,999	-	-	4,999	-	-	-	-	-
MCB Bank Limited	-	23,300	-	23,300	-	-	-	-	-
National Bank of Pakistan	-	361,500	-	171,000	190,500	7,820	1.95	2.37	0.01
United Bank Limited	200	50,000	-	-	50,200	2,630	0.65	0.80	-
Total as at December 31, 2011						<u>101,816</u>	<u>25.32</u>	<u>30.85</u>	<u>0.13</u>
Carrying Value as at December 31, 2011						107,516			
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'						<u>(5,700)</u>			
Total as at June 30, 2011						<u>76,501</u>			

NAFA ASSET ALLOCATION FUND

4.2 Listed term finance certificates and sukuk- at fair value through profit or loss

Name of the investee company	Number of certificates				Market value as at December 31, 2011	Investment as a percentage of		
	As at July 1, 2011	Purchases during the period	Sale during the period	As at December 31, 2011		Net assets	Market value of total investments	Issue size
Rupees in '000						%		
Listed*								
Allied Bank Limited	2,000	3,000	-	5,000	25,006	6.22	7.58	0.00
United Bank Limited	3,000	-	-	3,000	14,921	3.71	4.52	0.01
Bank Alfalah Limited	2,000	-	-	2,000	6,648	1.65	2.01	0.01
Engro Rupiya Certificate	3,400	-	-	3,400	17,129	4.26	5.19	0.00
Engro Fertilizers Limited	-	2,000	-	2,000	9,785	2.43	2.96	2.54
					73,489	18.27	22.26	2.56
Sukuk - Unlisted*								
Hub Power Company Limited	-	4,000	-	4,000	20,000	4.97	6.06	0.01
Kot Addu Power Company Limited	-	6,000	-	6,000	30,000	7.46	9.09	0.02
					50,000	12.43	15.15	0.03
Total as at December 31, 2011					123,489			
Carrying Value as at December 31, 2011					124,013			
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'						(524)		
Total as at June 30, 2011					52,206			

* Having face value Rs 5,000 each

4.3 Saving Bonds

Tenor	Number of bonds				Market Value as at December 31, 2011	Investment as a percentage of		
	As at July 01, 2011	Purchases during the period	Sales / matured during the period	As at December 31, 2011		Net Assets	Market value of total investments	
Rupees in '000						%		
Saving Bonds								
National Saving Bonds - 3 years	-	1,000	-	1,000	10,039	2.50	3.04	
Total as at December 31, 2011					10,039	2.50	3.04	
Carrying Value as at December 31, 2011					9,978			
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'						61		
Total as at June 30, 2011					-			

4.4 Market Treasury Bills

Issue date	Tenor	Face Value				Market Value as at December 31, 2011	Investment as a percentage of	
		As at July 01, 2011	Purchases during the period	Sales / matured during the period	As at December 31, 2011		Net Assets	Market Value of total investments
Rupees in '000						%		
April 21, 2011	3 months	70,000	-	70,000	-	-	-	
May 5, 2011	3 months	-	20,000	20,000	-	-	-	
July 14, 2011	3 months	-	70,000	70,000	-	-	-	
May 19, 2011	3 months	-	20,000	20,000	-	-	-	
April 7, 2011	6 months	-	110,000	110,000	-	-	-	
February 10, 2011	6 months	-	15,000	15,000	-	-	-	
March 10, 2011	6 months	-	90,000	90,000	-	-	-	
February 24, 2011	6 months	-	15,000	15,000	-	-	-	
August 11, 2011	3 months	-	30,000	30,000	-	-	-	
September 22, 2011	6 months	-	50,000	-	50,000	48,697	12.11	
July 14, 2011	6 months	-	40,000	40,000	-	-	14.76	
October 6, 2011	3 months	-	50,000	50,000	-	-	-	
September 22, 2011	12 months	-	50,000	-	50,000	45,995	11.44	
Total as at December 31, 2011					94,692	23.55	28.70	
Carrying Value as at December 31, 2011					94,589			
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'						103		
Total as at June 30, 2011					69,645			

NAFA ASSET ALLOCATION FUND

4.5 Investments include shares with market value of Rs 3.791 million (2010: Rs. 12.757 million) and Term Finance Certificates with market value of Rs. 24.924 million (2010: Rs. 9.087 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular number 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan.

5 SINDH SALES TAX ON REMUNERATION OF THE MANAGEMENT COMPANY

During the current period, the provincial government has levied General Sales Tax at the rate of 16% on the remuneration of the Management Company through Sindh Sales Tax on Services Act 2011 effective from July 1, 2011.

6 PROVISION FOR WORKERS' WELFARE FUND

6.1 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 Honourable High Court of Sindh ("the Court"/"SHC"), challenging the applicability of WWF to the CISs, which is pending adjudication.

In this respect, 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 Honourable 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 and struck them down. 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 decided to continue to maintain the provision for WWF amounting to Rs. 1.004 million (including Rs 0.895 million pertaining to the period from August 2, 2010 to June 30, 2011) in this condensed interim financial information.

7 CONTINGENCIES AND COMMITMENTS

There were no contingencies outstanding as at December 31, 2011 and June 30, 2011.

7.1 Commitments

Margin Trading System transactions entered into by the Fund which have not been settled as at December 31, 2011.

	(Un-Audited) December 31, 2011	(Audited) June 30, 2011
	----- Rupees in '000 -----	
- Purchase transactions	-	3,645
- Sales transactions	735	1,886

NAFA ASSET ALLOCATION FUND

8 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 amongst the unit holders. The Fund intends to distribute such accounting income, if any, for the year ending June 30, 2012 to its unit holders. Accordingly, no tax liability has been recorded in the current period.

9 TRANSACTIONS WITH CONNECTED PERSONS

- 9.1 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.
- 9.2 The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 9.3 Remuneration and front - end load payable to the Management Company and remuneration payable to the Trustee are determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

----- (Un-Audited) -----			
Half year ended		Quarter ended	
Half year ended December 31, 2011	For the period from August 2, 2010 to December 31,2010	December 31, 2011	December 31, 2010
----- (Rupees in '000) -----			

9.4 Transactions during the period

NBP Fullerton Asset Management Limited - Management Company

Remuneration for the period	3,488	773	1,924	523
Sindh sales tax on remuneration of the Management Company	558	-	306	-
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	-	-	-	-
- Listing fee	-	-	-	-
- Front-end load	-	118	-	118

Alexandra Fund Management Pte. Limited - Sponsor

Units Issue (Nil units: 2010: 16,308,503 units)	-	164,866	-	64,866
Pre-IPO profit paid	-	403	-	-
Bonus units issued (1,759,330 units: 2010: Nil units)	-	-	-	-

Central Depository Company of Pakistan Limited - Trustee

Remuneration for the period	349	255	173	176
CDS charges	17	-	9	-

Employees of the Management Company

Units issued / transfer in (849,821 units: 2010: 9,603 units)	8,919	100	5,683	-
Units Redeemed / transfer out of (673,164 units: 2010: Nil units)	7,043	-	2,989	-
Bonus units issued (11,942 units: 2010: Nil units)	-	-	-	-

Taurus Securities Limited

Brokerage expense	60	-	40	-
-------------------	----	---	----	---

NAFA ASSET ALLOCATION FUND

9.5 Balances outstanding as at period / year end

	(Un-Audited) December 31, 2011	(Audited) June 30, 2011
	----- Rupees in '000 -----	
NBP Fullerton Asset Management Limited - Management Company		
Management fee payable	665	452
Sindh sales tax payable on remuneration of the Management Company	106	-
Preliminary expenses and floatation costs	1,000	1,000
Initial deposit on opening of bank accounts	75	75
Professional charges	38	38
Listing fee	20	20
Front-end load	601	362
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	66	58
CDS charges payable	3	3
Security deposit	100	100
National Bank of Pakistan		
Balance in current account	1,585	228
Alexandra Fund Management Pte. Limited - Sponsor		
Investment held by the sponsor in the Fund (18,967,927 units; June 30, 2011: 17,208,597 units)	198,566	194,808
NAFA Government Securities Liquid Fund		
Payable against transfer out of units	-	303
Employees of the Management Company		
Investment held in the Fund (305,412 units: June 30, 2011: 116,813 units)	3,197	1,322
Taurus Securities Limited		
Brokerage payable	7	9
NAFA Savings Plus Fund		
Receivable against transfer sales	-	144

10 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on 17 February, 2012 by the Board of Directors of the Management Company.

11 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified wherever necessary, for the purpose of comparison and better presentation. No significant changes to corresponding figures have been made during the current period.

12 GENERAL

12.1 Figures have been rounded off to the nearest thousand rupees, unless otherwise specified.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director