


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. Wah Geok Sum	Director
Mr. Koh Boon San	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. Koh Boon San	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 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
Summit Bank Limited
Standard Chartered Bank Pakistan Limited
The Bank of Panjab

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:

7th Floor Clifton Diamond Building, Block No. 4,
Scheme No. 5, Clifton Karachi.
UAN: 111-111-NFA (111-111-632)
Helpline (Toll Free): 0800-20001
Fax: (021) 35825329

Lahore Office:

7-Noon Avenue, Canal Bank,
Muslim Town Lahore.
Contact: 042-35914272

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 City Branch, Hussain-a-Gahi, Multan.
Phone No: 061-4502204
Fax No: 061-4502203

NAFA ASSET ALLOCATION FUND

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NAFA ASSET ALLOCATION FUND

DIRECTORS' REPORT

The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the reviewed financial statements of NAFA Asset Allocation Fund for the half year ended December 31, 2012.

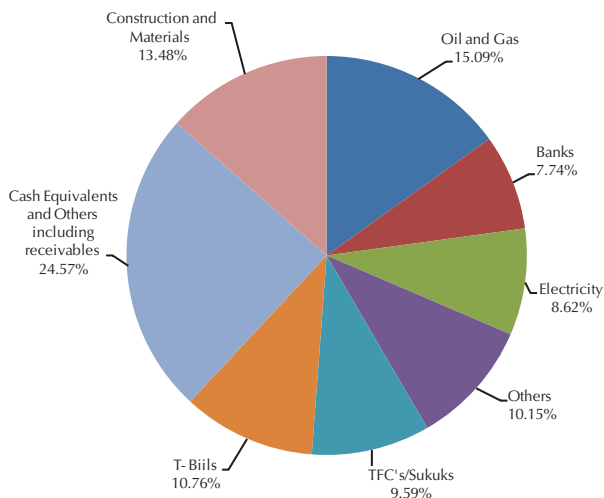
Fund's Performance

During the first half, the unit price of NAFA Asset Allocation Fund (NAAF) has increased from Rs. 10.3349 (Ex-Div) on June 30, 2012 to Rs.11.4448 on December 31, 2012, thus showing a growth of 10.74%, 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) return of 7.87% during the same period. Thus, the Fund has outperformed its Benchmark by 2.87% during the period under review. Since inception the NAV of the Fund has increased from Rs. 7.5629 (Ex-Div) on August 20, 2010 to Rs. 11.4448 on December 31, 2012, thus showing an increase of 51.33%. During the said period, the Benchmark increased by 30.78%, translating into outperformance of 20.55%. This performance is net of management fee and all other expenses. The size of NAFA Asset Allocation Fund has increased from Rs.488 million to Rs.684 million during the period, i.e. an increase of 40.16%.

The stock market depicted upbeat performance during 1HFY2013 driven by: (i) the healthy corporate earnings growth and payouts; (ii) monetary easing by the SBP amid letup in inflation; (iii) healthy foreign investors' activity; and (iv) receipts on account of Coalition Support Fund (CSF). Construction & Material, General Industrial, Fixed Line Communication sectors performed better than the market. On the other hand, Banking, Chemicals and Automobile sectors lagged the market. Trading activity remained healthy with average daily trading volume was recorded at 120 million shares.

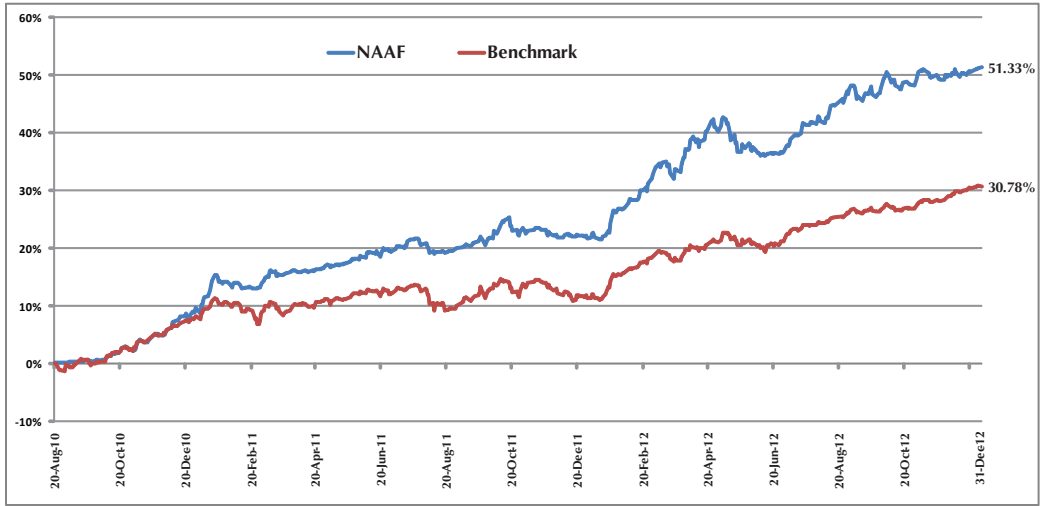
The State Bank of Pakistan continued monetary easing stance and slashed policy rate by 250bps to 9.5% from 12% during the period under review. Activity in the corporate bond market improved, although limited to the prime quality issues. NAAF is invested in AA category floating rate TFCs with coupon linked to KIBOR, thus uptick in interest rate will improve the coupon income.

The Fund has earned total income of Rs.67.21 million during the period. After deducting expenses of Rs.11.28 million, the net income is Rs.55.93 million. The asset allocation of the Fund as on December 31, 2012 is as follows:



NAFA ASSET ALLOCATION FUND

NAAF Performance versus Benchmark (Since Inception)



Income Distribution

The Board of Directors of the Management Company has approved interim distribution of 2.00% of opening ex-NAV (2.063% of the par value) for the period ended December 31, 2012.

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 26, 2013
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, 2012 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, 2013

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, 2012 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, 2012. 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, 2012 and December 31, 2011 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2012.

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, 2012 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants
Engagement Partner: *Rashid A. Jafer*
Dated: February 28, 2013
Karachi

NAFA ASSET ALLOCATION FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2012

	Note	Un-audited December 31, 2012	Audited June 30, 2012
----- Rupees in '000 -----			
ASSETS			
Bank balances		170,362	56,225
Investments	4	515,576	464,756
Deposits, prepayments and other receivables		5,728	3,049
Dividend and profit receivable		1,010	4,608
Preliminary expenses and floatation costs		527	628
Total assets		693,203	529,266
LIABILITIES			
Payable to NBP Fullerton Asset Management Limited - Management Company		5,560	3,247
Payable to Central Depository Company of Pakistan Limited -Trustee		113	80
Payable to the Securities and Exchange Commission of Pakistan		286	376
Payable against purchase of investments		-	34,394
Accrued expenses and other liabilities		3,697	2,619
Total liabilities		9,656	40,716
NET ASSETS		683,547	488,550
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		683,547	488,550
CONTINGENCIES AND COMMITMENTS	6		
		-----Number of units-----	
NUMBER OF UNITS IN ISSUE		59,725,339	42,872,643
		-----Rupees-----	
NET ASSET VALUE PER UNIT	7	11.4448	11.3954

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, 2012

Note	Half year ended		Quarter ended	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
------(Rupees in '000)-----				
INCOME				
Capital gain / (loss) on sale of investments - net	13,182	(3,881)	6,830	(1,818)
Income from term finance certificates and sukuk bonds	4,933	5,771	1,709	3,342
Income from government securities	2,881	8,763	1,841	4,315
Income from margin trading system	-	428	-	260
Profit on bank deposits	5,897	2,058	4,331	1,079
Dividend income	17,842	4,377	11,209	3,715
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	22,480	(6,060)	(4,354)	(8,782)
Total income	67,215	11,456	21,566	2,111
EXPENSES				
Remuneration of NBP Fullerton asset Management Ltd - Management Company	6,013	3,488	3,266	1,924
Sindh sales tax on Management Company's remuneration	962	558	522	306
Remuneration of Central Depository Company of Pakistan Limited - Trustee	601	349	326	173
Annual fee - Securities and Exchange Commission of Pakistan	286	166	156	92
Annual listing fee	15	15	8	9
Securities transaction cost	1,425	653	701	360
Settlement and bank charges	294	202	137	(63)
Auditors' remuneration	286	252	148	126
NCCPL Fee	126	126	63	63
Fund rating fee	25	-	25	(22)
Printing and related costs	8	92	8	46
Amortisation of preliminary expenses and floatation costs	101	101	51	51
Total expenses	10,142	6,002	5,411	3,065
Net income / (loss) from operating activities	57,073	5,454	16,155	(954)
(Provision) / reversal of provision for Workers' Welfare Fund	(1,141)	(109)	(323)	19
Net income / (loss) for the period before taxation	55,932	5,345	15,832	(935)
Taxation	8	-	-	-
Net income / (loss) for the period after taxation	55,932	5,345	15,832	(935)
Earnings per unit	9			

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, 2012

	Half year ended		Quarter ended	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
	------(Rupees in '000)-----			
Net income / (loss) for the period after taxation	55,932	5,345	15,832	(935)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income / (loss) for the period	<u>55,932</u>	<u>5,345</u>	<u>15,832</u>	<u>(935)</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, 2012

	Half year ended		Quarter ended	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
------(Rupees in '000)-----				
Undistributed income brought forward comprising :				
Realised income	52,778	29,808	29,202	10,143
Unrealised income	1,096	2,060	26,834	2,722
	<u>53,874</u>	<u>31,868</u>	<u>56,036</u>	<u>12,865</u>
Final distribution for the year ended June 30, 2012 Rs 1.08 per unit declared on July 09, 2012				
- Bonus distribution	(46,398)	-	46	-
- Cash distribution	(10)	-	-	-
Final distribution for the period from August 02, 2010 to June 30, 2011: 10.50% (Date of distribution: July 04, 2011)				
- Bonus distribution	-	(26,220)	-	-
- Cash distribution	-	(4)	-	-
Net income for the period after taxation	55,932	5,345	15,832	(935)
Element of income and capital gains included in prices of units issued less those in units redeemed	11,604	2,263	3,088	1,322
Undistributed income carried forward	<u>75,002</u>	<u>13,252</u>	<u>75,002</u>	<u>13,252</u>
Undistributed income comprising of:				
Realised income	52,522	19,312	52,522	19,312
Unrealised income	22,480	(6,060)	22,480	(6,060)
Undistributed income carried forward	<u>75,002</u>	<u>13,252</u>	<u>75,002</u>	<u>13,252</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' FUNDS (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012

	Half year ended		Quarter ended	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
------(Rupees in '000)-----				
Net assets at the beginning of the period	488,550	282,722	636,051	359,630
Issue of 34,842,974 units including 4,414,860 bonus units for the half year ended December 31,2012 (2011: 18,131,536 units)	338,682	163,210	116,614	73,315
Redemption of 17,990,278 units for the half year ended December 31,2012 (2011: 4,701,148 units)	(199,607)	(49,230)	(84,950)	(29,967)
	139,075	113,980	31,664	43,348
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - transferred to distribution statement	(11,604)	(2,263)	(3,088)	(1,322)
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	22,480	(6,060)	(4,354)	(8,782)
Capital gain / (loss) on sale of investments	13,182	(3,881)	6,830	(1,818)
Other net income for the period	20,270	15,286	13,356	9,665
Net income for the period	55,932	5,345	15,832	(935)
Distribution of bonus units during the period				
- Final distribution	(46,398)	26,220	46	-
Final distribution for the year ended June 30, 2012:				
Rs 1.08 per unit declared on July 09, 2012				
- Bonus distribution	46,398	-	(46)	-
- Cash distribution	(10)	-	-	-
Final distribution for the period from August 02, 2010 to June 30, 2011: 10.50%				
(Date of distribution: July 04, 2011)				
- Bonus distribution	-	(26,220)	-	-
- Cash distribution	-	(4)	-	-
Element of income and capital gains included in prices of units issued less those in units redeemed	11,604	2,263	3,088	1,322
Net assets as at the end of the period	683,547	428,267	683,547	402,043

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, 2012

	Half year ended		Quarter ended	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
------(Rupees in '000)-----				
CASH FLOW FROM OPERATING ACTIVITIES				
Net income for the period before taxation	55,932	5,345	15,832	(935)
Adjustments				
Net unrealised (appreciation) / diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(22,480)	6,060	4,354	8,782
Amortisation of preliminary expenses and floatation costs	101	101	51	51
(Loss) / gain on sale of investments - net	(13,182)	3,881	(6,830)	1,818
	<u>20,371</u>	<u>15,387</u>	<u>13,407</u>	<u>9,716</u>
(Increase) / decrease in assets				
Investments	(15,158)	(141,625)	57,982	(6,566)
Receivable against margin trading system	-	(6,519)	-	(19,195)
Receivable against sale of investments	-	5,179	-	(475)
Deposits, prepayments and other receivables	(2,679)	254	(2,718)	205
Dividend and profit receivable	3,598	(1,802)	5,847	(2,290)
	<u>(14,239)</u>	<u>(144,513)</u>	<u>61,111</u>	<u>(28,321)</u>
Increase / (decrease) in liabilities				
Payable to NBP Fullerton Asset Management Limited	2,313	558	1,083	(94)
Payable to Central Depository Company of Pakistan Limited -Trustee	33	8	13	8
Payable to Securities and Exchange Commission of Pakistan	(90)	2	156	92
Payable against purchase of investments	(34,394)	12,883	(230)	(1,118)
Accrued expenses and other liabilities	1,078	231	65	(421)
	<u>(31,060)</u>	<u>13,682</u>	<u>1,087</u>	<u>(1,533)</u>
Net cash used in operating activities	<u>(24,928)</u>	<u>(115,444)</u>	<u>75,605</u>	<u>(20,138)</u>
CASH FLOW FROM FINANCING ACTIVITIES				
Receipts from issue of units	338,682	163,210	116,614	73,315
Payment on redemption of units	(199,607)	(49,533)	(84,950)	(30,217)
Distribution paid	(10)	(4)	-	-
Net cash generated from financing activities	<u>139,065</u>	<u>113,673</u>	<u>31,664</u>	<u>43,098</u>
Net increase / (decrease) in cash and cash equivalents during the period	<u>114,137</u>	<u>(1,771)</u>	<u>107,269</u>	<u>22,960</u>
Cash and cash equivalents at the beginning of the period	56,225	62,963	63,093	38,232
Cash and cash equivalents as at the end of the period	<u><u>170,362</u></u>	<u><u>61,192</u></u>	<u><u>170,362</u></u>	<u><u>61,192</u></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, 2012

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 as Management Company and Central Depository Company of Pakistan Limited (CDC) as the 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 principal office of the Management Company is situated at 7th Floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi. The Management Company is a member of the 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 Fund is categorized as an Open-End "Asset Allocation Scheme" as per the criteria laid down by SECP 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 (PACRA) has assigned an asset manager rating of AM2 to the Management Company.

Title of the assets of the Fund is held in the name of CDC as 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. 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 Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), 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 SECP prevail.

The disclosures made in this condensed interim financial information have been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published financial statements of the Fund for the year ended June 30, 2012.

In compliance with schedule V of the NBFC Regulations the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2012.

The condensed interim financial information is unaudited. However, a review has been performed by the statutory auditors in accordance with the requirements of the Code of Corporate Governance. This condensed interim financial information is being circulated to the unit holders as required under the NBFC regulations.

2.2 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 accounting periods beginning on or after July 1, 2012:

NAFA ASSET ALLOCATION FUND

Amendment to IFRS 7, 'Financial instruments': The amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP. The adoption of this amendment did not have any impact on the Fund's condensed interim financial information.

There are certain other new standards, amendments and interpretations that became effective during the period and are mandatory for accounting periods beginning on or after July 1, 2012 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.

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

There are certain new standards, amendments to approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2013 but are considered not to be relevant or did not have any significant effect on the Fund's operations and are, therefore, not detailed in this condensed interim financial information.

3 ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements for the year ended June 30, 2012.

The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2012.

The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2012.

During the period the SECP has made certain amendments in the criteria relating to the methodology for valuation of debt securities and determining minimum provisioning requirements in respect of non performing debt securities. These revisions were made vide Circular No. 33 of 2012 dated October 24, 2012. The aforementioned amendments have had no impact on the net asset value of the Fund and on the net income of the current period.

Note	(Un-Audited) December 31, 2012	(Audited) June 30, 2012
	----- Rupees in '000 -----	

4 INVESTMENTS

At fair value through profit or loss:

- Equity securities - listed	4.1	376,502	145,275
- Term finance certificates - listed	4.2	35,537	67,320
- Government securities	4.3	73,537	214,161
Loans and receivables	4.4	30,000	38,000
		<u>515,576</u>	<u>464,756</u>

NAFA ASSET ALLOCATION FUND

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, 2012	Investment as a percentage of		
	As at July 01, 2012	Purchases during the period	Bonus / Right Issue	Sales during the period	As at December 31, 2012		Net assets	Market value of total investments	Paid up capital of the investee company
						Rupees in '000		%	
Oil & Gas									
Attock Petroleum Limited	-	31,000	-	31,000	-	-	-	-	-
Oil and Gas Development Company Limited	31,093	426,400	-	332,800	124,693	24,017	3.51	4.66	0.00
Pakistan Oilfields Limited	28,500	250,897	-	156,800	122,597	53,641	7.85	10.40	0.05
Pakistan Petroleum Limited	83,798	381,400	59,275	380,800	143,673	25,400	3.72	4.93	0.01
Pakistan State Oil Company Limited	300	-	60	-	360	84	0.01	0.02	0.00
Chemicals									
Engro Corporation Limited	4	380,000	-	314,500	65,504	6,029	0.88	1.17	0.02
Fatima Fertilizer Company Limited	-	210,000	-	210,000	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	-	413,500	-	413,500	-	-	-	-	-
Fauji Fertilizer Company Limited	142,250	545,500	-	448,000	239,750	28,084	4.11	5.45	0.03
Foods									
Engro Foods	-	74,000	-	74,000	-	-	-	-	-
Industrial Engineering									
Millat Tractors Limited	-	25,200	-	24,800	400	226	0.03	0.04	0.00
Construction and Materials									
Attock Cement Pakistan Limited	266,193	-	39,929	2,000	304,122	30,354	4.44	5.89	0.35
D.G. Khan Cement Company Limited	3,000	1,120,000	-	734,000	389,000	21,232	3.11	4.12	0.13
Fauji Cement Company Limited	-	1,860,000	-	-	1,860,000	12,164	1.78	2.36	0.27
Lucky Cement Limited	174,500	498,400	-	485,600	187,300	28,384	4.15	5.51	0.06
Personal Goods									
Nishat Mills Limited	-	391,000	-	-	391,000	24,965	3.65	4.84	0.11
Technology / Communication									
Pakistan Telecommunication Company Limited	2,000	961,000	-	380,000	583,000	10,115	1.48	1.96	0.15
Electricity									
The Hub Power Company Limited	198,841	1,523,000	-	705,000	1,016,841	46,002	6.73	8.92	0.09
Kot Addu Power Company Limited	-	515,500	-	254,000	261,500	12,916	1.89	2.51	0.03
Banks									
Allied Bank Limited	130,394	-	-	25,000	105,394	7,745	1.13	1.50	0.01
Bank Al-Falah Limited	567,000	1,646,000	-	1,239,000	974,000	16,383	2.40	3.18	0.07
MCB Bank Limited	91,755	96,000	-	186,800	955	200	0.03	0.04	0.00
National Bank of Pakistan	220,100	438,000	-	380,000	278,100	13,735	2.01	2.66	0.02
United Bank Limited	63,690	298,500	-	185,000	177,190	14,826	2.17	2.88	0.01
Total as at December 31, 2012						376,502	55.08	73.03	1.42
Carrying value as at December 31, 2012						354,924			
Net unrealised appreciation / (diminution) in value of investments classified as at 'fair value through profit or loss'						21,578			
Total as at June 30, 2012						145,275			

Investment include shares with market value of Rs. 4.55 million (June 30, 2012: Rs. 3.462 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 Exchange Commission of Pakistan.

NAFA ASSET ALLOCATION FUND

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

Name of the investee company	Number of certificates				Market value as at December 31, 2012	Investment as a percentage of		
	As at July 1, 2012	Purchases during the period	Sale during the period	As at December 31, 2012		Net assets	Market value of total investments	Issue size
Listed						Rupees in '000 ----- % -----		
Allied Bank Limited	5,000	-	-	5,000	25,389	3.71	4.92	0.00
United Bank Limited	3,000	-	-	3,000	10,148	1.48	1.97	0.01
Bank Alfalah Limited	2,000	-	2,000	-	-	-	-	-
Engro Rupiya Certificate	3,400	-	3,400	-	-	-	-	-
Engro Fertilizers Limited	2,000	-	2,000	-	-	-	-	-
Total as at December 31, 2012					35,537	5.20	6.89	0.01
Carrying value as at December 31, 2012					34,752			
Net unrealised appreciation / (diminution) in value of investments classified as at 'fair value through profit or loss'						785		
Total as at June 30, 2012					67,320			

4.3 Government securities - at fair value through profit or loss

Issue date	Tenor	Face value				Market Value as at December 31, 2012	Investment as a percentage of	
		As at July 01, 2012	Purchases during the period	Sales / matured during the period	As at December 31, 2012		Net Assets	Market value of total investments
Market Treasury Bills						Rupees in '000 ----- % -----		
January 12, 2012	6 months	40,000	-	40,000	-	-	-	-
April 19, 2012	3 months	75,000	-	75,000	-	-	-	-
July 14, 2011	12 months	100,000	-	100,000	-	-	-	-
August 11, 2011	12 months	-	78,000	78,000	-	-	-	-
August 25, 2011	12 months	-	65,000	65,000	-	-	-	-
September 20, 2012	6 months	-	75,000	-	75,000	73,537	10.76	14.26
Total as at December 31, 2012						73,537	10.76	14.26
Carrying value as at December 31, 2012						73,420		
Net unrealised appreciation / (diminution) in value of investments classified as at 'fair value through profit or loss'						117		
Total as at June 30, 2012						214,161		

4.4 Loans and receivables

Name of the investee company	Number of certificates				Market value as at December 31, 2012	Investment as a percentage of		
	As at July 1, 2012	Purchases during the period	Sale during the period	As at December 31, 2012		Net assets	Market value of total investments	Issue size
Sukuk						Rupees in '000 ----- % -----		
Hub Power Company Limited	7,600	-	7,600	-	-	-	-	-
Kot Addu Power Company Limited	-	6,000	-	6,000	30,000	4.39	5.82	-
Total as at December 31, 2012					30,000	4.39	5.82	-
Total as at June 30, 2012					38,000			

5 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 (CIS) 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 the light of this, Mutual Fund Association of Pakistan (MUFAP) filed a constitutional petition in the Honorable Sindh High Court challenging the applicability of WWF on CISs which was dismissed mainly on the grounds that MUFAP is not an aggrieved party.

NAFA ASSET ALLOCATION FUND

Subsequently, clarifications were 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. These clarifications were forwarded by the Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its members for necessary action. Based on these clarifications, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF.

Further, a Constitutional Petition was filed with the Honorable High Court of Sindh by a CIS / mutual fund and a pension fund through their trustee and an asset management company inter alia praying to declare that mutual funds / voluntary pension funds being pass through vehicles / entities are not industrial establishments and hence, are not liable to contribute to the WWF under the WWF Ordinance. The proceedings of the Honorable Court in this matter have concluded and the Honorable Court has reserved its decision.

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 as at December 31, 2012 amounting to Rs. 3.106 million (including Rs. 1.141 million for the current period) (June 30, 2012: Rs 1.964 million) in this condensed interim financial information. Had the same not been made the net asset value per unit would have been higher by Rs 0.052.

6 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2012 and June 30, 2012.

7 NET ASSET VALUE PER UNIT

The net asset value (NAV) per unit, as disclosed on the Statement of Asset and Liabilities, is calculated by dividing the net assets of the Fund by the number of units in issue at the period / year end.

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 avail such exemption in the current and future periods. Accordingly, no provision has been made for current and deferred taxation in this condensed interim financial information.

9 EARNINGS PER UNIT

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

10 TRANSACTIONS WITH CONNECTED PERSONS

- 10.1 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.
- 10.2 The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 10.3 Remuneration to the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

NAFA ASSET ALLOCATION FUND

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

	------(Un-Audited)-----			
	Half year ended		Quarter ended	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
	------(Rupees in '000)-----			
NBP Fullerton Asset Management Limited - Management Company				
Remuneration for the period	6,013	3,488	3,266	1,924
Sindh sales tax on remuneration of management company	962	558	522	306
Expenses paid by the Management Company on behalf of the Fund				
- Front-end load	1,925	-	912	-
Alexandra Fund Management Pte. Limited - Sponsor				
Bonus units issued 2,006,778 units (2011: 1,759,330 units)	-	-	-	-
Central Depository Company of Pakistan Limited - Trustee				
Remuneration for the period	601	349	326	173
CDS charges	29	17	14	9
Employees of the Management Company				
Units issued / transfer in 370,066 units (2011: 849,821 units)	4,148	8,919	2,569	5,683
Units Redeemed / transfer out 478,224 units (2011: 673,164 units)	5,394	7,043	4,011	2,989
Bonus units issued 10,078 units (2011: 11,942 units)	-	-	-	-
Taurus Securities Limited				
Brokerage expense	84	60	29	40
NBP Fullerton Asset Management Ltd- Employees Provident Fund				
Units Issued / transfer in 212,149 units (2011: Nil units)	2,340	-	-	-
Units Redeemed / transfer out 171,842 units (2011 : Nil units)	1,928	-	1,928	-
Company Secretary / CFO				
Units Issued/ transfer in 41,015 units (2011: Nil units)	454	-	232	-
Units Redeemed / transfer out 20,508 units (2011 : Nil units)	227	-	-	-
National Bank of Pakistan				
Sold Treasury Bill	49,886	-	49,886	-
NAFA Government Securities Liquid Fund				
Sold Term Finance Certificate	38,910	-	-	-
NAFA Financial Sector Income Fund				
Sold Term Finance Certificate	38,430	-	-	-
International industries Ltd. Employees Provident Fund				
Units Issued/ transfer in 1,449,096 units (2011: Nil units)	15,927	-	-	-
Units Redeemed / transfer out 987,652 units (2011 : Nil units)	11,133	-	11,133	-
International Steel Ltd. Employees Provident Fund				
Units Issued/ transfer in 424,129 units (2011: Nil units)	4,662	-	-	-
Units Redeemed / transfer out 290,697 units (2011 : Nil units)	3,277	-	3,277	-

NAFA ASSET ALLOCATION FUND

10.5 Amounts outstanding as at period end

	(Un-Audited) December 31, 2012	(Audited) June 30, 2012
	----- Rupees in '000 -----	
NBP Fullerton Asset Management Limited - Management Company		
Management remuneration payable	1,131	797
Sindh sales tax on remuneration of management company	181	127
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	3,115	1,190
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	113	80
CDS charges payable	2	9
Security deposit	100	100
National Bank of Pakistan		
Balance in current account	2,630	1,526
Alexandra Fund Management Pte. Limited - Sponsor		
Investment held by the sponsor in the Fund 21,563,934 units (June 30, 2012: 19,557,156 units)	246,795	222,862
Employees of the Management Company		
Investment held in the Fund 34,970 units (June 30, 2012: 133,050 units)	400	1,516
NBP Fullerton Asset Management Ltd- Employees Provident Fund		
Investment held in the Fund 40,307 units (June 30, 2012: Nil units)	461	-
Company Secretary / CFO		
Investment held in the Fund 20,507 units (June 30, 2012: Nil units)	235	-
International Industries Ltd. Employees Provident Fund		
Investment held in the Fund 461,444 units (June 30, 2012 : Nil units)	5,281	-
International Steels Ltd. Employees Provident Fund		
Investment held in the Fund 133,432 units (June 30, 2012 : Nil units)	1,527	-
Taurus Securities Limited		
Brokerage payable	9	-

11 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on February 26, 2013.

12 GENERAL

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

12.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation. No significant reclassifications have been made during the current period.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director