



NBP Fullerton
Asset Management Ltd.

A Subsidiary of
National Bank of Pakistan

NAFA ASSET ALLOCATION FUND

HALF YEARLY REPORT DECEMBER 31

2014




Your investments & "NAFA" grow together



**FULLERTON FUND
MANAGEMENT**

Joint - Venture Partners

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. Nausherwan Adil	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Wah Geok Sum	Director
Mr. Koh Boon San	Director
Mr. Kamal Amir Chinoy	Director
Mr. Shehryar Faruque	Director
Mr. Aamir Sattar	Director
Mr. Abdul Hadi Palekar	Director

Company Secretary & CFO of the Management Company

Mr. Muhammad Murtaza Ali

Audit & Risk Committee

Mr. Shehryar Faruque	Chairman
Mr. Koh Boon San	Member
Mr. Aamir Sattar	Member

Human Resource Committee

Mr. Nausherwan Adil	Chairman
Mr. Wah Geok Sum	Member
Mr. Kamal Amir Chinoy	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
Summit Bank Limited
Standard Chartered Bank Pakistan Limited
The Bank of Punjab

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: 111-111NFA (111-111-632),
(Toll Free): 0800-20001,
Fax: (021) 35825329
Website: www.nafafunds.com

Lahore Office:

7-Noon Avenue, Canal Bank,
Muslim Town, Lahore.
UAN: 042-111-111-632
Fax: 92-42-35861095

Islamabad Office:

Plot No. 395, 396
Industrial Area, I-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, 2014.

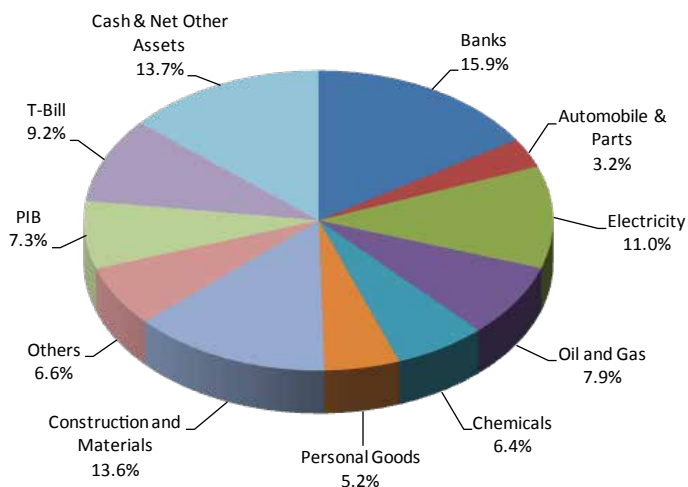
Fund's Performance

During the first half, the unit price of **NAFA Asset Allocation Fund** (NAAF) has increased from Rs. 12.0038 on June 30, 2014 to Rs. 13.4693 on December 31, 2014, thus showing a growth of 12.21%. The Benchmark (1/3 of average 3-month bank deposit rate; 1/3 of 6-months KIBOR; 1/3 of KSE 30 Index) return during the same period was 3.55%. Thus, the Fund has outperformed its Benchmark by 8.66% during the period under review. Since inception the NAV of the Fund has increased from Rs.5.8564 (Ex-Div) on August 20, 2010 to Rs.13.4693 on December 31, 2014, thus showing an increase of 129.99%. During the said period, the Benchmark increased by 68.22%, translating into outperformance of 61.78%. This performance is net of management fee and all other expenses. The size of NAFA Asset Allocation Fund has increased from Rs. 1,917 million to Rs. 2,155 million during the period, i.e. an increase of 12.4%.

The stock market extended its bull-run in 1HFY15, despite initial hiccups caused by protests of PTI and PAT, as the market participants focused on improving macros driven primarily by the steep fall in global oil and commodity prices. The tragic incident at the Army Public School in Peshawar united the nation in its fight against terrorism and also resulted in end of the PTI protests, further consolidating Pakistan's re-rating theme. The combination of sovereign debt rating upgrade by Moodys, falling inflation amid declining oil prices, 50bps cut in discount rate, improving external account position, easy liquidity conditions, and healthy foreign investment activity perked up investors' sentiments. The index heavy Oil & Gas and Banking sectors underperformed the market whereas almost all the other sectors outperformed during the period under review.

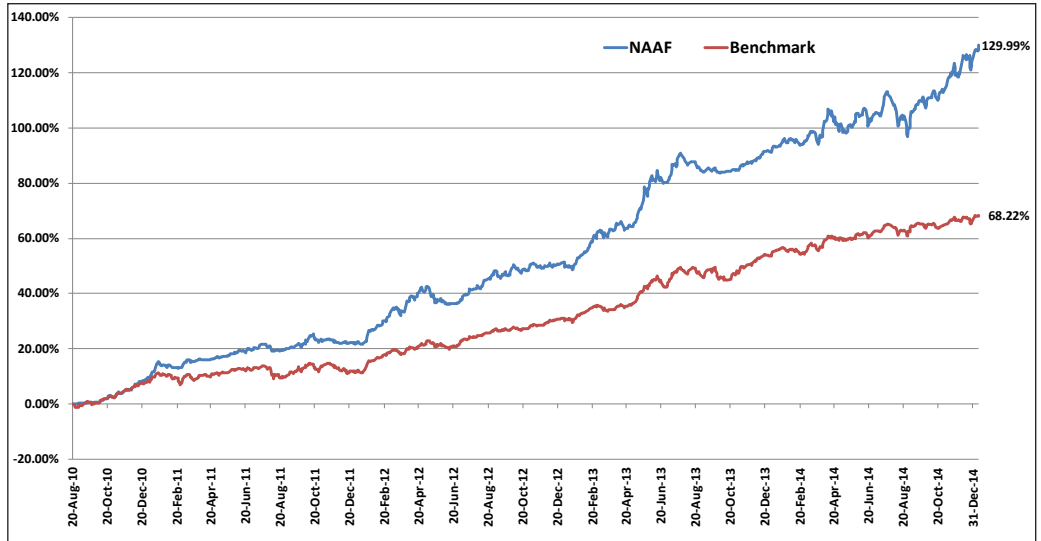
On the corporate debt sphere, trading activity in TFCs remained skewed towards high quality issues, especially those belonging to the financial sector. Hunt for yields and limited primary issuance kept the yield on the high credit quality corporate bonds depressed. Furthermore, we have seen recoveries from many non-performing corporate bonds with pick-up in economic activity and declining interest rate environment. During the period under review, the State Bank of Pakistan reduced the policy rate by 50bps to 9.5% due to sharp decline in inflation and improved external account position. Sovereign securities responded to the beginning of loose monetary policy period with yields on the PIBs and T-bills declining sharply. All TFCs/Sukuks in the Fund are floating rate linked to KIBOR with three to six month coupon resetting period.

The Fund has earned total income of Rs.268.57 million during the period. After deducting expenses of Rs.38.48 million, the net income is Rs.230.09 million. The asset allocation of the Fund as on December 31, 2014 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, 2015
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, 2014 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.

Aftab Ahmed Diwan
Officiating Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 26, 2015

NAFA ASSET ALLOCATION FUND

AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **NAFA Asset Allocation Fund** as at December 31, 2014, 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, 2014. 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 quarter ended December 31, 2014 and December 31, 2013 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2014.

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, 2014 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 27, 2015
Karachi

NAFA ASSET ALLOCATION FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2014

	Note	Un-audited December 31, 2014	Audited June 30, 2014
----- Rupees in '000 -----			
ASSETS			
Cash and balances with banks	4	306,713	559,897
Investments	5	1,858,906	1,372,756
Receivable against sale of investments		11,558	-
Dividend and profit receivable		8,128	9,812
Deposits, prepayments and other receivables		2,955	8,978
Receivable against sale of units		7	-
Preliminary expenses and floatation costs		98	199
Total assets		2,188,365	1,951,642
LIABILITIES			
Payable to the Management Company	6	16,087	7,253
Payable to Central Depository Company of Pakistan Limited - Trustee		263	235
Payable to the Securities and Exchange Commission of Pakistan		980	1,427
Payable against purchase of investments		-	14,579
Payable against redemption of units		58	86
Accrued expenses and other liabilities		15,487	11,161
Total liabilities		32,875	34,741
NET ASSETS		2,155,490	1,916,901
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		2,155,490	1,916,901
CONTINGENCIES AND COMMITMENTS			
	7	-----Number of units-----	
NUMBER OF UNITS IN ISSUE		160,029,465	159,691,480
		-----Rupees-----	
NET ASSET VALUE PER UNIT	9	13.4693	12.0038

The annexed notes 1 to 14 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, 2014

Note	Half year ended		Quarter ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
------(Rupees in '000)-----				
INCOME				
Capital gain on sale of investments - net	18,317	16,318	32,376	4,590
Income from term finance certificates and sukuk bonds	466	1,466	136	724
Income from government securities	8,655	19,992	5,448	11,562
Profit on bank deposits	26,183	24,646	12,267	12,612
Dividend income	31,102	6,299	18,935	2,503
Net unrealised appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss ¹	183,850	29,476	158,360	32,403
Total income	268,573	98,197	227,522	64,394
EXPENSES				
Remuneration of the Management Company 6.1	20,623	13,439	10,765	6,609
Sindh Sales Tax on Management Company's remuneration 6.2	3,588	2,523	1,758	1,430
Federal Excise Duty on Management Company's remuneration 6.3	3,300	2,150	1,723	1,057
Remuneration of Central Depository Company of Pakistan Limited - Trustee	1,535	1,176	790	582
Annual fee to the Securities and Exchange Commission of Pakistan	980	638	512	314
Amortisation of preliminary expenses and floatation costs	101	101	50	50
Auditors' remuneration	384	305	238	180
Annual listing fee	20	20	10	10
Rating fee	85	64	35	32
Printing charges	85	41	85	41
National Clearing Company of Pakistan Limited fee	-	125	-	85
Legal and professional charges	25	30	25	30
Securities transaction cost	2,509	3,825	919	1,147
Settlement and bank charges	555	618	277	367
Total expenses	33,790	25,055	17,187	11,934
Net income from operating activities	234,783	73,142	210,335	52,460
Provision for Workers' Welfare Fund 8	(4,696)	(1,463)	(4,207)	(1,049)
Net income for the period before taxation	230,087	71,679	206,128	51,411
Taxation 10	-	-	-	-
Net income for the period after taxation	230,087	71,679	206,128	51,411
Earnings per unit 11				

The annexed notes 1 to 14 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, 2014

	Half year ended		Quarter ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	------(Rupees in '000)-----			
Net income for the period after taxation	230,087	71,679	206,128	51,411
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>230,087</u>	<u>71,679</u>	<u>206,128</u>	<u>51,411</u>

The annexed notes 1 to 14 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, 2014

	Half year ended		Quarter ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
------(Rupees in '000)-----				
Undistributed income brought forward comprising of :				
Realised income	160,976	257,229	214,275	130,456
Unrealised income	<u>44,129</u>	<u>575</u>	<u>25,490</u>	<u>(2,927)</u>
	205,105	257,804	239,765	127,529
Distribution during the period				
Nil (2013: Rs 1.8674 per unit declared on July 11, 2013)				
- Bonus distribution	-	(180,213)	-	-
- Cash distribution	-	(6)	-	-
Net income for the period after taxation	230,087	71,679	206,128	51,411
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	4,164	24,801	(6,537)	(4,875)
Undistributed income carried forward	<u><u>439,356</u></u>	<u><u>174,065</u></u>	<u><u>439,356</u></u>	<u><u>174,065</u></u>
Undistributed income comprising of:				
Realised income	255,506	144,589	255,506	144,589
Unrealised income	<u>183,850</u>	<u>29,476</u>	<u>183,850</u>	<u>29,476</u>
	<u><u>439,356</u></u>	<u><u>174,065</u></u>	<u><u>439,356</u></u>	<u><u>174,065</u></u>

The annexed notes 1 to 14 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 MOVEMENT IN UNIT HOLDERS' FUNDS (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014

	Half year ended		Quarter ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	------(Rupees in '000)-----			
Net assets at the beginning of the period	1,916,901	1,151,057	2,036,885	1,329,844
Issue of 105,739,707 units (2013: 97,797,564 units)	1,322,064	990,075	595,434	375,649
Redemption of 105,401,722 units (2013: 79,935,300 units)	(1,313,562)	(943,386)	(682,957)	(487,485)
	8,502	46,689	(87,523)	(111,836)
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - transferred to distribution statement	(4,164)	(24,801)	6,537	4,875
Net unrealised appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	183,850	29,476	158,360	32,403
Capital gain on sale of investments	18,317	16,318	32,376	4,590
Other net income for the period	27,920	25,885	15,392	14,418
Net income for the period	230,087	71,679	206,128	51,411
Distribution of bonus units during the period				
- Final distribution: Nil (2013:15,299,101 bonus units)	-	(180,213)	-	-
Distribution during the period				
Nil (2013: Rs 1.8674 per unit declared on July 11, 2013)				
- Bonus distribution	-	180,213	-	-
- Cash distribution	-	(6)	-	-
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	4,164	24,801	(6,537)	(4,875)
Net assets as at the end of the period	<u>2,155,490</u>	<u>1,269,419</u>	<u>2,155,490</u>	<u>1,269,419</u>

The annexed notes 1 to 14 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, 2014

	Half year ended		Quarter ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
------(Rupees in '000)-----				
CASH FLOW FROM OPERATING ACTIVITIES				
Net income for the period before taxation	230,087	71,679	206,128	51,411
Adjustments				
Net unrealised (appreciation) / diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(183,850)	(29,476)	(158,360)	(32,403)
Amortisation of preliminary expenses and floatation costs	101	101	50	50
Gain on sale of investments - net	(18,317)	(16,318)	(32,376)	(4,590)
	<u>28,021</u>	<u>25,986</u>	<u>15,442</u>	<u>14,468</u>
(Increase) / decrease in assets				
Investments	(283,983)	(335,179)	(382,877)	223,061
Receivable against sale of investments	(11,558)	61,422	150,344	-
Deposits, prepayments and other receivables	6,023	(22,230)	10,541	(21,468)
Dividend and profit receivable	1,684	419	5,758	3,782
	<u>(287,834)</u>	<u>(295,568)</u>	<u>(216,234)</u>	<u>205,375</u>
Increase / (decrease) in liabilities				
Payable to the Management Company	8,834	3,185	3,404	(2,332)
Payable to Central Depository Company of Pakistan Limited -Trustee	28	16	18	(1)
Payable to Securities and Exchange Commission of Pakistan	(447)	(74)	512	314
Payable against purchase of investments	(14,579)	-	-	-
Accrued expenses and other liabilities	4,326	269	2,990	423
	<u>(1,838)</u>	<u>3,396</u>	<u>6,924</u>	<u>(1,596)</u>
Net cash (used in) / generated from operating activities	<u>(261,651)</u>	<u>(266,186)</u>	<u>(193,868)</u>	<u>218,247</u>
CASH FLOW FROM FINANCING ACTIVITIES				
Receipts from issue of units	1,322,057	990,075	595,451	375,649
Payment on redemption of units	(1,313,590)	(942,813)	(717,851)	(490,188)
Distribution paid	-	(6)	-	-
Net cash generated from / (used in) financing activities	<u>8,467</u>	<u>47,256</u>	<u>(122,400)</u>	<u>(114,539)</u>
Net (decrease) / increase in cash and cash equivalents during the period				
	<u>(253,184)</u>	<u>(218,930)</u>	<u>(316,268)</u>	<u>103,708</u>
Cash and cash equivalents at the beginning of the period	559,897	1,063,978	622,981	741,340
Cash and cash equivalents as at the end of the period	<u>306,713</u>	<u>845,048</u>	<u>306,713</u>	<u>845,048</u>

The annexed notes 1 to 14 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, 2014

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 categorised as an Open-End "Asset Allocation Scheme" as per the criteria laid down by SECP for categorisation 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 has assigned Management Quality Rating of 'AM2' to the Management Company as at April 8, 2014 and Fund Performance Rating MFR 3-Star (based on one year weighted average ranking), MFR 5-Star (based on three years weighted average ranking) as at November 21, 2014.

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 have been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) 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 Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

The disclosures made in this condensed interim financial statements have, however, been limited based on the requirements of 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 financial statements of the Fund for the year ended June 30, 2014.

In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, 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, 2014.

3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ESTIMATES, JUDGMENTS AND CHANGES THEREIN

The accounting policies applied for the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual published audited financial statements of the Fund for the year ended June 30, 2014.

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in application of its accounting policies. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

NAFA ASSET ALLOCATION FUND

The significant estimates, judgments and assumptions made by the management in applying the accounting policies and the key sources of estimation of uncertainty were the same as those that applied to the audited annual financial statements as at and for the period ended June 30, 2014.

The financial risk management objectives and policies are consistent with those disclosed in the audited annual financial statements of the Fund for the period ended June 30, 2014.

Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 1, 2014. None of these amendments have a significant effect on this condensed interim financial information.

	Note	(Un-Audited) December 31, 2014	(Audited) June 30, 2014
----- Rupees in '000 -----			
4 CASH AND BALANCES WITH BANKS			
In savings accounts	4.1	299,319	545,336
In current accounts		7,393	5,856
Pay orders in hand		-	8,705
		<u>306,712</u>	<u>559,897</u>

4.1 These carry rate of return ranging between 6.50% and 10.00% (June 30, 2014: 9.50% to 10.10%) per annum.

5 INVESTMENTS

Financial assets classified as 'at fair value through profit or loss'

- Listed equity securities	5.1	1,503,703	1,255,479
- Term finance certificates	5.2	-	12,079

Government securities

- Market Treasury Bills	5.3	197,391	-
- Pakistan Investment Bonds	5.4	157,812	105,198
		<u>355,203</u>	<u>105,198</u>
		<u>1,858,906</u>	<u>1,372,756</u>

5.1 Listed equity securities

All shares have a nominal face value of Rs.10 each, unless otherwise stated.

Name of the investee company	Number of shares					Market value as at December 31, 2014	Investment as a percentage of		
	As at July 01, 2014	Purchases during the period	Bonus / Right Issue	Sales during the period	As at December 31, 2014		Net assets	Market value of total investments	Paid up capital of the investee company
Rupees in '000							----- % -----		
Oil & Gas									
Attock Petroleum Limited	-	1,800	-	-	1,800	971	0.05	0.05	0.00
Oil and Gas Development Company Limited	154,200	126,500	-	192,500	88,200	18,158	0.84	0.98	0.00
Pakistan Oilfields Limited	119,900	118,950	-	123,300	115,550	43,835	2.03	2.36	0.05
Pakistan Petroleum Limited	235,060	476,800	-	358,000	353,860	62,463	2.90	3.36	0.02
Pakistan State Oil Company Limited	140,320	129,500	-	201,800	68,020	24,345	1.13	1.31	0.03
Shell Pakistan Limited	-	41,000	-	-	41,000	10,614	0.49	0.57	0.04
Hascol Petroleum Limited	-	140,000	-	-	140,000	10,374	0.48	0.56	0.15
Chemicals									
Engro Corporation Limited	436,400	287,400	-	305,500	418,300	92,658	4.30	4.98	0.08
Fatima Fertilizer Company Limited	5,000	-	-	5,000	-	-	-	-	-
Engro Fertilizers Limited	150	566,000	-	-	566,150	44,216	2.05	2.38	0.04
Fauji Fertilizer Company Limited	-	332,000	-	332,000	-	-	-	-	-
Construction and Materials									
D.G. Khan Cement Company Limited	365,500	997,000	-	752,500	610,000	67,423	3.13	3.63	0.14
Lucky Cement Limited	157,300	214,500	-	211,400	160,400	80,245	3.72	4.32	0.05
Akzo Nobel Pakistan Limited	20,000	-	-	20,000	-	-	-	-	-
Maple Leaf Cement Factory Limited	1,683,000	2,245,500	-	2,140,000	1,788,500	79,141	3.67	4.26	0.34
Pioneer Cement Limited	1,280,000	390,000	-	896,000	774,000	66,262	3.07	3.56	0.34

NAFA ASSET ALLOCATION FUND

Name of the investee company	Number of shares					Market value as at December 31, 2014	Investment as a percentage of		
	As at July 01, 2014	Purchases during the period	Bonus / Right Issue	Sales during the period	As at December 31, 2014		Net assets	Market value of total investments	Paid up capital of the investee company
						Rupees in '000	----- % -----		
General Industrials									
Thal Limited (Par value: Rs. 5)	191,900	33,600	-	-	225,500	60,666	2.81	3.26	0.56
Personal Goods									
Nishat Mills Limited	317,000	645,000	-	279,000	683,000	82,636	3.83	4.45	0.19
Kohinoor Textile Mills Limited	-	923,500	-	100,054	823,446	28,862	1.34	1.55	0.34
Industrial Transportation									
Pakistan National Shipping Corporation	215,500	-	-	50,000	165,500	26,538	1.23	1.43	0.13
Multitiilities (Gas and Water)									
Sui Nothern Gas Pipelines Limited	-	791,000	-	-	791,000	22,710	1.05	1.22	0.12
Industrial Metals and Mining									
Crescent Steel & Allied Products	-	185,000	-	-	185,000	9,372	0.43	0.50	0.30
Technology / Communication									
Pakistan Telecommunication Company	1,277,000	-	-	870,000	407,000	9,373	0.43	0.50	0.01
TPL Tracker Limited	1,532,000	-	-	1,530,000	2,000	16	0.00	0.00	0.00
Electricity									
The Hub Power Company Limited	626,500	764,000	-	397,000	993,500	77,851	3.61	4.19	0.09
Kot Addu Power Company Limited	860,000	200,000	-	152,500	907,500	71,638	3.32	3.85	0.10
K-Electric Limited	2,215,000	-	-	725,000	1,490,000	13,738	0.64	0.74	0.02
Pakgen Power Limited	1,000	-	-	1,000	-	-	-	-	-
Saif Power Limited	-	1,356,000	-	-	1,356,000	50,064	2.32	2.69	0.35
Lalpur Power Limited	-	814,500	-	-	814,500	24,354	1.13	1.31	0.21
Banks									
Allied Bank Limited	1,000	390,300	-	1,000	390,300	44,330	2.06	2.38	0.03
Bank Al-Falah Limited	2,027,500	1,380,000	-	2,499,000	908,500	31,688	1.47	1.70	0.06
Bank Al Habib Limited	1,514,650	412,000	-	854,500	1,072,150	52,053	2.41	2.80	0.10
Habib Bank Limited	-	96,000	-	-	96,000	20,761	0.96	1.12	0.01
MCB Bank Limited	165,500	-	-	92,800	72,700	22,221	1.03	1.20	0.01
Meezan Bank Limited	-	230,000	-	-	230,000	10,810	0.50	0.58	0.02
National Bank of Pakistan	1,597,000	235,000	-	1,808,000	24,000	1,667	0.08	0.09	0.00
Faysal Bank Limited	50,000	4,171,500	-	302,000	3,919,500	71,335	3.31	3.84	0.38
Habib Metropolitan Bank Limited	640,000	266,000	-	93,500	812,500	30,306	1.41	1.63	0.08
United Bank Limited	718,203	463,900	-	851,700	330,403	58,386	2.71	3.14	0.03
Paper and Board									
Century Paper and Board Mills Limited	278,000	-	-	273,000	5,000	271	0.01	0.01	0.00
Automobile and Parts									
Honda Atlas Cars (Pakistan) Limited	555,000	22,500	-	566,000	11,500	2,279	0.11	0.12	0.01
Indus Motor Company Limited	-	31,150	-	-	31,150	27,422	1.27	1.48	0.38
Pak Suzuki Motor Company Limited	95,500	56,800	-	47,600	104,700	38,856	1.80	2.09	1.27
Baluchistan Wheels	-	7,500	-	-	7,500	429	0.02	0.02	0.06
Pharma and Bio Tech									
Abbott Laboratories (Pakistan) Limited	-	17,400	-	-	-	12,366	0.57	0.67	-
Total as at December 31, 2014						1,503,703	69.72	8.90	
Carrying value as at December 31, 2014						1,328,188			
Net unrealised appreciation / (diminution) in value of investments classified as at 'fair value through profit or loss'						175,515			

Investment include shares with market value of Rs. 78.741 million (June 30, 2014: 87.878 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.

5.2 Term Finance Certificates

Name of the investee company	Number of certificates				Market value as at December 31, 2014	Investment as a percentage of			
	As at July 1, 2014	Purchases during the period	Sale during the period	As at December 31, 2014		Net assets	Market value of total investments	Issue size	
						Rupees in '000	----- % -----		
Listed									
Allied Bank Limited	5,000	-	5,000	-	-	-	-	-	0.00%
United Bank Limited	3,000	-	3,000	-	-	-	-	-	0.00%
Unlisted									
Pakistan Mobile Communications Limited	667	-	667	-	-	-	-	-	0.00%
Total as at December 31, 2014									
Carrying value as at December 31, 2014									
Net unrealised appreciation / (diminution) in value of investments classified as at 'fair value through profit or loss'									

NAFA ASSET ALLOCATION FUND

5.3 Market Treasury Bills

Issue date	Tenor	Face value				Market Value as at December 31, 2014	Investment as a percentage of	
		As at July 01, 2014	Purchases during the period	Sales / matured during the period	As at December 31, 2014		Net Assets	Market value of total investments
						Rupees in '000	-----	% -----
November 27, 2014	3 months	-	400,000	200,000	200,000	197,391	9.16	10.62
Carrying value as at December 31, 2014						<u>197,515</u>		
Net unrealised diminution in value of investments classified as at 'fair value through profit or loss'						<u>(124)</u>		

5.4 Pakistan Investment Bonds

Issue date	Tenor	Face value				Market Value as at December 31, 2014	Investment as a percentage of	
		As at July 01, 2014	Purchases during the period	Sales / matured during the period	As at December 31, 2014		Net Assets	Market value of total investments
						Rupees in '000	-----	% -----
July 18, 2013	5 years	75,000	-	-	75,000	79,055	3.67	4.25
July 19, 2012	10 years	34,150	-	34,100	50	54	-	0.00
July 17, 2014	5 years	-	37,500	-	37,500	39,804	1.85	2.14
July 17, 2014	3 years	-	37,500	-	37,500	38,899	1.80	2.09
Total as at December 31, 2014						<u>157,812</u>	7.32	8.48
Carrying value as at December 31, 2014						<u>149,353</u>		
Net unrealised appreciation in value of investments classified as at 'fair value through profit or loss'						<u>8,459</u>		

(Un-Audited) (Audited)
Note December 31, 2014 June 30, 2014
----- Rupees in '000 -----

6 PAYABLE TO THE MANAGEMENT COMPANY

Remuneration of the Management Company	6.1	3,550	507
Sindh Sales Tax payable on remuneration of the Management Company	6.2	617	94
Federal Excise Duty payable on remuneration of the Management Company	6.3	7,749	4,449
Federal Excise Duty on Sales Load		1,634	1,034
Sales Tax Payable on Sales Load		381	183
Sales load payable		<u>2,156</u>	<u>986</u>
		<u>16,087</u>	<u>7,253</u>

6.1 Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding 3 percent of the average annual net assets of the Fund and thereafter of an amount equal to 2 percent of such assets of the Fund. Further, as per the requirement of the NBFC Regulations the Management Company shall not charge any fee if the Fund makes investment in CIS managed by the same Management Company. The Management Company has charged remuneration at the rate of 1% per annum based on the daily net assets of the Fund after deducting the investment made by the Fund in the CIS managed by the Management Company during the half year ended December 31, 2014. The amount of remuneration is paid monthly in arrears.

6.2 The Provincial Government of Sindh has levied Sindh sales tax at the rate of 15% (June 30, 2014: 16%) on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.

6.3 As per the requirements of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax as explained in note 6.2, further levy of FED may result in double taxation, which does not appear to be the spirit of the law.

NAFA ASSET ALLOCATION FUND

The matter has been collectively taken up by the Management Company jointly with other Asset Management Companies together with their respective Collective Investment Schemes through their trustees, through a Constitutional Petition filed in the Honourable Sindh High Court (SHC) during September 2013 challenging the levy of FED. In this respect, the SHC has issued a stay order against the recovery of FED and the hearing of the petition is still pending.

Pending decision of the SHC, the Fund is not making payments for FED. However, the Fund, as a matter of abundant caution, has made full provision in respect of FED amounting to Rs 7.749 million. Had the provision not been made the net asset value per unit of the Fund as at December 31, 2014 would have been higher by Rs 0.0484 per unit.

7 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2014 and June 30, 2014.

8 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 Honourable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

During the year ended June 30, 2012, 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, had declared the said amendments as unlawful and unconstitutional. In March 2013, a larger bench of the Honourable Sindh High Court (SHC) passed an order declaring that the amendments introduced in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 do not suffer from any constitutional or legal infirmity. However, the Honourable High Court of Sindh has not addressed the other amendments made in the WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before the Court. In a recent judgment, the Peshawar High Court (PHC) has also held these amendments to be ultra vires as they lacked the essential mandate to be introduced and passed through the Money Bill under the Constitution. Without prejudice to the above, the Management Company, as a matter of abundant caution, has decided to retain the provision for WWF amounting to Rs 14.710 million (including Rs 4.696 million for the current period) in this condensed interim financial information. Had the same not been made the net asset value per unit of the Fund as at December 31, 2014 would have been higher by Rs 0.0919 per unit.

9 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.

10 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, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. The management intends to distribute at least 90% of the Fund's net accounting income earned by the year end to the unit holders. Accordingly, no provision in respect of taxation has been made in this condensed interim financial information.

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.

11 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.

NAFA ASSET ALLOCATION FUND

12 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

12.1 Related parties / 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, entities having common directorship with the Management Company and directors and officers of the Management Company.

12.2 The transactions with related parties / connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

12.3 Remuneration to the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

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

	------(Un-Audited)-----			
	Half year ended		Quarter ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
------(Rupees in '000)-----				
NBP Fullerton Asset Management Limited - Management Company				
Remuneration for the period	20,623	13,439	10,765	6,609
Sindh Sales Tax on remuneration of management company	3,588	2,523	1,758	1,430
Federal Excise Duty on remuneration of the Management Company	3,300	2,150	1,723	1,057
Sales load	4,711	6,593	2,001	843
Alexandra Fund Management Pte. Limited - Sponsor				
Units Redeemed / transfer out Nil units (2013: 25,848,885 units)	-	304,169	-	304,169
Bonus units issued Nil units (2013: 3,537,134 bonus units)	-	-	-	-
Central Depository Company of Pakistan Limited - Trustee				
Remuneration for the period	1,535	1,176	790	582
CDS charges	107	160	30	128
Employees of the Management Company				
Units issued / transfer in 107,878 units (2013:1,541,638 units)	1,321	18,398	405	6,434
Units Redeemed / transfer out 194,830 units (2013: 1,541,038 units)	2,379	18,262	581	5,828
Bonus units issued Nil units (2013: 29,074 units)	-	-	-	-
Taurus Securities Limited				
Brokerage expense	203	340	203	167
NBP Fullerton Asset Management Ltd- Employees Provident Fund				
Units Redeemed / transfer out 37,787 units (2013 : 69,027 units)	500	804	500	-
Bonus units issued Nil units (2013: 92,383 units)	-	-	-	-
Company Secretary / CFO				
Units Issued/ transfer in 12,020 units (2013: 42,852 units)	150	500	-	-
Bonus units issued Nil units (2013: 6,017 units)	-	-	-	-
National Bank of Pakistan				
Sold Treasury Bill	-	499,645	-	-
Purchased Treasury Bills	-	738,447	-	293,640

NAFA ASSET ALLOCATION FUND

	------(Un-Audited)-----			
	Half year ended		Quarter ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
------(Rupees in '000)-----				
NAFA Income Opportunity Fund				
Sold Treasury Bill	-	39,851	-	-
NAFA Savings Plus Fund				
Sold Treasury Bill	-	19,925	-	-
International Industries Ltd. Employees' Provident Fund				
Units Issued/ transfer in 1857,742 units (2013: Nil units)	2,283	-	2,283	-
Units Redeemed / transfer out 3,767,296 units (2013 : 377,903 units)	47,892	4,402	39,684	-
Bonus units issued Nil units (2013: 457,028 units)	-	-	-	-
International Industries Ltd. Employees' Gratuity Fund				
Units Issued/ transfer in 1,409,824 units (2013: 2,793,915 units)	17,077	37,091	6,195	-
Units Redeemed / transfer out 2,041,005 units (2013 : 445,060 units)	25,620	5,185	12,389	-
Bonus units issued Nil units (2013: 442,926 units)	-	-	-	-
International Steels Ltd. Employees' Gratuity Fund				
Units Issued/ transfer 127,134 units (2013: 173,503 units)	1,541	2,346	591	-
Units Redeemed / transfer out 970,640 units (2013: Nil units)	12,387	-	10,479	-
Bonus units issued Nil units (2013: 27,506 units)	-	-	-	-
International Steels Ltd. Employees' Provident Fund				
Units Issued/ transfer in 63,915 units (2013: Nil units)	779	-	466	-
Units Redeemed / transfer out 887,077 units (2013 :77,742 units)	11,161	906	6,786	-
Bonus units issued Nil units (2013: 93,230 units)	-	-	-	-
Summit Bank Limited				
Bank Profit	86	66	86	19
Purchased Treasury Bills	-	499,645	-	-

*Prior period comparatives have not been presented as the entity was not classified as a related party / connected person in the prior periods.

	(Un-Audited)	(Audited)
	December 31, 2014	June 30, 2014
----- Rupees in '000 -----		
12.5 Amounts outstanding as at period / year end		
NBP Fullerton Asset Management Limited - Management Company		
Remuneration of the Management Company	3,550	507
Sindh Sales Tax payable on remuneration of the Management Company	617	94
Federal Excise Duty payable on remuneration of the Management Company	7,749	4,449
Federal Excise Duty on Sales Load	1,634	1,034
Sales Tax Payable on Sales Load	381	183
Sales load payable	2,156	986
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	263	235
CDS charges payable	44	13
Security deposit	100	100
National Bank of Pakistan		
Balance in current account	5,894	3,995

NAFA ASSET ALLOCATION FUND

	(Un-Audited) December 31, 2014	(Audited) June 30, 2014
	----- Rupees in '000 -----	
Employees of the Management Company		
Investment held in the Fund 30,647 units (June 30, 2014: 117,598 units)	413	1,412
Taurus Securities Limited		
Brokerage payable	-	16
NBP Fullerton Asset Management Ltd- Employees Provident Fund		
Investment held in the Fund 740,251 units (June 30, 2014: 778,038 units)	9,971	9,339
Company Secretary / CFO		
Investment held in the Fund 59,389 units (June 30, 2014: 47,369 units)	800	569
International Industries Ltd. Employees' Provident Fund		
Investment held in the Fund Nil units (June 30, 2014 : 3,581,555 units)	-	42,992
International Industries Ltd. Employees' Gratuity Fund		
Investment held in the Fund 7,532,662 units (June 30, 2014 : 8,163,844 units)	101,460	97,997
International Steels Ltd. Employees' Gratuity Fund		
Investment held in the Fund Nil units (June 30, 2014 : 843,507 units)	-	10,125
International Steels Ltd. Employees' Provident Fund		
Investment held in the Fund Nil units (June 30, 2014 :823,161 units)	-	9,881
Summit Bank Limited		
Bank Balance	4,841	3,792

*Prior year comparative has not been presented as the entity was not classified as a related party / connected person as at June 30, 2014.

13 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 17, 2015.

14 GENERAL

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

14.2 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



NBP Fullerton
Asset Management Ltd.

A Subsidiary of
National Bank of Pakistan

Head Office

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