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**NBP Fullerton  
Asset Management Ltd.**  
A Subsidiary of  
National Bank of Pakistan

## **NAFA ASSET ALLOCATION FUND**

# **HALF YEARLY REPORT DECEMBER 31 2015**



*Your investments & "NAFA" grow together*




**FULLERTON FUND  
MANAGEMENT**

*Joint - Venture Partners*

# NAFA ASSET ALLOCATION FUND

## 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

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# 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. Nigel Poh Cheng    | 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 & COO

Mr. Muhammad Murtaza Ali

### Chief Financial Officer

Mr. Khalid Mehmood

### Audit & Risk Committee

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

### Human Resource and Remuneration Committee

|                       |          |
|-----------------------|----------|
| Mr. Nausherwan Adil   | Chairman |
| Mr. Nigel Poh Cheng   | 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  
JS Bank Limited  
The Bank of Panjab  
Zarai Taraqati Bank Limited  
Bankislami Pakistan Limited

# NAFA ASSET ALLOCATION FUND

## Auditors

Deloitte Yousuf Adil  
Chartered Accountants  
Cavish Court,  
A-35, Block 7 & 8,  
KCHSU, Sharae Faisal  
Karachi-75350 Pakistan

## 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](http://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:

Opposite Gul Haji Plaza, 2nd Floor  
National Bank Building  
University Road Peshawar,  
UAN: 091-111 111 632 (nfa)  
Fax: 091-5703202

## Multan Office:

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

# 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 (NAAF)** for the half year ended December 31, 2015.

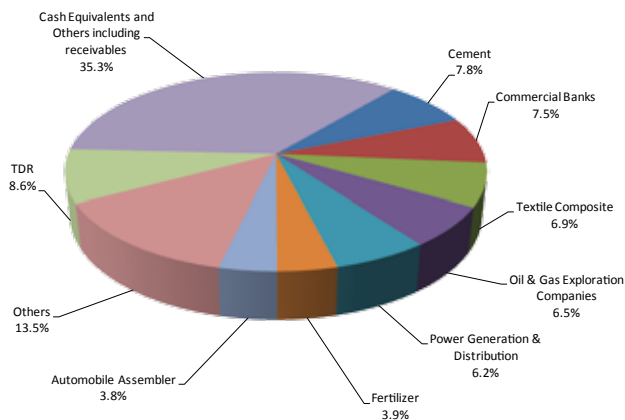
### Fund's Performance

The size of NAFA Asset Allocation Fund has decreased from Rs. 2,073 million to Rs. 1,459 million during the period, i.e. a decrease of 29.6%. During the period, the unit price of NAFA Asset Allocation Fund has decreased from Rs. 14.7819 (Ex-NAV) on June 30, 2015 to Rs. 14.6240 on December 31, 2015, thus showing a decline of 1.07%. The Benchmark (1/3 of average 3-month bank deposit rate; 1/3 of 6-months KIBOR; 1/3 of KSE 30 Index) during the same period declined by 1.93%. Thus, the Fund has outperformed its Benchmark by 0.86% during the period under review. Since inception the NAV of the Fund has increased from Rs.5.7860 (Ex-Div) on August 20, 2010 to Rs.14.6240 on December 31, 2015, thus showing an increase of 152.75%. During the said period, the Benchmark increased by 71.13%, translating into outperformance of 81.62%. This performance is net of management fee and all other expenses.

1HFY16 turned out to be a challenging period for the stock market characterized by a heightened volatility and lackluster performance. The selloff in equities was largely a function of global pullout strategy by foreign funds in anticipation of US interest rate hike and associated rout in emerging market currencies; and global economic slowdown led by China. Subdued market performance can also be attributed to a sharp decline in international crude oil prices amid supply glut and demand slowdown. On domestic front, increase in regulatory requirements for brokers and criminal investigations against some brokers dried out the market volumes. The index heavy Oil & Gas and Banking sectors lagged the market whereas Cements, Pharmaceuticals, Automobile Parts & Accessories and Engineering sectors outperformed the market.

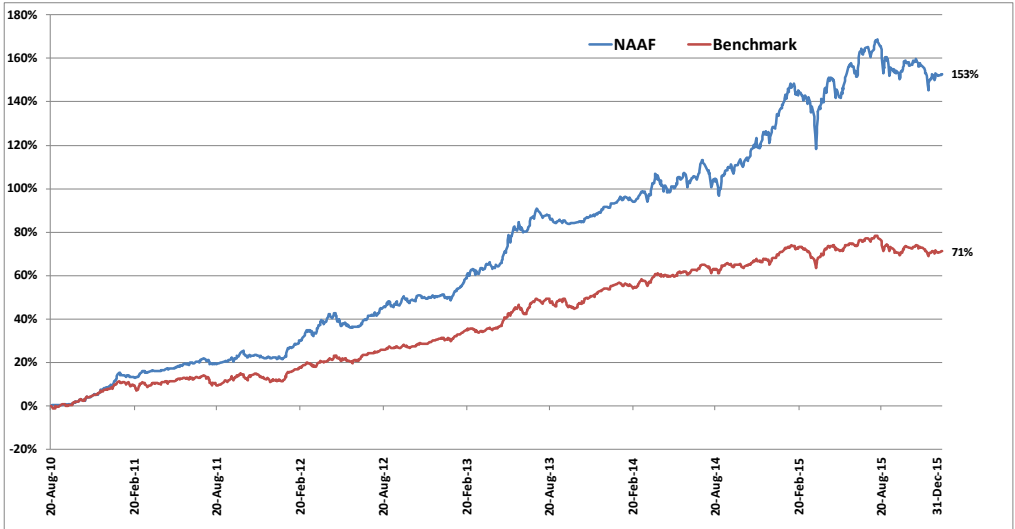
On the corporate debt sphere, trading activity in TFCs remained depressed. Dearth of high credit quality corporate bonds further depressed the secondary market yields. During the period under review, the State Bank of Pakistan reduced the discount rate by 50 bps to 6.5%. SBP highlighted: i) benign inflation readings and anchored near-term expectation; ii) high real lending rates; iii) comfortable external account position; and (iv) improving law and order situation and macroeconomic stability. Sovereign securities responded to the loose monetary policy stance with yields on the PIBs and T-Bills declining accordingly.

The Fund has earned total income of Rs.12.36 million during the period. After deducting expenses of Rs.27.48 million, the net income is Rs.15.12 million. The asset allocation of the Fund as on December 31, 2015 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 26, 2016  
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, 2015 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 25, 2016



# 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** (here-in-after referred to as 'the Fund') as at December 31, 2015, 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, 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, 2015. NBP Fullerton Asset Management Limited (the Management Company) 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, 2015 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2015.

### *Scope of Review*

We conducted our review in accordance with 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, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

### **Other Matter**

The condensed interim financial information of the Fund for the half year ended December 31, 2014 and the annual financial statements of the Fund for the year ended June 30, 2015 were reviewed and audited by another firm of Chartered Accountant whose report dated February 27, 2015 and September 30, 2015 expressed an unqualified conclusion and opinion thereon respectively.

Deloitte Yousuf Adil  
Chartered Accountants

**Engagement Partner:**  
Naresh Kumar

**Date:** February 29, 2016  
**Place:** Karachi

# NAFA ASSET ALLOCATION FUND

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2015

|  | Note | (Un-Audited)<br>December 31,<br>2015 | Audited<br>June 30,<br>2015 |
|--|------|--------------------------------------|-----------------------------|
| ------(Rupees in '000)-----  |      |                                      |                             |
| <b>ASSETS</b>  |      |                                      |                             |
| Balances with banks  | 4    | 552,544                              | 675,426                     |
| Investments  | 5    | 943,388                              | 1,601,261                   |
| Dividend and profit receivable   | 6    | 1,060                                | 6,738                       |
| Receivable against sale of units   |      | -                                    | 2,774                       |
| Advances, deposits, prepayments and other receivables                      |      | 3,278                                | 2,853                       |
| <b>Total assets</b>  |      | <b>1,500,270</b>                     | <b>2,289,052</b>            |
| <b>LIABILITIES</b>   |      |                                      |                             |
| Payable to the NBP Fullerton Asset Management Limited - Management Company | 7    | 20,527                               | 21,331                      |
| Payable to Central Depository Company of Pakistan Limited - Trustee        | 8    | 236                                  | 274                         |
| Payable to the Securities and Exchange Commission of Pakistan              |      | 817                                  | 2,029                       |
| Payable against redemption of units  |      | 98                                   | 170,509                     |
| Accrued expenses and other liabilities                                     | 9    | 19,747                               | 21,412                      |
| <b>Total liabilities</b>   |      | <b>41,425</b>                        | <b>215,555</b>              |
| <b>NET ASSETS</b>  |      | <b>1,458,845</b>                     | <b>2,073,497</b>            |
| <b>UNIT HOLDERS' FUND (As per statement attached)</b>                      |      | <b>1,458,845</b>                     | <b>2,073,497</b>            |
| Contingencies and commitments  | 10   |                                      |                             |
| (Number of units)  |      |                                      |                             |
| Number of units in issue   |      | 99,756,926                           | 138,588,032                 |
| -----Rupees-----   |      |                                      |                             |
| Net asset value per unit   |      | 14.6240                              | 14.9616                     |

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

Chief Executive

For NBP Fullerton Asset Management Limited  
(Management Company)

Director

# NAFA ASSET ALLOCATION FUND

## CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

| Note   | Half year ended      |                      | Quarter ended        |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | December<br>31, 2015 | December<br>31, 2014 | December<br>31, 2015 | December<br>31, 2014 |
| ----- Rupees in '000 -----   |                      |                      |                      |                      |
| <b>INCOME</b>  |                      |                      |                      |                      |
|  | 25,718               | 26,183               | 13,279               | 12,267               |
| Profit on bank deposits & term deposits  | 15,277               | 18,317               | (9,111)              | 32,376               |
| Capital gain / (loss) on sale of investments - net   | -                    | 466                  | -                    | 136                  |
| Income from term finance certificates and sukuk bonds  | 3                    | 8,655                | 1                    | 5,448                |
| Income from government securities  | 27,130               | 31,102               | 14,705               | 18,935               |
| Dividend income  | (46,970)             | 183,850              | 4,225                | 158,360              |
| Unrealised (diminution) / appreciation on re-measurement of investments<br>'at fair value through profit or loss-held for trading' - net | 21,158               | 268,573              | 23,099               | 227,522              |
| Total Income   |                      |                      |                      |                      |
| <b>EXPENSES</b>  |                      |                      |                      |                      |
| Remuneration of NBP Fullerton Asset Management Limited<br>- Management Company   | 17,200               | 20,623               | 7,758                | 10,765               |
| Sindh Sales Tax on remuneration of the Management Company  | 2,793                | 3,588                | 1,260                | 1,758                |
| Federal Excise Duty on remuneration of the Management Company  | 2,752                | 3,300                | 1,241                | 1,723                |
| Remuneration to Central Depository Company of Pakistan Limited - Trustee   | 1,363                | 1,535                | 640                  | 790                  |
| Sindh Sales Tax on remuneration of the Trustee   | 191                  | -                    | 90                   | -                    |
| Annual fee - Securities and Exchange Commission of Pakistan  | 817                  | 980                  | 368                  | 512                  |
| Allocated expenses   | 146                  | -                    | 146                  | -                    |
| Amortisation of preliminary expenses and floatation costs  | -                    | 101                  | -                    | 50                   |
| Annual listing fee   | 20                   | 20                   | 10                   | 10                   |
| Securities transaction cost  | 1,225                | 2,509                | 303                  | 919                  |
| Settlement and bank charges  | 515                  | 555                  | 282                  | 277                  |
| Auditors' remuneration   | 380                  | 384                  | 218                  | 238                  |
| Legal and professional charges   | -                    | 25                   | -                    | 25                   |
| Fund's rating fee  | 85                   | 85                   | 42                   | 35                   |
| Printing expenses  | -                    | 85                   | -                    | 85                   |
| Total Expenses   | 27,487               | 33,790               | 12,358               | 17,187               |
| Net (loss) / income from operating activities  | (6,329)              | 234,783              | 10,741               | 210,335              |
| Element of (loss) / income and capital (losses) / gains included<br>in prices of units issued less those in units redeemed - net         | (8,794)              | -                    | 1,655                | -                    |
| Provision for Workers' Welfare Fund  | -                    | (4,696)              | -                    | (4,207)              |
| Net (loss) / income for the period before taxation   | (15,123)             | 230,087              | 12,396               | 206,128              |
| Taxation   | -                    | -                    | -                    | -                    |
| Net (loss) / income for the period after taxation  | (15,123)             | 230,087              | 12,396               | 206,128              |

The annexed notes 1 to 16 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, 2015

|   | Half year ended            |                      | Quarter ended        |                      |
|---|----------------------------|----------------------|----------------------|----------------------|
|   | December<br>31, 2015       | December<br>31, 2014 | December<br>31, 2015 | December<br>31, 2014 |
|   | ----- Rupees in '000 ----- |                      |                      |                      |
| Net (loss) / income for the period after taxation                       | (15,123)                   | 230,087              | 12,396               | 206,128              |
| Other comprehensive income for the period:                              |                            |                      |                      |                      |
| Items that may be reclassified subsequently<br>to income statement      | -                          | -                    | -                    | -                    |
| Items that will not be reclassified subsequently<br>to income statement | -                          | -                    | -                    | -                    |
| <b>Total comprehensive income for the period</b>                        | <u>(15,123)</u>            | <u>230,087</u>       | <u>12,396</u>        | <u>206,128</u>       |

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

Chief Executive

For NBP Fullerton Asset Management Limited  
(Management Company)

Director

# NAFA ASSET ALLOCATION FUND

## CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

|  | Half year ended      |                      | Quarter ended        |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | December<br>31, 2015 | December<br>31, 2014 | December<br>31, 2015 | December<br>31, 2014 |
| ----- Rupees in '000 -----   |                      |                      |                      |                      |
| <b>Undistributed income brought forward comprising of:</b>   |                      |                      |                      |                      |
| - realized income  | 380,144              | 160,976              | 612,376              | 214,275              |
| - unrealized income / (loss)   | 234,597              | 44,129               | (51,195)             | 25,490               |
|  | 614,741              | 205,105              | 561,181              | 239,765              |
| <br>Final distribution for the year ended June 30, 2015: 1.86%<br>(2014: Nil).   |                      |                      |                      |                      |
| - Cash distribution  | (26,041)             | -                    | -                    | -                    |
| <br>Element of income / (loss) and capital gains / (losses) included<br>in the prices of units issued less those in units redeemed - net | -                    | 4,164                | -                    | (6,537)              |
| <br>Net (loss) / income for the period   | (15,123)             | 230,087              | 12,396               | 206,128              |
|  | (41,164)             | 234,251              | 12,396               | 199,591              |
| <b>Undistributed income carried forward</b>  | 573,577              | 439,356              | 573,577              | 439,356              |
| <br><b>Undistributed income carried forward comprising of:</b>   |                      |                      |                      |                      |
| - realized income  | 620,547              | 255,506              | 620,547              | 255,506              |
| - unrealized (loss) / income   | (46,970)             | 183,850              | (46,970)             | 183,850              |
|  | 573,577              | 439,356              | 573,577              | 439,356              |

The annexed notes 1 to 16 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, 2015

|   | Half year ended            |                      | Quarter ended          |                       |
|---|----------------------------|----------------------|------------------------|-----------------------|
|   | December<br>31, 2015       | December<br>31, 2014 | December<br>31, 2015   | December<br>31, 2014  |
|   | ----- Rupees in '000 ----- |                      |                        |                       |
| Net assets at the beginning of the period   | 2,073,497                  | 1,916,901            | 1,560,513              | 2,036,885             |
| Issue of 44,114,132 units (2014: 105,739,707 units)   | 664,652                    | 1,322,064            | 141,015                | 595,434               |
| Redemption of 82,945,238 units (2014: 105,401,722 units)  | (1,246,934)<br>(582,282)   | (1,313,562)<br>8,502 | (253,424)<br>(112,409) | (682,957)<br>(87,523) |
| Net element of loss / (income) and capital losses / (gains) included in the prices of units issued less those in units redeemed transferred to income statement       | 8,794                      | -                    | (1,655)                | -                     |
| Net element of loss / (income) and capital losses / (gains) included in the prices of units issued less those in units redeemed transferred to distribution statement | -                          | (4,164)              | -                      | 6,537                 |
| Total comprehensive income for the period   | (15,123)                   | 230,087              | 12,396                 | 206,128               |
| Final distribution for the year ended June 30, 2015: 1.86%<br>(2014: Nil)   |                            |                      |                        |                       |
| - Cash distribution   | (26,041)                   | -                    | -                      | -                     |
| Net element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed                                       | -                          | 4,164                | -                      | (6,537)               |
| <b>Net assets as at the end of the period</b>   | <u>1,458,845</u>           | <u>2,155,490</u>     | <u>1,458,845</u>       | <u>2,155,490</u>      |

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

Chief Executive

For NBP Fullerton Asset Management Limited  
(Management Company)

Director

# NAFA ASSET ALLOCATION FUND

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

|  | Half year ended      |                      | Quarter ended        |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | December<br>31, 2015 | December<br>31, 2014 | December<br>31, 2015 | December<br>31, 2014 |
| ----- Rupees in '000 -----   |                      |                      |                      |                      |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>   |                      |                      |                      |                      |
| Net (loss) / income for the period before taxation   | (15,123)             | 230,087              | 12,396               | 206,128              |
| <b>Adjustments</b>   |                      |                      |                      |                      |
| Unrealised diminution / (appreciation) on re-measurement of investments<br>'at fair value through profit or loss-held for trading' - net | 46,970               | (183,850)            | (4,225)              | (158,360)            |
| Amortisation of preliminary expenses and floatation costs  | -                    | 101                  | -                    | 50                   |
| Element of loss / (income) and capital (losses) / gains included<br>in prices of units issued less those in units redeemed - net         | 8,794                | -                    | (1,655)              | -                    |
| Capital (gain) / loss on sale of investments - net   | (15,277)             | (18,317)             | 9,111                | (32,376)             |
|  | 25,364               | 28,021               | 15,627               | 15,442               |
| <b>(Increase) / decrease in assets</b>   |                      |                      |                      |                      |
| Investments - net  | 626,180              | (283,983)            | (165,954)            | (382,877)            |
| Receivable against sale of investments   | -                    | (11,558)             | -                    | 150,344              |
| Dividend and profit receivable   | 5,678                | 6,023                | 10,081               | 10,541               |
| Advances, deposits, prepayments and other receivables  | (425)                | 1,684                | (311)                | 5,758                |
|  | 631,433              | (287,834)            | (156,184)            | (216,234)            |
| <b>Increase / (decrease) in liabilities</b>  |                      |                      |                      |                      |
| Payable to the NBP Fullerton Asset Management<br>Limited - Management Company  | (804)                | 8,834                | 508                  | 3,404                |
| Payable to Central Depository Company of Pakistan Limited - Trustee  | (38)                 | 28                   | (5)                  | 18                   |
| Payable to Securities and Exchange Commission of Pakistan  | (1,212)              | (447)                | 368                  | 512                  |
| Payable against purchase of investments  | -                    | (14,579)             | -                    | -                    |
| Accrued expenses and other liabilities   | (1,665)              | 4,326                | (1,203)              | 2,990                |
|  | (3,719)              | (1,838)              | (332)                | 6,924                |
| <b>Net cash generated from / (used in) operating activities</b>  | 653,078              | (261,651)            | (140,889)            | (193,868)            |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>   |                      |                      |                      |                      |
| Amounts received from issuance of units  | 667,426              | 1,322,057            | 141,025              | 595,451              |
| Amounts paid on redemption of units  | (1,417,345)          | (1,313,590)          | (254,443)            | (717,851)            |
| Distribution paid  | (26,041)             | -                    | -                    | -                    |
| <b>Net cash (used in) / generated from financing activities</b>  | (775,960)            | 8,467                | (113,418)            | (122,400)            |
| <b>Net (decrease) in cash and cash equivalents<br/>during the period</b>   | (122,882)            | (253,184)            | (254,307)            | (316,268)            |
| Cash and cash equivalents at the beginning of the period   | 675,426              | 559,897              | 806,851              | 622,981              |
| <b>Cash and cash equivalents at the end of the period</b>  | 552,544              | 306,713              | 552,544              | 306,713              |

The annexed notes 1 to 16 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 (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

### 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 (now Pakistan 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 (PACRA) has assigned an asset manager rating of 'AM2+' to the Management Company and has assigned short term and long term stability ratings of "3 Star" to the Fund.

Title of the assets of the Fund is held in the name of Central Depository Company of Pakistan (CDC) Limited 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 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 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 NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of IFRSs, the requirements of the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

The disclosures made in this condensed interim financial information 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 published financial statements of the Fund for the year ended June 30, 2015.

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, 2015.



# NAFA ASSET ALLOCATION FUND

## 2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except for the investments which are stated at fair value.

## 2.3 Functional and presentation currency

This condensed interim financial information has been presented in Pak Rupees, which is the functional and presentation currency of the Fund.

## 2.4 Critical accounting estimates and judgments

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, significant judgments made by management in applying 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, 2015, except for IFRS 13 "Fair Value Measurement".

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. However, it does not change the requirements regarding which items should be measured or disclosed at fair value. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. The application of this standard does not have an impact on this condensed interim financial information except certain additional disclosures as given in note 14

## 2.5 Financial Risk Management

The Fund's risk management objectives and policies are consistent with those objectives and policies which were disclosed in the financial statements of the Fund as at and for the year ended June 30, 2015.

## 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, 2015.

|                            | Note                       | (Un-Audited)<br>December<br>31, 2015 | Audited<br>June 30,<br>2015 |
|----------------------------|----------------------------|--------------------------------------|-----------------------------|
| ----- Rupees in '000 ----- |                            |                                      |                             |
| 4                          | <b>BALANCES WITH BANKS</b> |                                      |                             |
| In savings accounts        | 4.1                        | 546,051                              | 669,269                     |
| In current accounts        |                            | 6,493                                | 6,157                       |
|                            |                            | <u>552,544</u>                       | <u>675,426</u>              |

4.1 These carry a rate of return ranging between 4.00% and 7.45% (June 30, 2015: 4.50% to 10.10%) per annum.

# NAFA ASSET ALLOCATION FUND

|  | Note | (Un-Audited)<br>December<br>31, 2015 | Audited<br>June 30,<br>2015 |
|--|------|--------------------------------------|-----------------------------|
| ----- Rupees in '000 -----                                     |      |                                      |                             |
| <b>5 INVESTMENTS</b>   |      |                                      |                             |
| <b>At fair value through profit or loss - held for trading</b> |      |                                      |                             |
| Equity securities - Listed                                     | 5.1  | 818,331                              | 1,601,205                   |
| Government securities  | 5.2  | 57                                   | 56                          |
|  |      | 818,388                              | 1,601,261                   |
| <b>Loans and receivables</b>                                   |      |                                      |                             |
| Term deposit receipt   | 5.3  | 125,000                              | -                           |
|  |      | 943,388                              | 1,601,261                   |

## 5.1 Equity securities - Listed - at fair value through profit or loss - held for trading

All shares have a nominal face value of Rs. 10 each except for shares of Thal Limited and K-Electric Limited which have a face value of Rs. 5 and Rs. 3.5 each respectively.

| Name of the investee company               | Number of shares       |                                   |                         |                               |                               | Market value<br>as at December<br>31, 2015 | Investment as a percentage of |   |   |
|--|------------------------|-----------------------------------|-------------------------|-------------------------------|-------------------------------|--|-------------------------------|---|---|
|  | As at July<br>01, 2015 | Purchases<br>during the<br>period | Bonus /<br>Right Issues | Sales<br>during the<br>period | As at<br>December<br>31, 2015 |  | Net assets                    | Market value<br>of total<br>investments | Paid up capital<br>of the investee<br>company |
|  |                        |                                   |                         |                               |                               | Rupees in '000                             | ----- % -----                 |   |   |
| <b>Oil and Gas</b>                         |                        |                                   |                         |                               |                               |  |                               |   |   |
| Attock Petroleum Limited                   | 22,200                 | -                                 | -                       | 7,000                         | 15,200                        | 7,678                                      | 0.53                          | 0.81                                    | 0.02  |
| Attock Refinery Limited                    | 78,300                 | 10,000                            | -                       | 88,300                        | -                             | -  | -                             | -                                       | -   |
| National Refinery Limited                  | 17,300                 | -                                 | -                       | 17,300                        | -                             | -  | -                             | -                                       | -   |
| Oil and Gas Development Company Limited    | 88,200                 | 118,000                           | -                       | 27,000                        | 179,200                       | 21,027                                     | 1.44                          | 2.23                                    | 0.00  |
| Pakistan Oilfields Limited                 | 106,850                | 12,000                            | -                       | 11,500                        | 107,350                       | 28,772                                     | 1.97                          | 3.05                                    | 0.05  |
| Pakistan Petroleum Limited                 | 288,760                | 60,000                            | -                       | 155,400                       | 193,360                       | 23,553                                     | 1.61                          | 2.50                                    | 0.01  |
| Pakistan State Oil Company Limited         | 140,020                | -                                 | -                       | 83,000                        | 57,020                        | 18,575                                     | 1.27                          | 1.97                                    | 0.02  |
| Hascol Petroleum Limited (5.1.2)           | 14,628                 | -                                 | 226                     | 13,500                        | 1,354                         | 195  | 0.01                          | 0.02                                    | 0.00  |
| Shell Pakistan Limited                     | 120,000                | -                                 | -                       | 119,300                       | 700                           | 160  | 0.01                          | 0.02                                    | 0.00  |
| Mari Petroleum Company Limited             | -                      | 30,000                            | -                       | -                             | 30,000                        | 20,914                                     | 1.43                          | 2.22                                    | 0.03  |
| <b>Multi-utilities (Gas and Water)</b>     |                        |                                   |                         |                               |                               |  |                               |   |   |
| Sui Northern Gas Pipelines Limited         | -                      | 522,000                           | -                       | 522,000                       | -                             | -  | -                             | -                                       | -   |
| Sui Southern Gas Company Limited           | -                      | 632,000                           | -                       | 471,000                       | 161,000                       | 6,013                                      | 0.41                          | 0.64                                    | 0.02  |
| <b>Chemicals</b>                           |                        |                                   |                         |                               |                               |  |                               |   |   |
| Engro Corporation Limited                  | 501,100                | 6,700                             | -                       | 391,300                       | 116,500                       | 32,549                                     | 2.23                          | 3.45                                    | 0.02  |
| Engro Fertilizers Limited                  | 462,000                | 194,500                           | -                       | 370,000                       | 286,500                       | 24,103                                     | 1.65                          | 2.56                                    | 0.02  |
| Fauji Fertilizers Company Limited          | -                      | 174,200                           | -                       | 174,200                       | -                             | -  | -                             | -                                       | -   |
| <b>Industrial Engineering</b>              |                        |                                   |                         |                               |                               |  |                               |   |   |
| Crescent Steel & Allied Limited            | 185,000                | -                                 | -                       | 185,000                       | -                             | -  | -                             | -                                       | -   |
| International Industries Limited           | 342,500                | 169,000                           | -                       | 61,500                        | 450,000                       | 27,675                                     | 1.90                          | 2.93                                    | 0.38  |
| International Steels Limited               | -                      | 563,000                           | -                       | -                             | 563,000                       | 13,743                                     | 0.94                          | 1.46                                    | 0.13  |
| <b>Construction and Materials (Cement)</b> |                        |                                   |                         |                               |                               |  |                               |   |   |
| D.G. Khan Cement Company Limited           | 808,000                | 112,000                           | -                       | 643,400                       | 276,600                       | 40,823                                     | 2.80                          | 4.33                                    | 0.06  |
| Lucky Cement Limited                       | 201,700                | 14,800                            | -                       | 146,400                       | 70,100                        | 34,702                                     | 2.38                          | 3.68                                    | 0.02  |
| Maple Leaf Cement Factory Limited          | 565,500                | 20,000                            | -                       | 357,000                       | 228,500                       | 17,042                                     | 1.17                          | 1.81                                    | 0.04  |
| Pioneer Cement Limited                     | 446,000                | 32,500                            | -                       | 251,500                       | 227,000                       | 20,625                                     | 1.41                          | 2.19                                    | 0.10  |
| <b>General Industrials</b>                 |                        |                                   |                         |                               |                               |  |                               |   |   |
| Thal Limited                               | 214,400                | -                                 | -                       | 43,400                        | 171,000                       | 43,320                                     | 2.97                          | 4.59                                    | 0.21  |
| <b>Industrial Transportation</b>           |                        |                                   |                         |                               |                               |  |                               |   |   |
| Pakistan National Shipping Corporation     | 118,700                | -                                 | -                       | -                             | 118,700                       | 10,565                                     | 0.72                          | 1.12                                    | 0.09  |
| <b>Personal Goods (Textile)</b>            |                        |                                   |                         |                               |                               |  |                               |   |   |
| Nishat Mills Limited                       | 315,100                | 362,400                           | -                       | 198,600                       | 478,900                       | 45,434                                     | 3.11                          | 4.82                                    | 0.13  |
| Kohinoor Textile Mills Limited             | 999,446                | -                                 | -                       | 219,000                       | 780,446                       | 55,802                                     | 3.83                          | 5.92                                    | 0.32  |
| Balance carried forward                    |                        |                                   |                         |                               |                               | 493,270                                    |                               |   |   |

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| Name of the investee company  | Number of shares    |                             |                      |                         |                         | Market value as at December 31, 2015 | Investment as a percentage of |                                   |   |
|---|---------------------|-----------------------------|----------------------|-------------------------|-------------------------|--------------------------------------|-------------------------------|-----------------------------------|---|
|   | As at July 01, 2015 | Purchases during the period | Bonus / Right Issues | Sales during the period | As at December 31, 2015 |                                      | Net assets                    | Market value of total investments | Paid up capital of the investee company |
|   |                     |                             |                      |                         |                         | Rupees in '000                       | ----- % -----                 |                                   |   |
| <b>Balance brought forward</b>                                      |                     |                             |                      |                         |                         | <b>493,270</b>                       |                               |                                   |   |
| <b>Electricity</b>  |                     |                             |                      |                         |                         |                                      |                               |                                   |   |
| The Hub Power Company Limited                                       | 878,500             | -                           | -                    | 524,500                 | 354,000                 | 36,320                               | 2.49                          | 3.85                              | 0.03                                    |
| Kot Addu Power Company Limited                                      | 1,289,000           | -                           | -                    | 684,000                 | 605,000                 | 49,005                               | 3.36                          | 5.19                              | 0.07                                    |
| K-Electric Limited  | 1,490,000           | -                           | -                    | 1,490,000               | -                       | -                                    | -                             | -                                 | -                                       |
| Pakgen Power Limited  | -                   | 54,000                      | -                    | 54,000                  | -                       | -                                    | -                             | -                                 | -                                       |
| Lalpir Power Limited  | 387,500             | -                           | -                    | 387,500                 | -                       | -                                    | -                             | -                                 | -                                       |
| Saif Power Limited  | 1,289,000           | -                           | -                    | 1,134,000               | 155,000                 | 5,076                                | 0.35                          | 0.54                              | 0.04                                    |
| <b>Commercial Banks</b>   |                     |                             |                      |                         |                         |                                      |                               |                                   |   |
| Allied Bank Limited   | 580,200             | 2,600                       | -                    | 355,100                 | 227,700                 | 21,463                               | 1.47                          | 2.28                              | 0.02                                    |
| Bank Al-Falah Limited   | -                   | 1,028,000                   | -                    | 57,500                  | 970,500                 | 27,970                               | 1.92                          | 2.96                              | 0.06                                    |
| Bank Al-Habib Limited   | 911,650             | 190,000                     | -                    | 368,500                 | 733,150                 | 30,499                               | 2.09                          | 3.23                              | 0.07                                    |
| United Bank Limited   | 159,103             | 50,000                      | -                    | 92,400                  | 116,703                 | 18,083                               | 1.24                          | 1.92                              | 0.01                                    |
| Faysal Bank Limited   | 27,125              | -                           | -                    | -                       | 27,125                  | 419                                  | 0.03                          | 0.04                              | 0.00                                    |
| Habib Metropolitan Bank Limited                                     | 749,500             | -                           | -                    | 716,000                 | 33,500                  | 1,021                                | 0.07                          | 0.11                              | 0.00                                    |
| Habib Bank Limited  | 63,567              | -                           | -                    | 63,500                  | 67                      | 13                                   | 0.00                          | 0.00                              | 0.00                                    |
| Meezan Bank Limited   | 230,000             | -                           | -                    | -                       | 230,000                 | 10,523                               | 0.72                          | 1.12                              | 0.02                                    |
| <b>Paper and Board</b>  |                     |                             |                      |                         |                         |                                      |                               |                                   |   |
| Century Paper and Board Mills Limited                               | 88,500              | -                           | -                    | 88,500                  | -                       | -                                    | -                             | -                                 | -                                       |
| Cherat Packaging Limited  | -                   | 42,500                      | 3,173                | -                       | 45,673                  | 13,844                               | 0.95                          | 1.47                              | 0.15                                    |
| <b>Automobile and Parts</b>   |                     |                             |                      |                         |                         |                                      |                               |                                   |   |
| Honda Atlas Cars (Pakistan) Limited                                 | 71,500              | -                           | -                    | 71,500                  | -                       | -                                    | -                             | -                                 | -                                       |
| Pak Suzuki Motor Company Limited                                    | 66,400              | 14,500                      | -                    | 44,600                  | 36,300                  | 17,979                               | 1.23                          | 1.91                              | 0.04                                    |
| Baluchistan Wheels Limited  | 7,500               | -                           | -                    | -                       | 7,500                   | 460                                  | 0.03                          | 0.05                              | 0.06                                    |
| Ghandhara Nissan Limited  | 64,000              | -                           | -                    | 64,000                  | -                       | -                                    | -                             | -                                 | -                                       |
| Indus Motor Company Limited   | 71,250              | 4,000                       | -                    | 38,920                  | 36,330                  | 36,754                               | 2.52                          | 3.90                              | 0.05                                    |
| <b>Pharma and Bio Tech</b>  |                     |                             |                      |                         |                         |                                      |                               |                                   |   |
| Abbott Laboratories (Pakistan) Limited                              | 22,400              | -                           | -                    | 22,400                  | -                       | -                                    | -                             | -                                 | -                                       |
| <b>Household Goods</b>  |                     |                             |                      |                         |                         |                                      |                               |                                   |   |
| Tariq Glass Industries Limited                                      | 823,500             | -                           | -                    | 198,500                 | 625,000                 | 43,656                               | 2.99                          | 4.63                              | 0.85                                    |
| Pak Elektron Limited  | 352,000             | 44,000                      | -                    | 204,500                 | 191,500                 | 11,976                               | 0.82                          | 1.27                              | 0.05                                    |
| <b>Total as at December 31, 2015</b>                                |                     |                             |                      |                         |                         | <b>818,331</b>                       |                               |                                   |   |
| <b>Carrying value before mark to market as at December 31, 2015</b> |                     |                             |                      |                         |                         | <b>865,303</b>                       |                               |                                   |   |

5.1.1 Investments include shares with market value of Rs 66.162 million (June 30, 2015: Rs. 81.485 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 (SECP).

5.1.2 The Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the Company declaring bonus shares which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Funds Association of Pakistan, has filed a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the mutual funds based on the premise of exemption given to mutual funds under clause 47B and 99 of Second Schedule of Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case. Accordingly, the investee company(s) has withheld the shares equivalent to 5% of bonus announcement and not yet deposited in CDC account of department of Income Tax.

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## 5.2 Government securities - at fair value through profit or loss - held for trading

| Issue date   | Tenor    | Face Value                |                                   |   |                               | Market Value<br>as at<br>December<br>31, 2015 | Investment as a percentage of |   |       |
|--|----------|---------------------------|-----------------------------------|---|-------------------------------|---|-------------------------------|---|-------|
|  |          | As at<br>July 01,<br>2015 | Purchases<br>during the<br>period | Sales / matured<br>during the<br>period | As at<br>December<br>31, 2015 |   | Net Assets                    | Market value<br>of total<br>investments |       |
| (Rupees in '000)   |          |                           |                                   |   |                               |   |                               | -----                                   | ----- |
| Pakistan investment bond (PIBs)                              |          |                           |                                   |   |                               |   |                               |   |       |
| 19 July, 2012  | 10 years | 50                        | -                                 | -                                       | 50                            | 57  | 0.00                          | 0.01                                    |       |
|  |          |                           |                                   |   |                               | 57  | 0.00                          | 0.01                                    |       |
| Total as at December 31, 2015                                |          |                           |                                   |   |                               | 55  |                               |   |       |
| Carrying value before mark to market as at December 31, 2015 |          |                           |                                   |   |                               |   |                               |   |       |

5.3 Term deposit receipt carry a mark-up rate of 7.75% (2015: Nil) per annum and will mature on March 28, 2016.

|  | Note      | (Un-audited)<br>December 31,<br>2015 | (Audited)<br>June 30,<br>2015 |
|--|-----------|--------------------------------------|-------------------------------|
| -----Rupees in '000-----   |           |                                      |                               |
| 5.4 Unrealised (diminution) / appreciation on re-measurement of investments<br>'at fair value through profit or loss-held for trading' - net |           |                                      |                               |
| Market value of investments  | 5.1 & 5.2 | 818,388                              | 1,601,261                     |
| Less: Carrying value of investments before mark to market  | 5.1 & 5.2 | (865,358)                            | (1,366,664)                   |
|  |           | (46,970)                             | 234,597                       |

## 6 DIVIDEND AND PROFIT RECEIVABLE

|   |       |       |
|---|-------|-------|
| Dividend receivable on equity shares        | 584   | 5,392 |
| Profit accrued on savings and term deposits | 473   | 1,343 |
| Profit accrued on government securities     | 3     | 3     |
|   | 1,060 | 6,738 |

## 7 PAYABLE TO NBP FULLERTON ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

|  |     |        |        |
|--|-----|--------|--------|
| Remuneration payable to Management Company             | 7.1 | 2,436  | 3,819  |
| Sindh Sales Tax payable on Management remuneration     | 7.2 | 395    | 664    |
| Federal Excise Duty payable on Management remuneration | 7.3 | 14,035 | 11,283 |
| Front-end load payable to the Management Company       |     | 3,515  | 5,565  |
| Allocated expenses payable                             | 7.4 | 146    | -      |
|  |     | 20,527 | 21,331 |

7.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulation), the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such assets of the Fund. On November 25, 2015, SECP has made certain amendments in the NBFC Regulations, 2008. As per the provision of amended NBFC Regulation 2008, the applicable rate has been changed to 2% of annual average net assets. As on July 15, 2015, the Fund has completed its five years and accordingly the management Company has charged its remuneration at the rate of 2% of the average annual net assets of the Fund from that date, therefore above amendment does not have any impact on the Fund's net assets. The remuneration is paid to the management company on a monthly basis in arrears.

7.2 This represents amount payable in respect of Sindh Sales Tax at the rate of 14% (June 30, 2015: 15%) on the services provided by the Management Company as required by Sindh Sales Tax on Services Act, 2011.

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- 7.3 As per the requirement of Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on the services provided by the Management Company has been levied effective from June 13, 2013. Mutual Fund Association of Pakistan (MUFAP) has taken up the matter collectively and filed a petition with the Honorable Sindh High Court and has been granted stay in this regard. In prior year, the Management Company has also received a notice under section 14 of the Federal Excise Act, 2005 regarding payment of FED on management remuneration. The Management Company is of the view that since the services are already subject to provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law. Therefore, the Management Company has also filed a petition against the demand notice in the Honorable High Court of Sindh and has been granted stay on the basis of the pending Constitutional Petition from MUFAP in the said court as referred above. However, as a matter of abundant caution, the Fund has made the provision against FED.
- 7.4 The SECP has made certain amendments in the NBFC Regulations through S.R.O. 1160 (I)/2015 dated November 25, 2015. As per Regulation 60(3)(s) of the amended NBFC Regulations, Management Company can charge to the Fund fees and expenses related to registrar services, accounting, operation and valuation services related to CIS maximum up to 0.1% of average annual net assets of the Scheme or actual whichever is less. Accordingly, the Management Company has charged aforementioned expenses to the extent of 0.1% of the average annual net assets with effect from November 25, 2015.

|                          | Note   | (Un-audited)<br>December 31,<br>2015 | (Audited)<br>June 30,<br>2015 |
|--------------------------|--|--------------------------------------|-------------------------------|
| -----Rupees in '000----- |  |                                      |                               |
| <b>8</b>                 | <b>PAYABLE TO CENTRAL DEPOSITORY COMPANY OF<br/>PAKISTAN LIMITED - TRUSTEE</b> |                                      |                               |
|                          | Remuneration payable to the Trustee  | 207                                  | 274                           |
|                          | Sindh Sales Tax on Trustee remuneration  | 29                                   | -                             |
|                          |  | <u>236</u>                           | <u>274</u>                    |

- 8.1 The Sindh Revenue Board through circular no. SRB-3-4/TP/01/2015/86554 dated June 13, 2015, amended definition of services of shares, securities and derivatives and included the custodianship services within purview of the Sindh Sales Tax. Accordingly Sindh Sales Tax of 14% is applicable on Trustee fee which is now covered under section 2(79A) of the Sindh Sales Tax on Services Act, 2011.

|                          | Note  | (Un-audited)<br>December 31,<br>2015 | (Audited)<br>June 30,<br>2015 |
|--------------------------|---|--------------------------------------|-------------------------------|
| -----Rupees in '000----- |   |                                      |                               |
| <b>9</b>                 | <b>ACCRUED EXPENSES AND OTHER LIABILITIES</b> |                                      |                               |
|                          | Auditors' remuneration                        | 361                                  | 468                           |
|                          | Provision for Workers' Welfare Fund           | 18,637                               | 18,637                        |
|                          | Brokerage payable                             | 84                                   | 295                           |
|                          | Settlement charges                            | 184                                  | 56                            |
|                          | Printing charges                              | 25                                   | 150                           |
|                          | Withholding tax payable                       | 284                                  | 1,609                         |
|                          | Legal and professional charges payable        | 25                                   | 125                           |
|                          | Others  | 147                                  | 72                            |
|                          |   | <u>19,747</u>                        | <u>21,412</u>                 |

## 10 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2015 and June 30, 2015.

## 11 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.

# NAFA ASSET ALLOCATION FUND

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 Honorable 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 18.637 million in these condensed interim financial information. Had the same not been made the net asset value per unit of the Fund as at December 31, 2015 would have been higher by Rs 0.0128 per unit.

The Finance Act, 2015 has excluded Collective Investment Schemes (CISs) from the definition of 'industrial establishment' subject to WWF under the WWF Ordinance, 1971. Accordingly, the Management Company has discontinued further provisioning of WWF with effect from 1 July 2015. However, provision made till 30 June 2015 has not been reversed as the above law suit is still pending before the Sindh High Court (SHC).

## 12 TAXATION

The Fund's income is exempt from income tax as per clause (99) of Part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders (excluding distribution made by issuance of bonus units). 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. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 the Fund is required to distribute 90% of the net accounting income other than capital gains whether realised or unrealised to the unit holders. The Fund intends to distribute such accounting income for the year ending June 30, 2016 to its unit holders. Accordingly, no liability has been recorded in the current period.

## 13 TRANSACTIONS WITH CONNECTED PERSONS

13.1 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 (NBP) and Alexandra Fund Management Pte. Limited being the sponsors, other collective investment schemes managed by the Management Company, directors and officers of the Management Company, entities under common management or directorships, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company and unit holders holding ten percent or more units of the Fund.

13.2 The transactions with connected persons are in the normal course of business, at contracted rates / agreed rates.

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

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

13.5 Details of transactions with connected persons are as follows:

|   | ----- (Unaudited) -----      |                     |                     |                     |
|---|------------------------------|---------------------|---------------------|---------------------|
|   | Half Year ended              |                     | Quarter ended       |                     |
|   | 31 December<br>2015          | 31 December<br>2015 | 31 December<br>2015 | 31 December<br>2014 |
|   | ----- (Rupees in '000) ----- |                     |                     |                     |
| <b>NBP Fullerton Asset Management Limited</b>                   |                              |                     |                     |                     |
| <b>- Management Company</b>                                     |                              |                     |                     |                     |
| Remuneration of the Management Company                          | 17,200                       | 20,623              | 7,758               | 10,765              |
| Sindh Sales Tax on remuneration of the Management Company       | 2,793                        | 3,588               | 1,260               | 1,758               |
| Federal Excise Duty on remuneration of the Management Company   | 2,752                        | 3,300               | 1,241               | 1,723               |
| Front-end load  | 4,382                        | 4,711               | 16                  | 2,001               |
| Allocated expenses  | 146                          | -                   | 146                 | -                   |
| <b>Central Depository Company of Pakistan Limited - Trustee</b> |                              |                     |                     |                     |
| Remuneration  | 1,363                        | 1,535               | 640                 | 790                 |
| Sindh Sale Tax on remuneration                                  | 191                          | -                   | 90                  | -                   |
| CDS charges   | 129                          | 107                 | 92                  | 30                  |

# NAFA ASSET ALLOCATION FUND

| ----- (Unaudited) -----  |  |                     |                     |                     |                     |
|--|--|---------------------|---------------------|---------------------|---------------------|
|  |  | Half Year ended     |                     | Quarter ended       |                     |
|  |  | 31 December<br>2015 | 31 December<br>2014 | 31 December<br>2015 | 31 December<br>2014 |
| ----- (Rupees in '000) -----   |  |                     |                     |                     |                     |
| <b>Employees of the Management Company</b>                           |  |                     |                     |                     |                     |
| Units issued / transfer in 445,291 units (2014: 107,878 units)       |  | 6,715               | 1,321               | 415                 | 405                 |
| Units redeemed / transfer out 235,887 units (2014: 194,830 units)    |  | 3,560               | 2,379               | 557                 | 581                 |
| Dividend re-Invest 505 Units (2014: Nil)                             |  | 8                   | -                   | -                   | -                   |
| <b>Taurus Securities Limited - Subsidiary of Parent Company</b>      |  |                     |                     |                     |                     |
| Brokerage expense  |  | 79                  | 203                 | 18                  | 203                 |
| <b>NBP Fullerton Asset Management Ltd- Employees Provident Fund</b>  |  |                     |                     |                     |                     |
| Units redeemed / transfer out Nil units (2014 : 37,787 units)        |  | -                   | 500                 | -                   | 500                 |
| Dividend re-Invest 8,990 Units (2014: Nil)                           |  | 138                 | -                   | -                   | -                   |
| <b>Company Secretary / COO</b>                                       |  |                     |                     |                     |                     |
| Units issued / transfer in Nil units (2014: 12,020 units)            |  | -                   | 150                 | -                   | -                   |
| Dividend re-invest 649 units (2014: Nil units)                       |  | 10                  | -                   | -                   | -                   |
| Units redeemed / transfer out 6,950 units (2014: Nil)                |  | 101                 | -                   | 101                 | -                   |
| <b>Aamir Sattar - Director</b>                                       |  |                     |                     |                     |                     |
| Dividend re-invest 901 units (2014: Nil units)                       |  | 14                  | -                   | -                   | -                   |
| <b>International Industries Limited (INIL) - Common Directorship</b> |  |                     |                     |                     |                     |
| Purchase of shares   |  | 11,962              | -                   | 11,962              | -                   |
| Sale of shares   |  | 4,796               | -                   | -                   | -                   |
| Dividend earned / received   |  | 703                 | -                   | -                   | -                   |
| <b>Cherat Packaging Limited (CPPL) - Common Directorship</b>         |  |                     |                     |                     |                     |
| Purchase of shares   |  | 10,233              | -                   | 52                  | -                   |
| Dividend earned / received   |  | 212                 | -                   | 212                 | -                   |
| <b>International Steels Limited (ISL) - Common Directorship</b>      |  |                     |                     |                     |                     |
| Purchase of shares   |  | 15,541              | -                   | 15,541              | -                   |
| <b>International Industries Ltd. Employees' Provident Fund</b>       |  |                     |                     |                     |                     |
| Units issued / transfer in Nil units (2014: 1,857,742 units)         |  | -                   | 2,283               | -                   | 2,283               |
| Units redeemed / transfer out Nil units (2014: 3,767,296 units)      |  | -                   | 47,892              | -                   | 39,684              |
| <b>International Industries Ltd. Employees' Gratuity Fund</b>        |  |                     |                     |                     |                     |
| Units issued / transfer in Nil units (2014: 1,409,824 units)         |  | -                   | 17,077              | -                   | 6,195               |
| Units redeemed / transfer out Nil units (2014: 2,041,005 units)      |  | -                   | 25,620              | -                   | 12,389              |
| <b>International Steels Ltd. Employees' Gratuity Fund</b>            |  |                     |                     |                     |                     |
| Units issued/ transfer Nil units (2014: 127,134 units)               |  | -                   | 1,541               | -                   | 591                 |
| Units redeemed / transfer out Nil units (2014: 970,640 units)        |  | -                   | 12,387              | -                   | 10,479              |
| <b>International Steels Ltd. Employees' Provident Fund</b>           |  |                     |                     |                     |                     |
| Units issued / transfer in Nil units (2014: 63,915 units)            |  | -                   | 779                 | -                   | 466                 |
| Units redeemed / transfer out Nil units (2014: 887,077 units)        |  | -                   | 11,161              | -                   | 6,786               |

| ----- (Unaudited) -----  |  |                     |                     |                     |                     |
|--|--|---------------------|---------------------|---------------------|---------------------|
|  |  | Half Year ended     |                     | Quarter ended       |                     |
|  |  | 31 December<br>2015 | 31 December<br>2014 | 31 December<br>2015 | 31 December<br>2014 |
| ----- (Rupees in '000) -----                                     |  |                     |                     |                     |                     |
| <b>Byco Oil Pakistan Limited - Employee Provident Fund</b>       |  |                     |                     |                     |                     |
| Units issued / transfer in 499,095 units (2014: Nil units)       |  | 7,707               | -                   | -                   | -                   |
| Units redeemed / transfer out 1,703,584 (2014: Nil units)        |  | 25,214              | -                   | 5,948               | -                   |
| Dividend re-invest 20,441 units (2014: Nil units)                |  | 313                 | -                   | -                   | -                   |
| <b>Byco Petroleum Pakistan Limited - Employee Provident Fund</b> |  |                     |                     |                     |                     |
| Units redeemed / transfer out 2,932,504 (2014: Nil units)        |  | 44,838              | -                   | -                   | -                   |
| Dividend re-invest 35,187 units (2014: Nil units)                |  | 539                 | -                   | -                   | -                   |
| <b>Abbott Laboratories Pakistan Limited - Staff Pension Fund</b> |  |                     |                     |                     |                     |
| - Unit holder with more than 10% units holding                   |  |                     |                     |                     |                     |
| Units issued / transfer in 1,110,162 units (2014: Nil units)     |  | 17,155              | -                   | -                   | -                   |
| Units redeemed / transfer out 21,846,491 (2014: Nil units)       |  | 332,849             | -                   | -                   | -                   |
| Dividend re-invest 262,134 units (2014: Nil units)               |  | 4,015               | -                   | -                   | -                   |
| <b>Summit Bank Limited - Common Directorship</b>                 |  |                     |                     |                     |                     |
| Bank profit  |  | 30                  | 86                  | 15                  | 86                  |

# NAFA ASSET ALLOCATION FUND

|  | (Un-audited)<br>December<br>31, 2015 | (Audited)<br>June 30,<br>2015 |
|--|--------------------------------------|-------------------------------|
| <b>13.6 Balances outstanding as at period / year end</b>             |                                      |                               |
|  | ----- Rupees in '000 -----           |                               |
| <b>NBP Fullerton Asset Management Limited - Management Company</b>   |                                      |                               |
| Remuneration payable to Management Company                           | 2,436                                | 3,819                         |
| Sindh Sales Tax payable on Management remuneration                   | 395                                  | 664                           |
| Federal Excise Duty payable on Management remuneration               | 14,035                               | 11,283                        |
| Front-end load payable to the Management Company                     | 3,515                                | 5,565                         |
| Allocated expenses payable   | 146                                  | -                             |
| <b>Central Depository Company of Pakistan Limited - Trustee</b>      |                                      |                               |
| Remuneration payable   | 207                                  | 274                           |
| Sindh Sales Tax payable on remuneration                              | 29                                   | -                             |
| CDS charges payable  | 106                                  | 56                            |
| Security deposit   | 100                                  | 100                           |
| <b>National Bank of Pakistan - Sponsor</b>                           |                                      |                               |
| Balance in current account   | 3,104                                | 4,570                         |
| <b>Employees of the Management Company</b>                           |                                      |                               |
| Investment held in the Fund 256,709 units (2015: 46,800 units)       | 3,754                                | 700                           |
| <b>NBP Fullerton Asset Management Ltd- Employees Provident Fund</b>  |                                      |                               |
| Investment held in the Fund 749,241 units (2015: 740,251 units)      | 10,957                               | 11,075                        |
| <b>Company Secretary / COO</b>                                       |                                      |                               |
| Investment held in the Fund 53,088 units (2015: 59,389 units)        | 776                                  | 889                           |
| <b>Aamir Sattar - Director</b>                                       |                                      |                               |
| Investment held in the Fund 83,352 units (2015: 82,451 units)        | 1,219                                | 1,234                         |
| <b>International Industries Limited (INIL) - Common Directorship</b> |                                      |                               |
| Investment in 450,000 (2015: 342,500) shares of INIL                 | 27,675                               | 22,996                        |
| <b>Cherat Packaging Limited (CPPL)</b>                               |                                      |                               |
| Investment in 45,673 (2015: Nil) shares of CPPL                      | 13,844                               | -                             |
| <b>International Steels Limited (ISL) - Common Directorship</b>      |                                      |                               |
| Investment in 563,000 (2015: Nil) shares of ISL                      | 13,743                               | -                             |
| <b>Discretionary portfolio managed by the Management Company</b>     |                                      |                               |
| <b>Byco Oil Pakistan Limited - Employee Provident Fund</b>           |                                      |                               |
| Investment held in the Fund Nil units (2015: 1,184,148 units)        | -                                    | 17,715                        |
| <b>Byco Petroleum Pakistan Limited - Employee Provident Fund</b>     |                                      |                               |
| Investment held in the Fund Nil units (2015: 2,897,317 units)        | -                                    | 43,348                        |
| <b>Amount receivable against issue of units from:</b>                |                                      |                               |
| NAFA Islamic Aggressive Income Fund                                  | -                                    | 1,233                         |
| NAFA Riba Free Savings Fund  | -                                    | 925                           |
| NAFA Financial Sector Income Fund                                    | -                                    | 616                           |
| <b>Amount payable against redemption of units to:</b>                |                                      |                               |
| NAFA Stock Fund  | -                                    | 60,637                        |
| NAFA Islamic Asset Allocation Fund                                   | -                                    | 42,255                        |
| NAFA Money Market Fund   | -                                    | 22,990                        |
| NAFA Government Securities Liquid Fund                               | -                                    | 22,636                        |
| NAFA Multi Asset Fund  | -                                    | 9,457                         |
| NAFA Savings Plus Fund   | -                                    | 3,893                         |
| NAFA Income Opportunity Fund   | -                                    | 3,407                         |
| NAFA Government Securities Savings Fund                              | -                                    | 4,202                         |
| <b>Abbott Laboratories Pakistan Limited - Staff Pension Fund</b>     |                                      |                               |
| - Unit holder with more than 10% units holding                       |                                      |                               |
| Investment held in the Fund Nil units (2015: 20,474,195 units)       | -                                    | 306,327                       |
| <b>Summit Bank Limited - Common Directorship</b>                     |                                      |                               |
| Bank balance   | 4,815                                | 2,983                         |



# NAFA ASSET ALLOCATION FUND

## 14. FAIR VALUE OF FINANCIAL INSTRUMENTS

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either 'directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Fund's financial assets which are carried at fair value:

| Assets   | As at December 31, 2015  |         |         | Total     |
|--|--------------------------|---------|---------|-----------|
|  | Level 1                  | Level 2 | Level 3 |           |
|  | -----Rupees in '000----- |         |         |           |
| Investments in securities - at fair value through profit or loss<br>- held for trading | 818,331                  | 57      | -       | 818,388   |
|  | As at June 30, 2015      |         |         |           |
| Assets   | Level 1                  | Level 2 | Level 3 | Total     |
|  | -----Rupees in '000----- |         |         |           |
| Investments in securities - at fair value through profit or loss<br>- held for trading | 1,601,205                | 56      | -       | 1,601,261 |

The Fund has not disclosed the fair values of all other financial assets and liabilities as their carrying amounts are reasonable approximation of their fair values.

## 15 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on February 26, 2016 by the Board of Directors of the Management Company.

## 16 GENERAL

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

16.2 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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