



NBP Fullerton  
Asset Management Ltd.

A Subsidiary of  
National Bank of Pakistan

*Your investments & "NAFA" grow together*



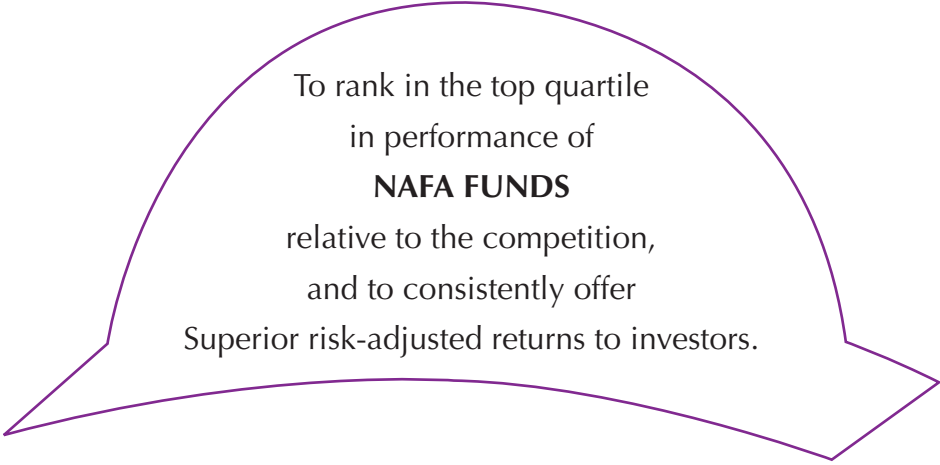
*Joint - Venture Partners*

# NAFA ASSET ALLOCATION FUND

QUARTERLY REPORT  
SEPTEMBER 30  
2013



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

### Company Secretary & CFO of the Management Company

Mr. Muhammad Murtaza Ali

### Audit & Risk Committee

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

### Human Resource Committee

Mr. Khalid Mahmood	Chairman
Mr. Wah Geok Sum	Member
Mr. Kamal Amir Chinoy	Member

### Trustee

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

### Bankers to the Fund

Allied Bank Limited  
Askari Bank Limited  
Bank Alfalah Limited  
Bank Al-Habib Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
MCB Bank Limited  
NIB Bank Limited  
Soneri Bank Limited  
United Bank Limited  
National Bank of Pakistan  
Summit Bank Limited  
Standard Chartered Bank Pakistan Limited  
The Bank of Punjab

# NAFA ASSET ALLOCATION FUND

## **Auditors**

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

## **Legal Advisor**

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

## **Head Office:**

7th Floor Clifton Diamond Building, Block No. 4,  
Scheme No. 5, Clifton Karachi.  
UAN: 111-111NFA (111-111-632),  
(Toll Free): 0800-20001,  
Fax: (021) 35825329  
Website: [www.nafafunds.com](http://www.nafafunds.com)

## **Lahore Office:**

7-Noon Avenue, Canal Bank,  
Muslim Town,  
Lahore.

## **Islamabad Office:**

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

## **Peshawar Office:**

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

## **Multan Office:**

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

# NAFA ASSET ALLOCATION FUND

## DIRECTORS' REPORT

The Board of Directors of **NBP Fullerton Asset Management Limited** is pleased to present the unaudited financial statements of **NAFA Asset Allocation Fund** for the quarter ended September 30, 2013.

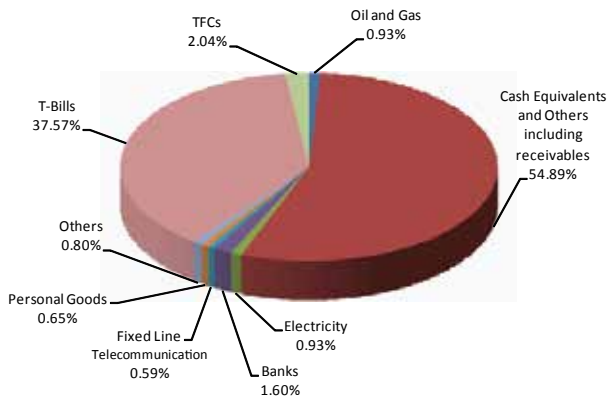
### Fund's Performance

During the first quarter, the unit price of NAFA Asset Allocation Fund (NAAF) has increased from Rs. 11.3780 (Ex-DIV) on June 30, 2013 to Rs. 11.6005 on September 30, 2013, thus showing a growth of 1.96%. The Benchmark (1/3 of average 3-month bank deposit rate; 1/3 of 6-months KIBOR; 1/3 of KSE 30 Index) return during the same period was 2.12%. Thus, the Fund has underperformed its Benchmark by 0.16% during the period under review. Since inception the NAV of the Fund has increased from Rs. 6.3092 (Ex-Div) on August 20, 2010 to Rs. 11.6005 on September 30, 2013, thus showing an increase of 83.87%. During the said period, the Benchmark increased by 44.74%, translating into outperformance of 39.13%. This performance is net of management fee and all other expenses. The size of NAFA Asset Allocation Fund has increased from Rs. 1,151 million to Rs. 1,330 million during the period, i.e. an increase of 15.5%.

During 1QFY14, the stock market initially generated strong performance with a return of 11.0% in July as the euphoria of first democratic transfer of political power continued. However, realization of a tough IMF program, depreciating PKR, and rising interest rates led to 7.1% erosion in gains, thus the overall return during the quarter stood at 3.9%. Banking, Fixed Line Telecommunication, and Gas Water and Multi-utilities sectors performed better than the market. Oil & Gas, Personal Goods, and Construction and Materials sectors lagged the market. Going forward, we feel that the single most important determinant of market direction will be the approach of the government in tackling key socio-economic challenges.

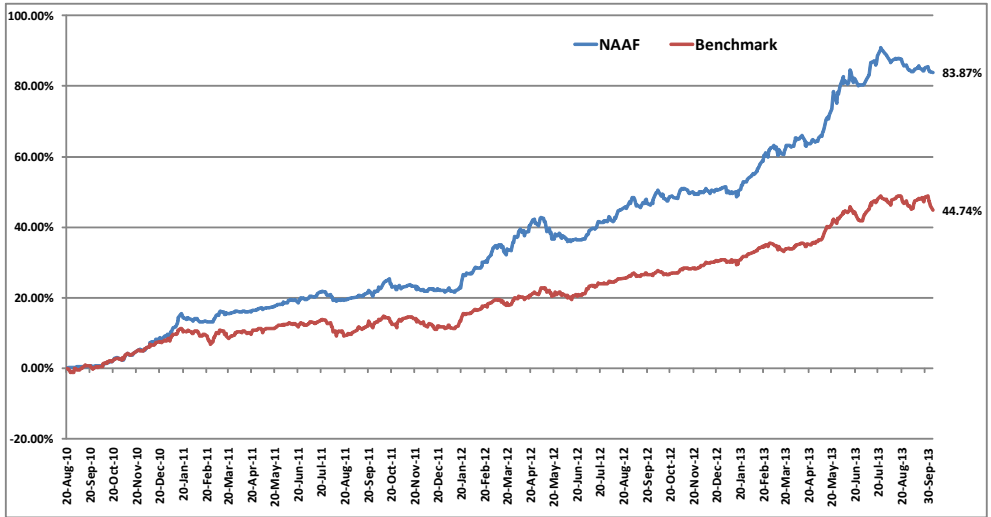
On the corporate debt sphere, trading activity in TFCs was skewed towards high quality issues, especially belonging to the financial sector. During the quarter under review, we have seen 50bps increase in the Policy Rate by the State Bank of Pakistan. Most TFCs in the Fund are floating rate linked to KIBOR. Therefore, they carry a relatively low risk and any increase in interest rates will increase the coupon income of the TFC portfolio.

The Fund has earned total income of Rs.33.80 million during the period. After deducting expenses of Rs.13.53 million, the net income is Rs.20.27 million. The asset allocation of the Fund as on September 30, 2013 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: October 30, 2013

Place: Karachi.

# NAFA ASSET ALLOCATION FUND

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (Un Audited) AS AT SEPTEMBER 30, 2013

	Note	September 30, 2013	Audited June 30, 2013
-----Rupees in '000-----			
<b>ASSETS</b>			
Balances with banks		741,340	1,063,978
Investments	4	599,906	32,865
Receivable against sale of investments		-	61,422
Dividend and profit receivable	5	4,249	886
Deposits, prepayments and other receivables		5,113	4,351
Preliminary expenses and floatation costs		349	400
<b>Total assets</b>		<u>1,350,957</u>	<u>1,163,902</u>
<b>LIABILITIES</b>			
Payable to the Management Company		9,053	3,536
Payable to Central Depository Company of Pakistan Limited - Trustee		193	176
Payable to the Securities and Exchange Commission of Pakistan		324	712
Payable against redemption of units		3,276	-
Accrued expenses and other liabilities	6	8,267	8,421
<b>Total liabilities</b>		<u>21,113</u>	<u>12,845</u>
<b>NET ASSETS</b>		<u>1,329,844</u>	<u>1,151,057</u>
<b>UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)</b>		<u>1,329,844</u>	<u>1,151,057</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	7		
-----Number of units-----			
<b>NUMBER OF UNITS IN ISSUE</b>		<u>114,637,145</u>	<u>87,321,417</u>
-----Rupees-----			
<b>NET ASSET VALUE PER UNIT</b>		<u>11.6005</u>	<u>13.1818</u>

The annexed notes 1 to 13 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director



# NAFA ASSET ALLOCATION FUND

## CONDENSED INTERIM INCOME STATEMENT (Un Audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2013

	Note	For the quarter ended September 30, 2013	For the quarter ended September 30, 2012
-----Rupees in '000-----			
<b>INCOME</b>			
Capital gain on sale of investments - net		11,728	6,352
Income from term finance certificates		742	3,224
Income from government securities		8,430	1,040
Profit on bank deposits		12,034	1,566
Dividend income		3,796	6,633
Net unrealised appreciation / diminution on re-measurement of investments classified as financial assets 'at fair value through profit or loss'		(2,927)	26,834
<b>Total Income</b>		<b>33,803</b>	<b>45,649</b>
<b>EXPENSES</b>			
Remuneration of the Management Company		6,830	2,747
Sindh Sales Tax on Management Company's remuneration		1,093	440
FED on Management Company's remuneration		1,093	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee		594	275
Annual fee - Securities and Exchange Commission of Pakistan		324	130
Amortisation of preliminary expenses and floatation costs		51	50
Auditors' remuneration		125	138
Annual listing fee		10	7
NCCPL Fee		40	63
Securities transaction cost		2,678	724
Mutual fund rating fee		32	-
Settlement and bank charges		251	157
<b>Total Expenses</b>		<b>13,121</b>	<b>4,731</b>
<b>Net income from operating activities</b>		<b>20,682</b>	<b>40,918</b>
Element of income and capital gains included in the prices of units issued less those in units redeemed		-	-
Provision for Workers' Welfare Fund		(414)	(818)
<b>Net income for the period before taxation</b>		<b>20,268</b>	<b>40,100</b>
Taxation		-	-
<b>Net income for the period after taxation</b>	9	<b>20,268</b>	<b>40,100</b>
<b>Earnings per unit</b>	10		

The annexed notes 1 to 13 form an integral part of these financial statements.

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 QUARTER ENDED SEPTEMBER 30, 2013

	For the quarter ended September 30, 2013	For the quarter ended September 30, 2012
	-----Rupees in '000-----	
Net income for the period after taxation	20,268	40,100
Other comprehensive income for the period	-	-
<b>Total comprehensive income for the period</b>	<u>20,268</u>	<u>40,100</u>

The annexed notes 1 to 13 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ASSET ALLOCATION FUND

## CONDENSED INTERIM DISTRIBUTION STATEMENT (Un Audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2013

	For the quarter ended September 30, 2013	For the quarter ended September 30, 2012
	-----Rupees in '000-----	
<b>Undistributed income brought forward</b>		
Realised income	257,229	52,778
Unrealised income	575	1,096
	<u>257,804</u>	<u>53,874</u>
 Net income for the period after taxation	 20,268	 40,100
<b>Final distribution during the period</b>		
- Rs 1.8674 per unit declared on July 11, 2013		
- Bonus units	(180,213)	(46,444)
-Cash distribution	(6)	(10)
 Element of income and capital gains included in the prices of units issued less those in units redeemed	 29,676	 8,516
	<u>127,529</u>	<u>56,036</u>
<b>Undistributed income comprising of :</b>		
 Realised income	 130,456	 29,202
Unrealised income	(2,927)	26,834
	<u>127,529</u>	<u>56,036</u>

The annexed notes 1 to 13 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ASSET ALLOCATION FUND

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (Un Audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2013

	For the quarter ended September 30, 2013	For the quarter ended September 30, 2012
	-----Rupees in '000-----	
Net assets at the beginning of the period	1,151,057	488,550
Issue of 52,491,804 units (2012: 20,148,303 units) including 4,414,860 bonus units)	614,426	222,068
Redemption of 40,475,177 units (2012 : 10,480,160 units)	(455,901) 158,525	(114,657) 107,411
Net unrealised appreciation / diminution on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	(2,927)	26,834
Capital gain on sale of investments - net	11,728	6,352
Other net income for the period	11,467 20,268	6,914 40,100
- amount representing income that forms part of unit holder's fund - amount transferred to distribution statement	(29,676)	(8,516)
<b>Issuance of bonus units during the period</b>		
Interim distributions	-	-
Final distributions 15,299,101 bonus units (2012 : 4,414,680 bonus units)	180,213	46,444
<b>Final distribution made during the period</b>		
- Rs 1.8674 per unit declared on July 11, 2013		
- Issue of bonus Units	(180,213)	(46,444)
- Cash distribution	(6)	(10)
Element of income and capital gains included in the prices of units issued less those in units redeemed	29,676	8,516
<b>Net assets at the end of the period</b>	<u>1,329,844</u>	<u>636,051</u>

The annexed notes 1 to 13 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ASSET ALLOCATION FUND

## CONDENSED INTERIM CASH FLOW STATEMENT (Un Audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2013

	For the quarter ended September 30, 2013	For the quarter ended September 30, 2012
	-----Rupees in '000-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period	20,268	40,100
<b>Adjustments for:</b>		
Net unrealised appreciation / diminution on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	2,927	(26,834)
Amortisation of preliminary expenses and floatation costs	<u>51</u>	<u>50</u>
	23,246	13,316
<b>(Increase) / decrease in assets</b>		
Investments - net	(569,968)	(79,492)
Receivable against sale of investments	61,422	-
Dividend and profit receivable	(3,363)	(2,249)
Deposits, prepayments and other receivable	<u>(762)</u>	<u>39</u>
	(512,671)	(81,702)
<b>Increase / decrease in liabilities</b>		
Payable to the Management Company	5,517	1,230
Payable to the Central Depository Company of Pakistan Limited - Trustee	17	20
Payable to the Securities and Exchange Commission of Pakistan	(388)	(246)
Payable against purchase of investments	-	(34,164)
Accrued expenses and other liabilities	<u>(154)</u>	<u>1,013</u>
	4,992	(32,147)
<b>Net cash used in operating activities</b>	<u>(484,433)</u>	<u>(100,533)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issue of units	614,426	222,068
Payments on redemption of units	(452,625)	(114,657)
Distributions paid	<u>(6)</u>	<u>(10)</u>
<b>Net cash generated from financing activities</b>	161,795	107,401
<b>Net (decrease) / increase in cash and cash equivalents during the period</b>	<u>(322,638)</u>	<u>6,868</u>
Cash and cash equivalents at the beginning of the period	1,063,978	56,225
<b>Cash and cash equivalents at the end of the period</b>	<u><u>741,340</u></u>	<u><u>63,093</u></u>

The annexed notes 1 to 13 form an integral part of these financial statements.

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 STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2013 (Un-audited)

### 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 the 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 registered 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 Mutual Funds Association of Pakistan (MUFAP).

The Fund is an open-ended mutual fund and is listed on the Lahore Stock Exchange. Units are offered for public subscription on a continuous basis. The units of the Fund are transferable and can be redeemed by surrendering these to the Fund. The Fund is categorised as an Open-End "Asset Allocation Scheme" as per the criteria laid down by the 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.

Title of the assets of the Fund is held in the name of CDC as trustee of the Fund.

### 2 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail. The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'.

2.1 The directors of the Asset Management Company declare that these condensed interim financial statements give a true and fair view of the Fund.

### 3 Accounting Policies

The accounting policies adopted for the preparation of the condensed interim financial statements for the quarter ended September 30, 2013 are same as those applied in the preparation of annual audited financial statements for the year ended June 30, 2013.

### 4 INVESTMENTS

	Note	For the quarter ended September 30, 2013	June 30, 2013
-----Rupees in '000-----			
<b>At fair value through profit or loss:</b>			
- Equity securities - listed	4.1	73,164	6,422
- Term finance certificates - listed	4.2	27,130	26,443
- Government securities	4.3	499,612	-
		<u>599,906</u>	<u>32,865</u>

# NAFA ASSET ALLOCATION FUND

## 4.1 Investment in shares of listed companies at fair value through profit or loss

Share of Listed Companies - Fully paid ordinary of Rs. 10 each unless stated otherwise

Name of the investee company	Number of shares				Market value as at September 30, 2013	Investment as a percentage of			
	As at July 01, 2013	Purchases during the period	Bonus / Right Issues	Sales during the period		As at September 30, 2013	Market Value as percentage of Net Assets	Market value of total investments	Paid up capital of the investee company
Rupees in '000						----- % -----			
<b>Oil &amp; Gas</b>									
Oil and Gas Development Company Limited	-	256,000	-	255,600	400	94	0.00	0.02	-
Pakistan Oilfields Limited	-	230,300	-	220,800	9,500	4,073	0.00	0.68	-
Pakistan Petroleum Limited	-	620,300	28,260	605,500	43,060	8,207	0.01	1.37	-
Pakistan State Oil Company Limited	-	239,700	-	239,600	100	26	0.00	-	0.00
<b>Chemicals</b>									
Engro Corporation Limited	-	641,000	-	641,000	-	-	-	-	-
Fatima Fertilizer Company Limited	-	556,000	-	438,500	117,500	3,055	0.23	0.51	0.01
<b>Industrial Engineering</b>									
Millat Tractors Limited	40	-	4	-	44	21	0.00	-	-
<b>Construction and Materials</b>									
Kohat Cement Company Limited	-	436,000	-	355,500	80,500	7,452	0.01	1.24	0.06
Cherat Cement Corporation	110,000	594,000	-	704,000	-	-	-	-	-
DGKC Cement Company Limited	-	957,000	-	957,000	-	-	-	-	-
Lucky Cement Limited	-	188,500	-	187,900	600	139	0.00	0.02	-
Maple Leaf Cement Factory Limited	-	987,000	-	987,000	-	-	-	-	-
<b>Personal Goods</b>									
Nishat Chunian Limited	-	1,238,000	-	1,162,000	76,000	4,277	0.32	0.71	0.04
Nishat Mills Limited	-	824,500	-	777,500	47,000	4,356	0.33	0.73	0.01
<b>Electricity</b>									
The Hub Power Company Limited	-	1,767,000	-	1,767,000	-	-	-	-	-
Kot Addu Power Company Limited	-	789,000	-	681,500	107,500	6,856	0.52	1.14	0.01
Nishat Chunian Power Limited	-	162,000	-	162,000	-	-	-	-	-
Nishat Power Limited	-	878,000	-	699,000	179,000	5,513	0.41	0.92	0.05
<b>Banks</b>									
Habib Bank Limited	-	50,000	-	50,000	-	-	-	-	-
Bank Al-Falah Limited	-	1,821,500	-	1,373,000	448,500	9,392	0.01	1.57	0.03
Bank Al-Habib Limited	-	2,360,500	-	2,034,000	326,500	11,842	0.01	1.97	0.03
United Bank Limited	-	398,000	-	398,000	-	-	-	-	-
<b>Technology / Communication</b>									
Pakistan Telecommunication Company Ltd.	-	2,737,500	-	2,437,000	300,500	7,861	0.01	1.31	0.01
<b>Total as at September 30, 2013</b>						<b>73,164</b>	<b>1.86</b>	<b>12.19</b>	<b>0.25</b>
<b>Carrying Value as at September 30, 2013</b>						<b>75,787</b>			

4.2 The above investments include securities with market value aggregating to Rs.19,257 million (2013: Nil) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular no. 11 dated October 23, 2007 issued by SECP.

## 4.3 Listed Term Finance Certificates and sukus- at fair value through profit or loss

Name of the investee company	Number of certificates				Market value as at September 30, 2013	Investment as a percentage of		
	As at July 01, 2013	Purchases during the period	Sales during the period	As at September 30, 2013		Market Value as percentage of Net Assets	Market value as percentage of	Issue size
Rupees in '000						----- % -----		
<b>Listed*</b>								
Allied Bank Limited	5,000	-	-	5,000	18,798	1.41	3.13	
United Bank Limited	3,000	-	-	3,000	4,998	0.38	0.83	
Pakistan Mobile Communications Limited	-	667	-	667	3,334	0.25	0.56	
					<b>27,130</b>	<b>1.79</b>	<b>4.52</b>	
<b>Total as at September 30, 2013</b>					<b>27,130</b>			
<b>Carrying Value as at September 30, 2013</b>					<b>27,282</b>			

\* Having face value Rs 5,000 each

# NAFA ASSET ALLOCATION FUND

## 4.4 Investment in Government Securities - Market Treasury Bills - at fair value through profit or loss

Issue date	Face value					Market Value as at September 30, 2013	Investment as a percentage of	
	Tenor	As at July 1, 2013	Purchases during the period	Sales during the period	As at September 30, 2013		Net Assets	Market Value of total investments
						Rupees in '000	%	
January 24, 2013	6 months	-	447,000	447,000	-	-	-	-
September 6, 2013	12 months	-	500,000	500,000	-	-	-	-
October 4, 2013	12 months	-	500,000	-	500,000	499,612	37.57	83.28
Total as at September 30, 2013						<u>499,612</u>	<u>37.57</u>	<u>83.28</u>
Carrying Value as at September 30, 2013						499,764		

	Note	September 30, 2013	June 30, 2013
		-----Rupees in '000-----	
<b>5 DIVIDEND AND PROFIT RECEIVABLE</b>			
Profit receivable on saving deposits		87	-
Dividend receivable		3,432	478
Profit receivable on term finance certificates		730	408
		<u>4,249</u>	<u>886</u>
<b>6 ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Auditors' remuneration		440	315
Provision for Workers' Welfare Fund		6,776	6,362
Brokerage		746	1,266
Settlement charges		32	98
Printing charges		100	100
Others		173	280
		<u>8,267</u>	<u>8,421</u>
<b>7 CONTINGENCIES AND COMMITMENTS</b>			
There were no contingencies and commitments outstanding as at September 30, 2013 and June 30, 2013.			
<b>8 PROVISION FOR WORKERS' WELFARE FUND</b>			
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) / Pension Funds whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a Constitutional Petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh (SHC), challenging the applicability of WWF to the CISs / pension funds.			



# NAFA ASSET ALLOCATION FUND

A clarification was issued by the Ministry of Labour and Manpower (the Ministry) on July 8, 2010 which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However on December 14, 2010 the Ministry filed its response against the Constitutional Petition requesting the Court to dismiss the same. This response was contradictory to the earlier clarification issued by the Ministry. Show cause notices were then issued by the Federal Board of Revenue (FBR) to several mutual funds (CISs) / pension funds for the collection of WWF. In respect of such show cause notices, certain mutual funds (CISs) / pension funds have been granted stay by the Honorable SHC on the basis of the pending Constitutional Petition as referred to above.

In March 2013, a three member bench of the Sindh High Court in its judgement on various Constitutional Petitions challenging the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, held that WWF is a tax and consequently, the amendments introduced in the Workers' Welfare Fund Ordinance, 1971 through the Finance Act, 2006 and 2008 respectively (Money Bills) do not suffer from any constitutional or legal infirmity. This judgement was in contrast to the July 2011 single member bench decision of the Honorable Lahore High Court which had held such amendments as unlawful and unconstitutional for the reason that they were made through the money bills. For the CISs and pension funds, the issue of chargeability or otherwise of WWF levy to the CISs / pension funds is currently pending before the Honorable SHC.

However, pending the decision of the said constitutional petition, the Management Company, as a matter of abundant caution, has decided to continue to maintain the provision for WWF amounting to Rs. 6.7764 million (including Rs. 0.414 million for the current year) in these financial statements. Had the same not been made the net asset value per unit of the Fund would have been higher by Rs 0.0591.

## 9 TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. The Fund has not recorded a provision for taxation in respect of income relating to the current year as subsequent to the year end the Management Company has distributed the required minimum percentage of the Fund's accounting income for the year as reduced by capital gains (whether realised or unrealised) to its unit holders.

## 10 Earnings per unit

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

## 11 TRANSACTIONS WITH CONNECTED PERSONS

- 11.1 Connected persons include NBP Fullerton Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan, and Alexandra Fund Management Pte. Limited being the sponsors, other collective investment schemes managed by the Management Company and directors and officers of the Management Company.
- 11.2 The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 11.3 Remuneration and front-end load payable to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.
- 11.4 Remuneration payable to the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

# NAFA ASSET ALLOCATION FUND

	For the quarter ended September 30, 2013	For the quarter ended September 30, 2012
	----- Rupees in '000 -----	
<b>11.5 Details of transactions with connected persons are as follows:</b>		
<b>NBP Fullerton Asset Management Limited - Management Company</b>		
Remuneration for the period	6,830	2,747
Sindh sales tax on remuneration	1,093	440
FED on remuneration	1,093	-
Front-end load	5,750	1,013
<b>NAFA Employees Provident Fund</b>		
Units Issued / Transferred in Nil units (2012: 212,149 units)	-	2,340
Units Redeemed / Transfer out 69,027 units (2012 :Nil units)	804	-
Bonus Units Issued : 92,383 units (2012; Nil units)	-	-
<b>Alexandra Fund Management Pte. Limited - Sponsor</b>		
Bonus Units Issued 3,537,134 units (2012: 2,006,778 units)	-	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration for the period	594	275
CDS charges	32	15
<b>Employees of the Management Company</b>		
Units Issued/ transfer in of 1,000,554 units (2012:143,647 units)	11,964	1,579
Units Redeemed / transfer out of 1,051,644 units (2012: 123,531 units)	12,434	1,383
Bonus Units Issued 29,074 units (2012: 10,079 units)	-	-
<b>Muhammad Murtaza Ali - Company Secretary / CFO</b>		
Bonus Units Issued 6,017 units (2012 : Nil units)	-	-
Units Issued/ transfer in 42,852 units (2012: 20,508 units)	500	222
Units Redeemed / transfer out nil units (2012: 20,508 units)	-	227
<b>NAFA Government Securities Liquid Fund</b>		
Sold Treasury Bills	-	38,910
<b>NAFA Financial Sector Income Fund</b>		
Sold Term Finance Certificate	-	38,430
<b>NAFA Income Opportunity Fund</b>		
Sold Treasury Bills	39,851	-
<b>NAFA Savings Pluse Fund</b>		
Sold Treasury Bills	19,925	-
<b>National Bank of Pakistan</b>		
Sold Treasury Bills	499,645	-
Purchased Treasury Bills	444,807	-
<b>Taurus Securities Limited</b>		
Brokerage expense	173	55
<b>International Industries Ltd. Employees Provident Fund</b>		
Units Issued/ transfer in Nil units (2012: 1,449,096 units)	-	15,927
Units Redeemed / transfer out 377,903 (2012: Nil units)	4,402	-
Bonus Units Issued 457,028 units (2012 : Nil units)	-	-
<b>International Industries Ltd. Employees Gratuity Fund</b>		
Units Issued/ transfer in 2,793,915 units (2012: Nil units)	37,091	-
Units Redeemed / transfer out 445,060 (2012: Nil units)	5,185	-
Bonus Units Issued 442,926 units (2012 : Nil units)	-	-
<b>International Steel Ltd. Employees Provident Fund</b>		
Units Issued/ transfer in Nil units (2012: 424,129 units)	-	4,662
Units Redeemed / transfer out 77,742 units (2012: Nil units)	906	-
Bonus Units Issued 93,230 units (2012 : Nil units)	-	-
<b>International Steel Ltd. Employees Gratuity Fund</b>		
Units Issued/ transfer in 173,503 units (2012; Nil units)	2,346	-
Bonus Units Issued 27,506 units (2012 : Nil units)	-	-
<b>Summit Bank Limited</b>		
Bank Profit	47	-

# NAFA ASSET ALLOCATION FUND

	September 30, 2013	June 30, 2013
	----- Rupees in '000 -----	
<b>11.6 Amounts outstanding as at period end</b>		
<b>NBP Fullerton Asset Management Limited - Management Company</b>		
Management fee payable	2,213	1,870
Sindh Sales Tax on remuneration of management company	354	299
FED on remuneration of management company	737	181
Front-end load	5,749	1,186
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	193	176
CDS charges payable	32	98
Security deposit	100	100
<b>National Bank of Pakistan</b>		
Balance in current account	2,039	2,042
<b>Alexandra Fund Management Pte. Limited - Sponsor</b>		
Investment held by the sponsor in the Fund 25,848,886 units (2013: 22,311,751 units)	299,860	294,109
<b>Employees of the Management Company</b>		
Investment held in the Fund 119,457 units (2013: 329,004 units)	1,386	4,337
<b>Taurus Securities Limited</b>		
Brokerage payable	31	136
<b>NAFA Employees Provident fund</b>		
Investment held in the Fund 606,097 units (2013: 582741 units)	7,031	7,682
<b>Muhammad Murtaza Ali -- Company Secretary -- CFO</b>		
Investment held in the Fund 86,822 units (2013: 37,952 units)	1,007	500
<b>International Industries Limited Employees Provident Fund</b>		
Investment held in the Fund 2,961,995 units (2013: 2,882,869 units)	34,361	38,001
<b>International Industries Limited Employees Gratuity Fund</b>		
Investment held in the Fund 2,791,781 units (2013: Nil units)	32,386	-
<b>International Steels Limited Employees Gratuity Fund</b>		
Investment held in the Fund 201,009 units (2013: Nil units)	2,332	-
<b>International Steels Limited Employees Provident Fund</b>		
Investment held in the Fund 603,573 units (2013: 588,084 units)	7,002	7,752
<b>Summit Bank Limited</b>		
Bank Balance	1,886	3,037

## 12 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on 30th October, 2013.

## 13 GENERAL

Figures have been rounded off to the nearest thousand rupees.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director



NBP Fullerton  
Asset Management Ltd.

A Subsidiary of  
National Bank of Pakistan

*Your investments & "NAFA" grow together*



*Joint - Venture Partners*

## Head Office

7th Floor Clifton Diamond Building, Block No. 4,  
Scheme No. 5, Clifton, Karachi.

**UAN:** 111-111-NFA (632)

**Toll Free:** 0800-20001

**Fax:** (021) - 35825329

**Email:** [info@nafafunds.com](mailto:info@nafafunds.com)

**Website:** [www.nafafunds.com](http://www.nafafunds.com)