



NBP Fullerton
Asset Management Ltd.

A Subsidiary of
National Bank of Pakistan

NAFA ASSET ALLOCATION FUND

QUARTERLY REPORT SEPTEMBER 30

2014




Your investments & "NAFA" grow together



**FULLERTON FUND
MANAGEMENT**

Joint - Venture Partners

MISSION STATEMENT



To rank in the top quartile
in performance of
NAFA FUNDS
relative to the competition,
and to consistently offer
Superior risk-adjusted returns to investors.

NAFA ASSET ALLOCATION FUND

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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. Wah Geok Sum	Director
Mr. Koh Boon San	Director
Mr. Kamal Amir Chinoy	Director
Mr. Shehryar Faruque	Director
Mr. Aamir Sattar	Director
Mr. Abdul Hadi Palekar	Director

Company Secretary & CFO of the Management Company

Mr. Muhammad Murtaza Ali

Audit & Risk Committee

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

Human Resource Committee

Mr. Nausherwan Adil	Chairman
Mr. Wah Geok Sum	Member
Mr. Kamal Amir Chinoy	Member

Trustee

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

Bankers to the Fund

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

NAFA ASSET ALLOCATION FUND

Auditors

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

Legal Advisor

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

Head Office:

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

Lahore Office:

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

Islamabad Office:

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

Peshawar Office:

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

Multan Office:

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

NAFA ASSET ALLOCATION FUND

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, 2014.

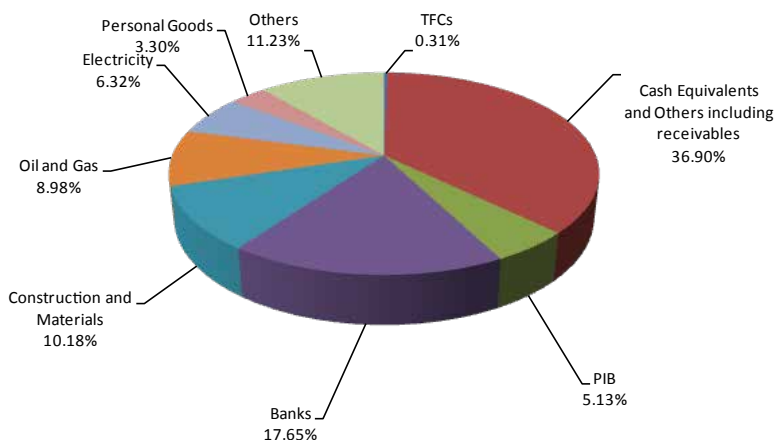
Fund's Performance

During the first quarter, the unit price of NAFA Asset Allocation Fund (NAAF) has increased from Rs. 12.0038 on June 30, 2014 to Rs. 12.2133 on September 30, 2014, thus showing a growth of 1.75%. 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 1.16%. Thus, the Fund has outperformed its Benchmark by 0.59% during the period under review. Since inception the NAV of the Fund has increased from Rs. 5.8564 (Ex-Div) on August 20, 2010 to Rs. 12.2133 on September 30, 2014, thus showing an increase of 108.55%. During the said period, the Benchmark increased by 64.35%, translating into outperformance of 44.20%. This performance is net of management fee and all other expenses. The size of NAFA Asset Allocation Fund has increased from Rs. 1,917 million to Rs. 2,037 million during the period, i.e. an increase of 6.26%.

During 1QFY15, the stock market remained volatile and sideways as political uncertainty took its toll on investor sentiments. Positives like improvement in sovereign debt rating outlook, healthy foreign portfolio flows, controlled inflation, and stable interest rate were offset by the noise in the domestic politics. The benchmark KSE-100 Index inched up by just 0.25% during the period to settle at 29,726 points. Automobile and Parts, Pharma and Biotech, Electricity, and General Industrials sectors performed better than the market. On the other hand, Oil & Gas and Fixed Line Telecommunication sectors lagged the market.

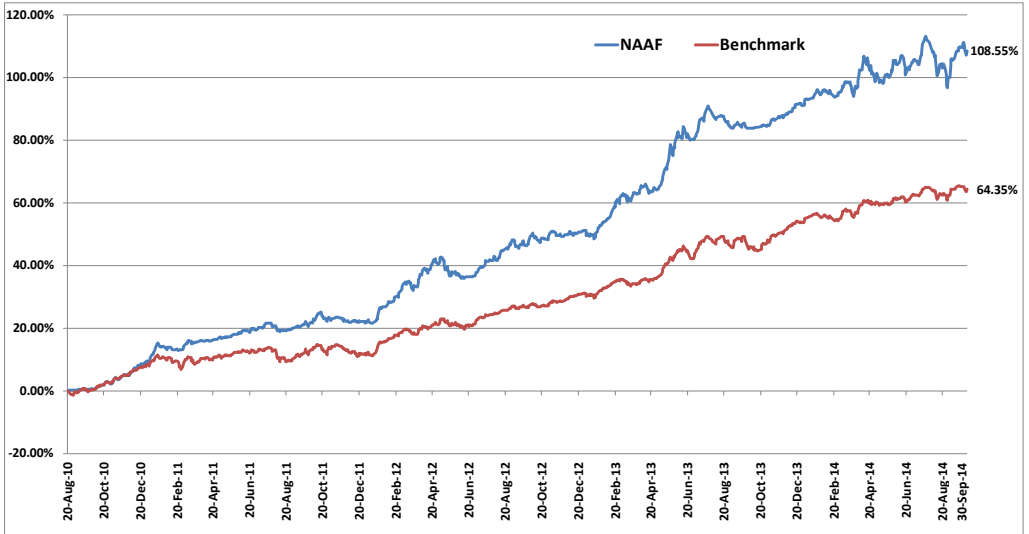
On the corporate debt sphere, trading activity in TFCs remained skewed towards high quality issues, especially those belonging to the financial sector. During the quarter under review, the State Bank of Pakistan kept the Policy Rate unchanged despite let-up in inflation expectation and improved external account position. All TFCs in the Fund are floating rate linked to KIBOR with three to six month coupon resetting period. Therefore, they carry a relatively low interest rate risk as any increase in interest rates will increase the coupon income of the TFC portfolio.

The Fund has earned total income of Rs.41.05 million during the period. After deducting expenses of Rs.17.09 million, the net income is Rs.23.96 million. The asset allocation of the Fund as on September 30, 2014 is as follows:



NAFA ASSET ALLOCATION FUND

NAAF Performance versus Benchmark (Since Inception)



Acknowledgement

The Board takes this opportunity to thank its valued unit-holders for their confidence and trust in the Management Company, and providing the opportunity to serve them. It also offers its sincere gratitude to the Securities & Exchange Commission of Pakistan and State Bank of Pakistan for their patronage and guidance.

The Board also wishes to place on record its appreciation for the hard work, dedication and commitment shown by the staff and the Trustee.

On behalf of the Board of
NBP Fullerton Asset Management Limited

Chief Executive

Director

Date: October 30, 2014

Place: Karachi.

NAFA ASSET ALLOCATION FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2014

	Note	Un-Audited September 30, 2014	Audited June 30, 2014
-----Rupees in '000-----			
ASSETS			
Balances with banks		622,981	559,897
Investments	4	1,285,292	1,372,756
Receivable against sale of investments		161,902	-
Dividend and profit receivable	5	14,330	9,812
Deposits, prepayments and other receivables		13,052	8,978
Receivable against sale of units		24	-
Preliminary expenses and floatation costs		149	199
Total assets		2,097,730	1,951,642
LIABILITIES			
Payable to the Management Company		12,683	7,253
Payable to Central Depository Company of Pakistan Limited - Trustee		245	235
Payable to the Securities and Exchange Commission of Pakistan		468	1,427
Payable against purchase of investments		-	14,579
Payable against redemption of units		34,952	86
Accrued expenses and other liabilities	6	12,497	11,161
Total liabilities		60,845	34,741
NET ASSETS		2,036,885	1,916,901
UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)		2,036,885	1,916,901
CONTINGENCIES AND COMMITMENTS	7		
-----Number of units-----			
NUMBER OF UNITS IN ISSUUE		166,776,147	159,691,480
-----Rupees-----			
NET ASSET VALUE PER UNIT		12.2133	12.0038

The annexed notes 1 to 13 form an integral part of these condensed interim 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, 2014

	Note	Quarter ended September 30, 2014	Quarter ended September 30, 2013
-----Rupees in '000-----			
INCOME			
Capital gain/(loss) on sale of investments - net		(14,059)	11,728
Income from term finance certificates		330	742
Income from Treasury Bills		-	8,430
Income from Pakistan Investment Bonds		3,207	-
Profit on bank deposits		13,916	12,034
Dividend income		12,167	3,796
Net unrealised appreciation/diminution on re-measurement of investments classified as financial assets 'at fair value through profit or loss'		25,490	(2,927)
Total Income		41,051	33,803
EXPENSES			
Remuneration of the Management Company		9,858	6,830
Sindh Sales Tax on Management Company's remuneration		1,830	1,093
FED on Management Company's remuneration		1,577	1,093
Remuneration of Central Depository Company of Pakistan Limited - Trustee		745	594
Annual fee - Securities and Exchange Commission of Pakistan		468	324
Amortisation of preliminary expenses and floatation costs		51	51
Auditors' remuneration		146	125
Annual listing fee		10	10
NCCPL Fee		-	40
Securities transaction cost		1,590	2,678
Mutual fund rating fee		50	32
Settlement and bank charges		278	251
Total Expenses		16,603	13,121
Net income from operating activities		24,448	20,682
Provision for Workers' Welfare Fund	8	(489)	(414)
Net income for the period before taxation		23,959	20,268
Taxation	9	-	-
Net income for the period after taxation		23,959	20,268
Earnings per unit	10		

The annexed notes 1 to 13 form an integral part of these condensed interim 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, 2014

	Quarter ended September 30, 2014	Quarter ended September 30, 2013
	-----Rupees in '000-----	
Net income for the period after taxation	23,959	20,268
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>23,959</u>	<u>20,268</u>

The annexed notes 1 to 13 form an integral part of these condensed interim 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, 2014

	Quarter ended September 30, 2014	Quarter ended September 30, 2013
	-----Rupees in '000-----	
Undistributed income brought forward		
Realised income	160,976	257,229
Unrealised income	44,129	575
	<u>205,105</u>	<u>257,804</u>
Net income for the period after taxation	23,959	20,268
Final distribution during the period		
Final distributions Nil bonus units (2013: 15,299,101 bonus units)		
- Bonus units	-	(180,213)
-Cash distribution	-	(6)
Element of income and capital gains included in the prices of units issued less those in units redeemed	10,701	29,676
Undistributed income carried forward	<u>239,765</u>	<u>127,529</u>
Undistributed income comprising of :		
Realised income	214,275	130,456
Unrealised income	25,490	(2,927)
	<u>239,765</u>	<u>127,529</u>

The annexed notes 1 to 13 form an integral part of these condensed interim 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, 2014

Note	Quarter ended September 30, 2014	Quarter ended September 30, 2013
-----Rupees in '000-----		
Net assets at the beginning of the period	1,916,901	1,151,057
Issue of 59,484,716 units (2013: 67,790,905 units including (15,299,101 bonus units)	726,630	614,426
Redemption of 52,400,049 units (2013 : 40,475,177 units)	(630,605) 96,025	(455,901) 158,525
Net unrealised appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	25,490	(2,927)
Capital gain on sale of investments - net	(14,059)	11,728
Other net income for the period	12,528 23,959	11,467 20,268
Element of income and capital gains included in the prices of units issued less those in units redeemed	(10,701)	(29,676)
Issuance of bonus units during the period		
Interim distributions	-	-
Final distributions Nil bonus units (2013: 15,299,101 bonus units)	-	(180,213)
Final distribution made during the period		
Final distributions Nil bonus units (2013: 15,299,101 bonus units)		
- Issue of bonus Units	-	180,213
- Cash distribution	-	(6)
Element of income and capital gains included in the prices of units issued less those in units redeemed	10,701	29,676
Net assets at the end of the period	2,036,885	1,329,844

The annexed notes 1 to 13 form an integral part of these condensed interim 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, 2014

	Quarter ended September 30, 2014	Quarter ended September 30, 2013
	-----Rupees in '000-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	23,959	20,268
Adjustments for:		
Net unrealised appreciation/diminution on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	(25,490)	2,927
Amortisation of preliminary expenses and floatation costs	51	51
	<u>(1,480)</u>	<u>23,246</u>
(Increase) / decrease in assets		
Investments	112,953	(569,968)
Receivable against sale of investments	(161,902)	61,422
Dividend and profit receivable	(4,518)	(3,363)
Deposits, prepayments and other receivable	(4,074)	(762)
	<u>(57,541)</u>	<u>(512,671)</u>
Increase in liabilities		
Payable to the Management Company	5,430	5,517
Payable to the Central Depository Company of Pakistan Limited - Trustee	10	17
Payable to the Securities and Exchange Commission of Pakistan	(959)	(388)
Payable against purchase of investments	(14,579)	-
Accrued expenses and other liabilities	1,336	(154)
	<u>(8,762)</u>	<u>4,992</u>
Net cash used in operating activities	<u>(67,783)</u>	<u>(484,433)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issue of units	726,606	614,426
Payments on redemption of units	(595,739)	(452,625)
Distributions paid	-	(6)
Net cash generated from financing activities	<u>130,867</u>	<u>161,795</u>
Net (decrease) / increase in cash and cash equivalents during period	<u>63,084</u>	<u>(322,638)</u>
Cash and cash equivalents at the beginning of the period	559,897	1,063,978
Cash and cash equivalents at the end of the period	<u><u>622,981</u></u>	<u><u>741,340</u></u>

The annexed notes 1 to 13 form an integral part of these condensed interim 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 FINANCIAL FINANCIAL STATEMENTS (Un Audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2014

1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Asset Allocation Fund (the Fund) was established under a Trust Deed executed between NBP Fullerton Asset Management Limited as 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 based on performance of the fund, PACRA has assigned "5 star" performance ranking.

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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'.

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, 2014 are same as those applied in the preparation of annual audited financial statements for the year ended June 30, 2014.

4 INVESTMENTS

Note	Un-Audited September 30, 2014	Audited June 30, 2014
-----Rupees in '000-----		
At fair value through profit or loss:		
- Equity securities - listed	4.1 1,174,552	1,255,479
- Term finance certificates - listed	4.3 6,240	12,079
- Pakistan Investment Bonds	4.4 104,500	105,198
	<u>1,285,292</u>	<u>1,372,756</u>

NAFA ASSET ALLOCATION FUND

4.1 Listed equity securities

Shares of Listed Companies - Fully paid ordinary of Rs. 10 each, except for Thal Limited which have a face value of Rs. 5 and K-Electric which have a face value of Rs. 3.5.

Name of the investee company	Number of shares					Market value as at September 30, 2014	Investment as a percentage of		
	As at July 01, 2014	Purchases during the period	Bonus / Right Issues	Sales during the period	As at September 30, 2014		Net assets	Market value of total investments	Paid up capital of the investee company
						Rupees in '000	----- % -----		
Oil & Gas									
Oil and Gas Development Company Limited	154,200	126,500	-	134,500	146,200	36,120	1.77	2.81	0.00
Pakistan Oilfields Limited	119,900	106,500	-	112,300	114,100	60,637	2.98	4.72	0.05
Pakistan Petroleum Limited	235,060	365,800	-	305,000	295,860	66,879	3.28	5.20	0.02
Pakistan State Oil Company Limited	140,320	98,500	-	185,300	53,520	19,291	0.95	1.50	0.02
Chemicals									
Engro Corporation Limited	436,400	54,000	-	197,000	293,400	48,452	2.38	3.77	0.06
Fatima Fertilizer Company Limited	5,000	-	-	-	5,000	142	0.01	0.01	0.00
Engro Fertilizers Limited	150	-	-	-	150	8	0.00	-	0.00
Fauji Fertilizers Company Limited	-	332,000	-	239,000	93,000	10,550	0.52	0.82	0.01
Construction and Materials									
D.G. Khan Cement Company Limited	365,500	394,000	-	559,000	200,500	15,980	0.78	1.24	0.05
Lucky Cement Limited	157,300	177,500	-	144,000	190,800	76,623	3.76	5.96	0.06
Akzo Nobel Pakistan Limited	20,000	-	-	20,000	-	-	-	-	-
Maple Leaf Cement Factory Limited	1,683,000	1,690,500	-	1,220,000	2,153,500	58,554	2.87	4.56	0.41
Pioneer Cement Limited	1,280,000	320,000	-	536,000	1,064,000	56,211	2.76	4.37	0.47
General Industries									
Thal Limited	191,900	33,600	-	-	225,500	54,346	2.67	4.23	0.28
Industrial Transportation									
Pakistan National Shipping Corporation	215,500	-	-	-	215,500	17,542	0.86	1.36	0.16
Personal Goods									
Nishat Mills Limited	317,000	339,000	-	91,000	565,000	67,235	3.30	5.23	0.16
Electricity									
The Hub Power Company Limited	626,500	516,000	-	165,000	977,500	62,541	3.07	4.87	0.08
Kot Addu Power Company Limited	860,000	72,000	-	82,500	849,500	54,614	2.68	4.25	0.10
K-Electric Limited	2,215,000	-	-	725,000	1,490,000	11,503	0.56	0.89	0.01
Pakgen Power Limited	1,000	-	-	1,000	-	-	-	-	-
Banks									
Allied Bank Limited	1,000	-	-	1,000	-	-	-	-	-
Habib Bank Limited	-	96,000	-	-	96,000	20,081	0.99	1.56	-
Bank Al-Falah Limited	2,027,500	925,000	-	1,115,000	1,837,500	52,148	2.56	4.06	0.14
Bank Al-Habib Limited	1,514,650	50,000	-	393,000	1,171,650	53,041	2.60	4.13	0.11
MCB Bank Limited	165,500	-	-	92,800	72,700	20,543	1.01	1.60	0.01
National Bank of Pakistan	1,597,000	235,000	-	1,480,000	352,000	21,296	1.05	1.66	0.02
United Bank Limited	718,203	354,000	-	533,000	539,203	101,554	4.99	7.90	0.04
Faysal Bank Limited	50,000	3,886,500	-	-	3,936,500	70,778	3.47	5.51	0.38
Habib Metropolitan Bank Limited	640,000	-	-	-	640,000	20,160	0.99	1.57	0.06
Paper and Board									
Century Paper and Board Mills Limited	278,000	-	-	-	278,000	15,059	0.74	1.17	0.19
Automobile and Parts									
Honda Atlas Cars (Pakistan) Limited	555,000	22,500	-	470,500	107,000	15,039	0.74	1.17	0.07
Pak Suzuki Motor Company Limited	95,500	44,300	-	14,000	125,800	35,762	1.76	2.78	0.15
Baluchistan Wheels	-	7,500	-	-	7,500	383	0.02	0.03	0.06
Technology / Communication									
Pakistan Telecommunication Company Limited	1,277,000	-	-	380,000	897,000	20,909	1.03	1.63	0.02
TPL Trakker Limited	1,532,000	-	-	1,530,000	2,000	19	0.00	-	0.00
Pharma and Bio Tech									
Abbott Laboratories (Pakistan) limited	-	17,400	-	-	17,400	10,552	0.52	0.82	0.02
						<u>1,174,552</u>	<u>57.66</u>	<u>91.38</u>	
Total as at Sep 30, 2014						<u>1,174,552</u>			
Carrying Value as at Sep 30, 2014						<u>1,148,356</u>			

4.2 The above investments include securities with market value aggregating to Rs.87.39 million (June 2014: 19.257) 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>

NAFA ASSET ALLOCATION FUND

4.3 Listed term finance certificates at fair value through profit or loss

Name of the investee company	Number of certificates				Market value as at September 30, 2014	Investment as a percentage of		
	As at July 01, 2014	Purchases during the period	Sales during the period	As at September 30, 2014		Net assets	Market value of total investments	Issue size
					Rupees in '000		%	
Listed								
Allied Bank Limited	5,000	-	-	5,000	6,240	0.31	0.49	1.00
United Bank Limited	3,000	-	3,000	-	-	-	-	-
Pakistan Mobile Communication	667	-	667	-	-	-	-	-
					6,240	0.31	0.49	
Total as at September 30, 2014					6,240			
Carrying Value as at September 30, 2014					6,246			

* Having face value Rs 5,000 each

4.4 Pakistan Investment Bonds

Issue date	Tenor	Face value				Market Value as at September 30, 2014	Investment as a percentage of	
		As at July 1, 2014	Purchases during the period	Sales during the period	As at September 30, 2014		Net Assets	Market Value of total investments
						-----Rupees in '000-----		%-----
18 July, 2013	5 years	75,000	-	-	75,000	72,450	3.56	5.64
19 July, 2012	10 years	34,150	-	278	33,872	32,050	1.57	2.49
Total as at September 30, 2014						104,500	5.13	
Carrying Value as at September 30, 2014						105,198		

September 30, 2014 **June 30, 2014**
 -----Rupees in '000-----

5 DIVIDEND AND PROFIT RECEIVABLE

Profit receivable on saving deposits	376	330
Dividend receivable	11,110	3,517
Profit receivable on Pakistan Investment Bonds	2,603	5,705
Profit receivable on term finance certificates	241	260
	<u>14,330</u>	<u>9,812</u>

6 ACCRUED EXPENSES AND OTHER LIABILITIES

Auditors' remuneration	130	358
Provision for Workers' Welfare Fund	10,503	10,014
Brokerage	-	288
Settlement charges	54	13
Printing charges	125	125
Others	1,685	363
	<u>12,497</u>	<u>11,161</u>

7 CONTINGENCIES AND COMMITMENTS

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

NAFA ASSET ALLOCATION FUND

8 PROVISION FOR WORKERS' WELFARE FUND

The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this connection, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

During the year ended June 30, 2011, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However, on December 14, 2010, the Ministry filed its response against the constitutional petition requesting the Court to dismiss the petition. According to the legal counsel who is handling the case there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in the Court.

During the year ended June 30, 2012, the Honourable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008, had declared the said amendments as unlawful and unconstitutional. In March 2013, a larger bench of the Honourable Sindh High Court (SHC) passed an order declaring that the amendments introduced in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 do not suffer from any constitutional or legal infirmity. However, the Honourable High Court of Sindh has not addressed the other amendments made in the WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before the Court. In a recent judgement, 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 10.503 million (including Rs .489 million for the current period) in these financial statements. Had the provision not been made the net asset value per unit of the Fund as at September 30, 2014 would have been higher by Re 0.0630 per unit.

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 period as reduced by capital gains (whether realised or unrealised) to its unit holders as detailed in note 28.

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

11.5 Details of transactions with connected persons are as follows:

	Quarter ended September 30, 2014	Quarter ended September 30, 2013
	-----Rupees in '000-----	
NBP Fullerton Asset Management Limited - Management Company		
Remuneration for the year / period	9,858	6,830
Sindh sales tax on remuneration	1,830	1,093
FED on remuneration	1,577	1,093
Front-end load	2,710	5,750
NAFA Employees Provident Fund		
Units Redeemed / Transfer out Nil units (2013 : 69,027 units)	-	804
Bonus Units Issued : Nil units (2013; 92,383 units)	-	-
Alexandra Fund Management Pte. Limited - Sponsor		
Bonus Units Issued Nil units (2013: 3,537,134 units)	-	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration for the period	745	594
CDS charges	77	32
Employees of the Management Company		
Units Issued/ transfer in of 76,158 units (2013:1,000,554 units)	916	11,964
Units Redeemed / transfer out of 149,779 units (2013: 1,051,644 units)	1,798	12,434
Bonus Units Issued Nil units (2013: 29,074 units)	-	-
Muhammad Murtaza Ali - Company Secretary / CFO		
Bonus Units Issued Nil units (2013 :6,017 units)	-	-
Units Issued/ transfer in 12,020 units (2013: 42,852 units)	150	500
NAFA Income Opportunity Fund		
Sold Treasury Bills	-	39,851
NAFA Savings Pluse Fund		
Sold Treasury Bills	-	19,925
National Bank of Pakistan		
Sold Treasury Bills	-	499,645
Purchased Treasury Bills	-	444,807
Taurus Securities Limited		
Brokerage expense	-	173
International Industries Ltd. Employees Provident Fund		
Units Redeemed / transfer out 674,442 (2013: 377,903 units)	8,208	4,402
Bonus Units Issued Nil units (2013 : 457,028 units)	-	-
International Industries Ltd. Employees Gratuity Fund		
Units Issued/ transfer in 905,563 units (2013: 2,793,915 units)	10,882	37,091
Units Redeemed / transfer out 1,085,938 (2013: 445,060 units)	13,231	5,185
Bonus Units Issued Nil units (2013 : 442,926 units)	-	-
International Steel Ltd. Employees Provident Fund		
Units Issued/ transfer in 26,156 units (2013: Nil units)	313	-
Units Redeemed / transfer out 359,938 (2013: 77,742 units)	4,375	906
Bonus Units Issued Nil units (2013 : 93,230 units)	-	-
International Steel Ltd. Employees Gratuity Fund		
Units Issued/ transfer in 79,022 units (201: 173,503 units)	950	2,346
Units Redeemed / transfer out 155,483 units (2013: Nil units)	1,908	-
Bonus Units Issued Nil units (2013 : 27,506 units)	-	-
Summit Bank Limited		
Bank Profit	-	47

NAFA ASSET ALLOCATION FUND

	September 30, 2014	June 30, 2014
	----- Rupees in '000 -----	
11.6 Amounts outstanding as at period end		
NBP Fullerton Asset Management Limited - Management Company		
Management fee payable	3,228	507
Sindh Sales Tax on remuneration of Management Company	636	94
FED on remuneration of Management Company	6,027	4,449
Sindh Sales Tax on Sale Load payable to Management Company	207	183
FED on Sale Load payable to Management Company	1,468	1,034
Sale load payable to Management Company	1,117	986
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	245	235
CDS charges payable	36	13
Security deposit	100	100
National Bank of Pakistan		
Balance in current account	5,179	3,995
Employees of the Management Company		
Investment held in the Fund 43,978 units (June 2014: 117,598 units)	537	1,412
Taurus Securities Limited		
Brokerage payable	-	16
NAFA Employees Provident Fund		
Investment held in the Fund 778,038 units (June 2014: 778,038 units)	9,502	9,339
Muhammad Murtaza Ali - Company Secretary - CFO		
Investment held in the Fund 59,389 units (June 2014: 47,369 units)	725	569
Aamir Sattar - Director		
Investment held in the Fund 82,451 units (June 2014: 82,451 units)	1,007	990
International Industries Limited Employees Provident Fund		
Investment held in the Fund 2,907,112 units (June 2014: 3,581,555 units)	35,505	42,992
International Industries Limited Employees Gratuity Fund		
Investment held in the Fund 7,983,470 units (June 2014: 8,163,844 units)	97,505	97,997
International Steels Limited - Employees Provident Fund		
Investment held in the Fund 489,319 units (June 2014: 823,161 units)	5,976	9,881
International Steels Limited - Employees Gratuity Fund		
Investment held in the Fund 767,046 units (June 2014: 843,507 units)	9,638	10,125
Summit Bank Limited		
Bank Balance	4,301	3792

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, 2014.

13 GENERAL

13.1 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

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