

# *NAFA Funds*

## *Quarterly Report*

*For the period ended September 30, 2007*



*Your investments & NAFA grow together*

FULLERTON FUND  
MANAGEMENT



**Managed by:**  
National Fullerton Asset Management Limited

*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

## FUND'S INFORMATION

### Management Company

National Fullerton Asset Management Limited.

### Board of Directors of the Management Company

Mr. Masood Karim Shaikh	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Gerard Lee How Cheng	Director
Khawaja Iqbal Hassan	Director
Mr. Patrick Pang Chin Hwang	Director
Mr. Shahid Anwar Khan	Director
Mr. Masroor Ahmed Qureshi	Director

### Company Secretary & CFO of the Management Company

Mr. Muhammad Murtaza Ali

### Audit & Risk Committee

Mr. Gerard Lee How Cheng	Chairman
Mr. Shahid Anwar Khan	Member
Mr. Masroor Ahmed Qureshi	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

#### NAFA CASH FUND

Allied Bank Limited  
 Askari Commercial Bank Limited  
 Bank Alfalah Limited  
 Bank Al-Habib Limited  
 Habib Bank Limited  
 KASB Bank Limited  
 MCB Bank Limited  
 My Bank Limited  
 National Bank of Pakistan  
 NIB Bank Limited  
 PICIC Commercial Bank Limited  
 Saudi Pak Commercial Bank Ltd.  
 Soneri Bank Limited  
 United Bank Limited  
 Atlas Bank Limited  
 The Bank of Punjab  
 Habib Metropolitan Bank Limited  
 JS Bank Limited  
 The Bank of Khyber  
 Standard Chartered Bank Ltd.

# NAFA Funds

## **Auditors**

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

## **Legal Advisor**

Aly Shah & Co. Advocates and Legal Consultants  
Suite 502, 5th Floor  
Marine Pride, BC-2, Block-7,  
Khayaban-e-Iqbal  
Clifton, Karachi.

## **Head Office**

9th Floor, Adamjee House  
I.I. Chundrigar Road  
Karachi.

## **Lahore Office**

83-A-E/1, Main Boulevard  
Gulberg III  
Lahore.

## **Islamabad Office**

4th Floor, Ali Plaza  
1-E, Blue Area  
Islamabad.

# NAFA CASH FUND

## DIRECTORS' REPORT

The Board of Directors of National Fullerton Asset Management Limited is pleased to present the un-audited financial statements of **NAFA Cash Fund** for the quarter ended September 30, 2007.

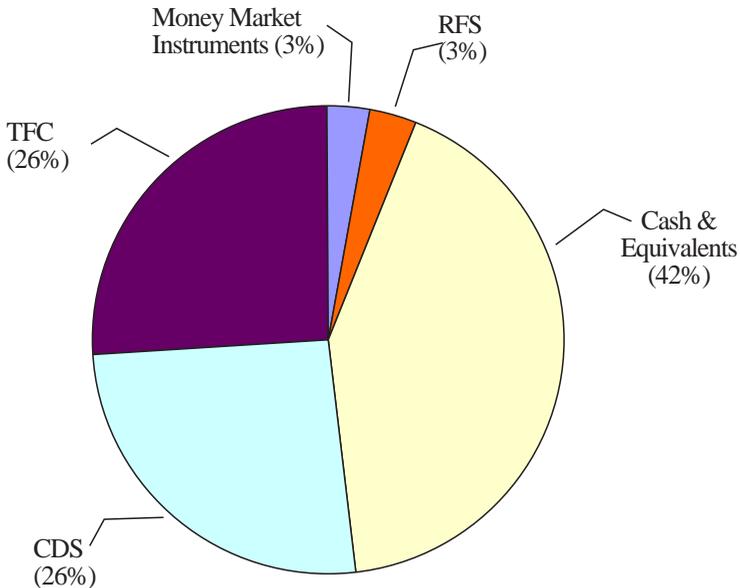
### Fund's Performance

NAFA Cash Fund has grown from Rs.18.25 billion to Rs.20.74 billion during the period from July 1, 2007 to September 30, 2007, a growth of 13.64%. During this period, the Unit Price of the Fund has grown from Rs.10.0273 on June 30, 2007 to Rs.10.2709 on September 30, 2007, which translates into annualized return of 9.66%.

NAFA Cash Fund has earned a total income of Rs.609.59 million during the said period. After deducting total expenses of Rs.110.31 million, the net profit is Rs.499.28 million, which translates into an earning per unit of Rs.0.2436.

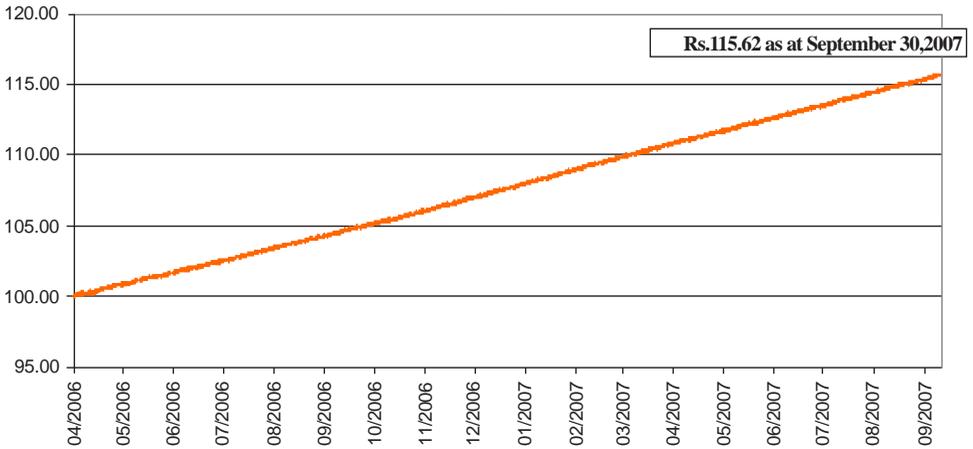
The asset allocation of the Fund as at September 30, 2007 is as follows:

**Asset Allocation as on September 30, 2007**



NAFA Cash Fund has not observed a decline in unit price by even one paisa on any one day since launch of NAFA Cash Fund in April 2006. The following chart shows a uniform growth in the value of investment of NAFA Cash Fund.

## Value of Rs.100 invested in NAFA Cash Fund at Launch (April 22, 2006)



### Acknowledgement

The Board takes this opportunity to thank its valued unit-holders for their confidence and trust in the management, and providing us with 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 for their continued support and cooperation.

On behalf of the Board of  
National Fullerton Asset Management Limited

**Masood Karim Shaikh, FCA**  
Chairman

**Dr. Amjad Waheed, CFA**  
Chief Executive

Date: October 18, 2007  
Place: Karachi.

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2007 (UN-AUDITED)

		September 30, 2007	June 30, 2007
	Note	(Rupees in '000')	
<b>ASSETS</b>			
Balances with banks	4	8,444,167	7,011,277
Receivable against Continuous Funding System (CFS) transactions		5,480,949	7,755,443
Investments	5	6,050,703	3,059,370
Loans and receivables		525,928	230,017
Advances, deposits and prepayments		1,111	1,115
Dividend and profit receivable	6	387,186	256,468
Preliminary expenses and floatation costs		1,778	1,904
<b>Total assets</b>		<b>20,891,822</b>	<b>18,315,594</b>
<b>LIABILITIES</b>			
Accrued expenses and other liabilities	7	30,124	37,780
Payable against redemption of units		-	-
Payable to brokers		83,799	-
Payable to National Fullerton Asset Management Limited -Management Company		24,793	20,287
Payable to Central Depository Company of Pakistan Limited -Trustee		1,717	1,417
Payable to Securities and Exchange Commission of Pakistan - Annual fee		12,784	7,933
<b>Total liabilities</b>		<b>153,217</b>	<b>67,417</b>
<b>Net assets</b>		<b>20,738,605</b>	<b>18,248,177</b>
<b>Unit Holders' Funds (as per statement attached)</b>		<b>20,738,605</b>	<b>18,248,177</b>
<b>Commitments</b>	9		-
<b>Number of units in issue</b>		<b>2,019,170,063</b>	<b>1,647,351,153</b>
<b>Net asset value per unit</b>		<b>10.2709</b>	<b>11.0773</b>

The annexed notes form an integral part of these condensed interim financial statements.

**For National Fullerton Asset Management Limited  
(Management Company)**

**Dr. Amjad Waheed**  
Chief Executive

**Masood Karim Shaikh**  
Chairman

# NAFA Cash Fund

## CONDENSED INTERIM INCOME STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2007 (UN-AUDITED)

	Quarter Ended September 30, 2007	Quarter Ended September 30, 2006
Note	(Rupees in '000')	
<b>Income</b>		
Profit on bank deposits	177,853	49,191
Income from Continuous Funding System (CFS) transactions	213,174	60,612
Gain on sale of investments	1,026	12,297
Income from Term Finance Certificates	126,542	25,057
Income on certificates of deposit and clean placements	14,255	20,887
Other income	420	-
Unrealized gain on investments at fair value through profit or loss - net	38,996	2,557
<b>Total income</b>	<b>572,266</b>	<b>170,601</b>
<b>Expenses</b>		
Remuneration of National Fullerton Asset Management Limited – Management Company	72,777	20,210
Remuneration of Central Depository Company of Pakistan Limited - Trustee	5,103	1,599
Brokerage	19,718	10,739
Annual fee - Securities and Exchange Commission of Pakistan	4,852	1,347
Annual listing fee	7	9
Settlement and bank charges	3,526	1,330
Auditors' remuneration	112	129
Amortization of preliminary expenses and floatation costs	126	126
Provision against impairment in loans and receivables	4,089	-
<b>Total expenses</b>	<b>110,310</b>	<b>35,489</b>
<b>Net income from operating activities</b>	<b>461,956</b>	<b>135,112</b>
Element of income and capital gains included in prices of units issued less those in units redeemed	37,319	(3,219)
<b>Net income for the period</b>	<b>499,275</b>	<b>131,893</b>
<b>Earnings per unit</b>	9	-

The annexed notes form an integral part of these condensed interim financial statements.

**For National Fullerton Asset Management Limited  
(Management Company)**

**Dr. Amjad Waheed**  
Chief Executive

**Masood Karim Shaikh**  
Chairman

## CONDENSED INTERIM DISTRIBUTION STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2007 (UN-AUDITED)

	Quarter Ended September 30, 2007	Quarter Ended September 30, 2006
	(Rupees in '000')	
Undistributed income brought forward	1,775,971	72,844
Distribution: Bonus issue at the rate of 10.50% for the year ended June 30, 2007 (2006: 1.90%)	(1,729,719)	(72,229)
Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units repurchased - amount representing income / (losses) that form part of the unit holders' funds	5,441	-
Net income for the period	499,275	131,893
Undistributed income carried forward	<u>550,968</u>	<u>132,508</u>

The annexed notes form an integral part of these condensed interim financial statements.

**For National Fullerton Asset Management Limited  
(Management Company)**

**Dr. Amjad Waheed**  
Chief Executive

**Masood Karim Shaikh**  
Chairman

# NAFA Cash Fund

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS FOR THE QUARTER ENDED SEPTEMBER 30, 2007 (UN-AUDITED)

	Quarter Ended September 30, 2007	Quarter Ended September 30, 2006
	(Rupees in '000')	
<b>Net assets at the beginning of the period</b>	<b>18,248,177</b>	<b>3,874,369</b>
Issue of 1,964,870,908 units including 172,500,943 bonus units. (347,099,664 units for the quarter ended September 30, 2006)	18,246,843	3,435,648
Redemption of 1,593,051,998 units (212,938,977 units for the quarter ended September 30, 2006)	(16,218,371)	(2,169,489)
	2,028,472	1,266,159
Element of income and capital gains included in prices of units issued less those in units redeemed		
- amount representing accrued (income) / loss and capital (gains) / losses - transferred to Income Statement	(37,319)	3,219
- amount representing (income) / losses that form part of the unit holders' funds transferred to Distribution Statement	(5,441)	-
	(42,760)	3,219
Net unrealized appreciation in the value of investments classified as 'financial assets at fair value through profit or loss'	38,996	2,557
Net income from operations	460,279	129,336
Net income for the period	499,275	131,893
Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units repurchased - amount representing income / (losses) that form part of the unit holders' funds	5,441	-
<b>Net assets as at the end of the period</b>	<b>20,738,605</b>	<b>5,275,640</b>

The annexed notes form an integral part of these condensed interim financial statements.

**For National Fullerton Asset Management Limited  
(Management Company)**

**Dr. Amjad Waheed**  
Chief Executive

**Masood Karim Shaikh**  
Chairman

## CONDENSED INTERIM CASH FLOW STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2007 (UN-AUDITED)

	Quarter Ended September 30, 2007	Quarter Ended September 30, 2006
	(Rupees in '000')	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net income for the period	499,275	131,893
<b>Adjustments</b>		
Unrealized gain on investments at fair value through profit or loss - net	(38,996)	(2,557)
Gain on sale of investments	(1,026)	(12,297)
Amortization of preliminary expenses and floatation costs	126	126
Element of income and capital gains included in of units issued less those in units redeemed	(37,319)	3,219
	(77,215)	(11,509)
<b>Increase in assets</b>		
Receivable against Continuous Funding System (CFS) transactions	2,274,494	(1,824,074)
Receivable against spread transactions	-	557,084
Investments	(2,951,311)	(876,009)
Loans and receivables	3,604,089	220,000
Advances, deposits and prepayments	4	
Dividend and profit receivable	(130,718)	(17,505)
	2,796,558	(1,940,504)
<b>Increase in liabilities</b>		
Accrued expenses and other liabilities	(7,656)	7,261
Payable to brokers	83,799	
Payable to National Fullerton Asset Management Limited	4,506	(5,802)
Payable to Central Depository Company of Pakistan Limited	300	162
Payable to Securities and Exchange Commission of Pakistan - Annual fee	4,851	1,348
	85,800	2,969
<b>Net cash outflow on operating activities</b>	3,304,418	(1,817,151)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Receipts from issue of units	18,246,843	3,435,647
Payments on redemption of units	(16,218,371)	(2,169,489)
	2,028,472	1,266,158
Net increase in cash and cash equivalents during the period	5,332,890	(550,993)
Opening balance of cash and cash equivalents	3,111,277	2,111,086
Cash and cash equivalents as at end of the period	8,444,167	1,560,093

The annexed notes form an integral part of these condensed interim financial statements.

**For National Fullerton Asset Management Limited  
(Management Company)**

**Dr. Amjad Waheed**  
Chief Executive

**Masood Karim Shaikh**  
Chairman

# NAFA Cash Fund

	Quarter Ended September 30, 2007	Quarter Ended September 30, 2006
	(Rupees in '000')	
<b>NIB Bank Limited - Sponsor</b>		
Bonus units issued - 2,134,074 (30-09-2006: 380,000) units	-	-
Units redeemed / transferred out - 2,514,074 (30-09-2006: nil) units	25,782	-
Deposit held by the Fund with the Sponsor	1,521,179	90,017
Income of bank deposits	7,816	12,602
<b>Alexandra Fund Management Pte. Limited - Sponsor</b>		
Bonus units issued - 1,067,037 (30-09-2006: 190,000) units	-	-
<b>CDC Trustee - NAFA Multi Asset Fund</b>		
Units issued / transferred in - 14,711,837 (30-09-2006: nil) units	150,000	-
<b>Dr. Amjad Waheed (Chief Executive)</b>		
Bonus units issued - 11,352.2533 (30-09-2006: 15,684) units	-	-
Units issued / transferred in - 4,805,450 (30-09-2006: nil) units	48,739	-
Units redeemed / transferred out - 3,972,379 (30-09-2006: nil) units	40,500	-
<b>Spouse of Chief Executive</b>		
Bonus units issued - 1,910 (30-09-2006: nil) units	-	-
Units issued / transferred in - nil (30-09-2006: 49,456) units	-	500
Units redeemed / transferred out - 480 (30-09-2006: 628) units	5	6
<b>Other Employees</b>		
Bonus units issued - 16,695 (30-09-2006: nil) units	-	-
Units issued / Transferred in - 73,910 (30-09-2006: nil) units	745	-
Units redeemed / transferred out - 99,905 (30-09-2006: nil) units	1,011	-
	<b>September 30, 2007</b>	<b>June 30, 2007</b>
	(Rupees in '000')	

## 9. COMMITMENTS

Commitment in respect of unsettled CFS purchase	3,191,364	4,320,785
Commitment in respect of unsettled Future purchase	63,509	-
Commitment in respect of unsettled Future sales	635,481	-

## 10. Earnings Per Unit

Earnings per unit (EPU) for the three months ended September 30, 2007 has not been disclosed as in the opinion of the management determination of weighted average units for calculating EPU is not practicable.

## 11. DATE OF AUTHORIZATION FOR ISSUE

These financials statements were authorized for issue on January 15, 2007 by the Board of Directors of the Management Company.

## 12. GENERAL

12.1 Figures have been rounded off to the nearest rupee.

**For National Fullerton Asset Management Limited  
(Management Company)**

**Dr. Amjad Waheed  
Chief Executive**

**Masood Karim Shaikh  
Chairman**



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