

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.

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NAFA FINANCIAL SECTOR INCOME FUND

FUND'S INFORMATION

Management Company

NBP Fullerton Asset Management Limited – Management Company

Board of Directors of the Management Company

Mr. Shahid Anwar Khan	Chairman
Mr. Amir Shehzad	Director
Mr. Wah Geok Sum	Director
Mr. Koh Boon San	Director
Mr. Shehryar Faruque	Director
Mr. Kamal Amir Chinoy	Director
Mr. Khalid Mahmood	Director
Dr. Amjad Waheed	Chief Executive Officer

Company Secretary & CFO of the Management Company

Mr. Muhammad Murtaza Ali

Audit & Risk Committee

Mr. Shehryar Faruque	Chairman
Mr. Koh Boon San	Member
Mr. Amir Shehzad	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

Askari Bank Limited
Bank Alfalah Limited
NIB Bank Limited
National Bank of Pakistan
Allied Bank Limited
Faysal Bank Limited
MCB Bank Limited
Bank Al-Habib Limited
Habib Bank Limited
AlBaraka Islamic Bank Limited
The Bank of Punjab
Burj Bank Limited
Summit Bank Limited

NAFA FINANCIAL SECTOR INCOME 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: 111-111-NFA (111-111-632)
Helpline (Toll Free): 0800-20001
Fax: (021) 35825329

Lahore Office:

7-Noon Avenue, Canal Bank,
Muslim Town Lahore.
Contact: 042-35914272

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 FINANCIAL SECTOR INCOME FUND

DIRECTORS' REPORT

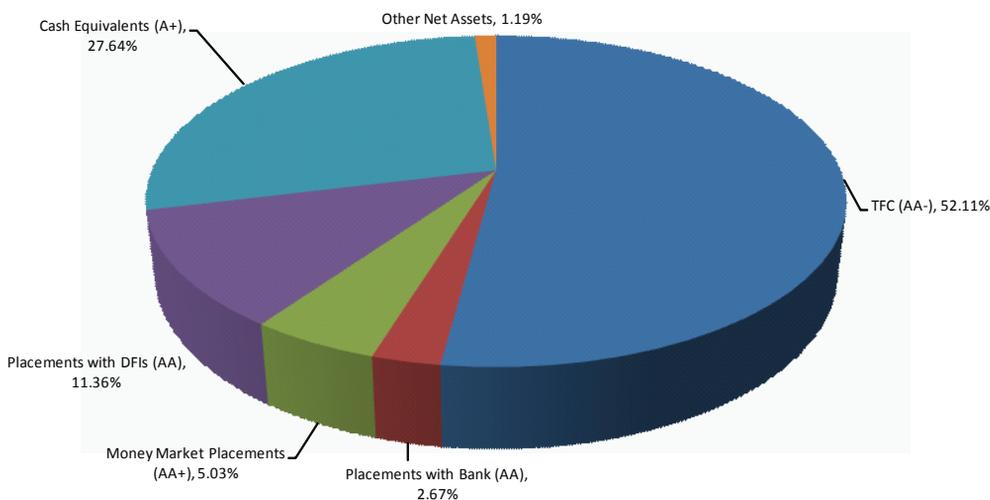
The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the unaudited financial statements of NAFA Financial Sector Income Fund (NFSIF) for the period ended March 31, 2013.

Fund's Performance

The size of NAFA Financial Sector Income Fund has increased from Rs. 2,768 million to Rs. 4,242 million during the period, i.e. a growth of 53.25%. During the nine month period, the unit price of the Fund has increased from Rs. 9.6397 (Ex - Div) on June 30, 2012 to Rs. 10.3232 on March 31, 2013, thus showing a simple annualized return of 9.45% as compared to its Benchmark (70% 6 month KIBOR & 30% average 3 month deposit rates of A & above rated banks) simple annualized return of 9.16% for the same period. During the third quarter the size of the Fund increased by 13.39%. During the quarter, the unit price of the Fund has increased from Rs. 10.1083 (Ex-Div) on December 31, 2012 to Rs. 10.3232 on March 31, 2013, thus showing a simple annualized return of 8.62% as compared to its Benchmark simple annualized return of 8.61% for the same period.

The Fund is categorized as an Income Scheme and has been awarded stability rating of A+(f) by PACRA. NFSIF is predominantly invested in AA category floating rate TFCs belonging to financial sector with coupon income linked to KIBOR. Therefore, any increase in interest rates will improve the coupon income of the TFC portfolio. Trading activity in the TFCs improved in the secondary market with financial sector making the lion share.

The Fund has earned total income of Rs.300.09 million during the period. After deducting expenses of Rs.58.03 million, the net income is Rs.242.06 million. The asset allocation of the Fund as on March 31, 2013 is as follows:



NAFA FINANCIAL SECTOR INCOME FUND

Income Distribution

The Board of Directors of the Management Company, in addition to interim distribution of 5% of opening ex-NAV for the quarter ended September 30, 2012, has approved further interim distribution of 2.50% of opening ex-NAV (2.531% of the par value) for the period ended March 31, 2013.

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: April 26, 2013

Place: Karachi.

NAFA FINANCIAL SECTOR INCOME FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED) AS AT MARCH 31, 2013

	Note	(Unaudited) March 31, 2013	(Audited) June 30, 2012
------(Rupees in '000)-----			
ASSETS			
Balances with banks		1,425,888	125,856
Investments	4	2,769,614	2,595,324
Profit receivable		64,552	59,557
Advances, deposits, prepayments and other receivables		255	208
Preliminary expenses and floatation costs		781	945
Total assets		4,261,090	2,781,890
LIABILITIES			
Payable to the Management Company		7,846	5,078
Payable to the Trustee		427	257
Payable to the Securities and Exchange Commission of Pakistan		2,013	838
Payable against purchase of investments		39	-
Payable on redemption of units		26	4,465
Accrued expenses and other liabilities		9,154	3,585
Total liabilities		19,505	14,223
NET ASSETS		<u>4,241,585</u>	<u>2,767,667</u>
Unit holders' fund (as per statement attached)		<u>4,241,585</u>	<u>2,767,667</u>
CONTINGENCIES AND COMMITMENTS	5		
		----- Number of Units -----	
Number of units in issue		<u>410,877,199</u>	<u>265,532,658</u>
		----- Rupees -----	
Net asset value per unit		<u>10.3232</u>	<u>10.4231</u>

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA FINANCIAL SECTOR INCOME FUND

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE NINE MONTH PERIOD AND QUARTER ENDED MARCH 31, 2013

Note	Nine month ended		Quarter ended	
	March 31, 2013	For the period from October 18, 2011 to March 31, 2012	March 31, 2013	March 31, 2012
----- Rupees in '000 -----				
INCOME				
Capital gain / (loss) on sale of investments - net	1,188	(255)	(99)	(211)
Income from term finance certificates	186,629	51,863	59,832	36,938
Income from government securities	39,280	15,040	-	10,709
Profit on bank deposits and Term Deposit Receipts	49,685	3,247	33,328	1,597
Income on money market placements	20,475	770	9,107	148
Net unrealised appreciation in the value of investments classified as financial assets at fair value through profit or loss ¹	2,830	6,763	4,492	5,102
Total income	300,087	77,428	106,660	54,283
EXPENSES				
Remuneration of the Management Company	40,258	7,975	15,014	5,752
Sindh sales tax on remuneration of the Management Company	6,441	1,276	2,402	920
Remuneration of the Trustee	2,919	807	1,060	537
Annual fee - Securities and Exchange Commission of Pakistan	2,013	407	751	287
Securities transaction cost	143	585	31	266
Settlement and bank charges	595	377	236	232
Annual listing fee	30	13	10	8
Auditors' remuneration	362	316	90	125
Printing charges	-	151	-	121
Fund's Rating fee	167	32	54	32
Legal and Professional Charges	-	17	-	17
Amortisation of preliminary expenses and floatation costs	164	93	54	55
Total expenses	53,092	12,049	19,702	8,352
Net income from operating activities	246,995	65,379	86,958	45,931
Provision for workers' welfare fund	6 (4,940)	(1,138)	(1,739)	(749)
Net income for the period before taxation	242,055	64,241	85,219	45,182
Taxation	7 -	-	-	-
Net income for the period after taxation	242,055	64,241	85,219	45,182

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA FINANCIAL SECTOR INCOME FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTH PERIOD AND QUARTER ENDED MARCH 31, 2013

	Nine month ended		Quarter ended	
	March 31, 2013	For the period from October 18, 2011 to March 31, 2012	March 31, 2013	March 31, 2012
	----- Rupees in '000 -----			
Net income for the period after taxation	242,055	64,241	85,219	45,182
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>242,055</u>	<u>64,241</u>	<u>85,219</u>	<u>45,182</u>

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA FINANCIAL SECTOR INCOME FUND

CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE NINE MONTH PERIOD AND QUARTER ENDED MARCH 31, 2013

	Nine month ended		Quarter ended	
	March 31, 2013	For the period from October 18, 2011 to March 31, 2012	March 31, 2013	March 31, 2012
----- Rupees in '000 -----				
Undistributed income brought forward	112,343	-	108,717	22,325
Net income for the period	242,055	64,241	85,219	45,182
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed	26,247	21,697	12,461	18,431
Final distribution for the year ended June 30, 2012				
- Re 0.3 per unit declared on July 9, 2012				
- Cash distribution	(44,925)	-	-	-
- Issue of bonus units	(35,968)	-	-	-
Interim distribution for the quarter ended September 30, 2012				
- Re 0.2784 per unit declared on October 23, 2012				
- Cash distribution	(41,691)	-	-	-
- Issue of bonus units	(51,664)	-	-	-
Interim distribution for the quarter ended December 31, 2012				
- Re 0.2278 per unit declared on February 26, 2013				
- Cash distribution	-	(1,688)	-	(1,688)
- Issue of bonus units	(91,476)	(27,980)	(91,476)	(27,980)
	(265,724)	(29,668)	(91,476)	(29,668)
Undistributed income carried forward	114,921	56,270	114,921	56,270

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA FINANCIAL SECTOR INCOME FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE NINE MONTH PERIOD AND QUARTER ENDED MARCH 31, 2013

	Nine month ended		Quarter ended	
	March 31, 2013	For the period from October 18, 2011 to March 31, 2012	March 31, 2013	March 31, 2012
	----- Rupees in '000 -----			
Net assets at the beginning of the period	2,767,667	-	3,740,702	1,050,196
Issue of 247,979,918 units including 17,554,368 bonus units (March 31 2012 : 195,329,140 units)	2,376,110	1,952,169	850,301	902,760
Redemption of 102,635,377 units (March 31 2012 : 18,455,759 units)	(1,057,631)	(189,718)	(434,637)	(171,446)
	1,318,479	1,762,451	415,664	731,314
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed				
- amount representing (income) / loss that form part of unit holders' fund - transferred to distribution statement	(26,247)	(21,697)	(12,461)	(18,431)
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	2,830	6,763	4,492	5,102
Capital loss on sale of investments	1,188	(255)	(99)	(211)
Other operating income	238,037	57,733	80,826	40,291
Net income for the period	242,055	64,241	85,219	45,182
Distribution of bonus units during the period	179,108	27,980	91,476	27,980
Final distribution for the year ended June 30, 2012				
- Re 0.3000 per unit declared on July 9, 2012				
- Cash distribution	(44,925)	-	-	-
- Issue of bonus units	(35,968)	-	-	-
Interim distribution for the quarter ended September 30, 2012				
- Re 0.2784 per unit declared on October 23, 2012				
- Cash distribution	(41,691)	-	-	-
- Issue of bonus units	(51,664)	-	-	-
Interim distribution for the quarter ended December 31, 2012				
- Re 0.2278 per unit declared on February 26, 2013				
- Cash distribution	-	(1,688)	-	(1,688)
- Issue of bonus units	(91,476)	(27,980)	(91,476)	(27,980)
	(265,724)	(29,668)	(91,476)	(29,668)
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	26,247	21,697	12,461	18,431
	<u>4,241,585</u>	<u>1,825,004</u>	<u>4,241,585</u>	<u>1,825,004</u>
Net assets as at the end of the period				

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA FINANCIAL SECTOR INCOME FUND

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTH PERIOD AND QUARTER ENDED MARCH 31, 2013

	Nine month ended		Quarter ended	
	March 31, 2013	For the period from October 18, 2011 to March 31, 2012	March 31, 2013	March 31, 2012
----- Rupees in '000 -----				
CASH FLOW FROM OPERATING ACTIVITIES				
Net income for the period before taxation	242,055	64,241	85,219	45,182
Adjustments :				
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(2,830)	(6,763)	(4,492)	(5,102)
Amortisation of preliminary expenses and floatation costs	164	93	54	55
	239,389	57,571	80,781	40,135
(Increase) / decrease in assets				
Investments	(171,460)	(1,706,103)	(202,846)	(761,807)
Advances, deposits, prepayments and other receivables	(47)	(7,725)	(34)	(7,610)
Profit receivable	(4,995)	(36,244)	516	(17,579)
	(176,502)	(1,750,072)	(202,364)	(786,996)
Increase / (decrease) in liabilities				
Payable to the Management Company	2,768	3,751	(1,886)	1,011
Payable to the Trustee	170	195	80	50
Payable to the Securities and Exchange Commission of Pakistan	1,175	407	751	287
Payable against purchase of investments	39	-	39	-
Payable against Redemption of Units	(4,439)	-	(3,381)	-
Accrued expenses and other liabilities	5,569	2,872	2,161	1,946
	5,282	7,225	(2,236)	3,294
Formation cost incurred	-	(1,093)	-	-
Net cash used in operating activities	68,169	(1,686,369)	(123,819)	(743,567)
CASH FLOW FROM FINANCING ACTIVITIES				
Receipts from issue of units	2,376,110	1,952,169	850,301	902,760
Payment on redemption of units	(1,057,631)	(189,718)	(434,637)	(171,446)
Cash distribution	(86,616)	(1,688)	-	(1,688)
Net cash inflow from financing activities	1,231,863	1,760,763	415,664	729,626
Net increase in cash and cash equivalents during the period	1,300,032	74,394	291,845	(13,941)
Cash and cash equivalents at the beginning of the period	125,856	-	1,134,043	88,335
Cash and cash equivalents as at the end of the period	<u>1,425,888</u>	<u>74,394</u>	<u>1,425,888</u>	<u>74,394</u>

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA FINANCIAL SECTOR INCOME FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTH PERIOD AND QUARTER ENDED MARCH 31, 2013

1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Financial Sector Income 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 July 28, 2011 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on August 16, 2011 under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

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 and principal office of the Management Company is situated at 7th Floor Clifton Diamond Building, Block No.4, Scheme No.5, Clifton, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).

The Fund is an open-ended mutual fund and is listed on the Lahore Stock Exchange. Units of the Fund are offered for public subscription on a continuous basis. These units are transferable and can be redeemed by surrendering these to the Fund. The Fund is categorized as Open-End "Income Scheme" as per the criteria laid down by SECP for categorization of Collective Investment Schemes (CIS).

The objective of the Fund is to provide income enhancement and preservation of capital by investing in prime quality Financial sector term finance certificates, sukus, bank deposits and short-term money market instruments.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of AM2 to the Management Company and a stability rating of A+(f) to the Fund.

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) 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 SECP prevail.

The disclosures made in this condensed interim financial information have been limited based on the requirements of the 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, 2012.

In compliance with schedule V of the NBFC Regulations 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 March 31, 2013.

2.2 Standards, interpretations and amendments to published approved accounting standards that are effective in the current period

The following new standards and amendments to existing standards are mandatory for the first time for the accounting periods beginning on or after July 1, 2012:

Amendment to IFRS 7, 'Financial instruments': The amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP. The adoption of this amendment did not have any impact on the Fund's condensed interim financial information.

There are certain other new standards, amendments and interpretations that became effective during the period and are mandatory for accounting periods beginning on or after July 1, 2012 but are considered not to be relevant or did not have any significant effect on the Fund's operations and are, therefore, not disclosed in this condensed interim financial information.

2.3 Standards, interpretations and amendments to published approved accounting standards, as adopted in Pakistan, that are not yet effective:

There are certain new standards, amendments to approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2013 but are considered not to be relevant or are not expected to have any significant effect on the Fund's operations and are, therefore, not detailed in this condensed interim financial information.

3 ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements for the year ended June 30, 2012.

NAFA FINANCIAL SECTOR INCOME FUND

	Note	(Un-Audited) March 31, 2013	(Audited) June 30, 2012
Rupees in '000			
4 INVESTMENTS			
At fair value through profit or loss			
Term finance certificates - listed	4.1	1,536,086	1,204,815
Term finance certificates - unlisted	4.2	513,528	546,185
Government securities	4.3	-	724,324
Loans and receivables			
Letters of placement	4.5	350,000	120,000
Sukuk certificates	4.6	370,000	-
		<u>2,769,614</u>	<u>2,595,324</u>

4.1 Term finance certificates - listed

All term finance certificates have a face value of Rs. 5,000 each unless stated otherwise

Name of the investee company	Number of certificates / bonds				Market Value as at March 31, 2013	Investment as a percentage of	
	As at July 01, 2012	Purchases during the period	Sale / Mature during the period	As at March 31, 2013		Net assets	Market value of total investments
					Rupees in '000	----- % -----	
Term finance certificates - listed							
Bank Al-Habib Limited -I	27,000	-	27,000	-	-	-	-
Bank Al-Habib Limited -II	1,077	-	-	1,077	5,480	0.13	0.20
Faysal Bank Limited	60,000	-	1,000	59,000	304,815	7.19	11.01
Allied Bank Ltd	4,400	-	-	4,400	22,263	0.52	0.80
United Bank Limited -III	3,900	-	-	3,900	9,853	0.23	0.36
United Bank Limited -IV	83,100	5,000	-	88,100	449,071	10.59	16.21
NIB Bank Limited	47,600	7,000	-	54,600	272,318	6.42	9.83
Askari Bank Limited -II	3,000	-	-	3,000	15,069	0.36	0.54
Askari Bank Limited -III	2,600	27,736	-	30,336	157,201	3.71	5.68
Askari Bank Limited -IV	-	44	-	44	44,982	1.06	1.62
Soneri Bank Limited	24,000	-	-	24,000	29,878	0.70	1.08
Pak Libya Holding Company (Pvt) Limited	-	10,000	-	10,000	50,074	1.18	1.81
Pakistan Mobile Communication Limited	-	22,477	-	22,477	112,376	2.65	4.06
Allied Bank Ltd II	13,000	-	-	13,000	62,706	1.48	2.26
				<u>313,934</u>	<u>1,536,086</u>	<u>36.21</u>	<u>55.46</u>

Carrying Value as at March 31, 2013

Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'

1,534,556

1,530

NAFA FINANCIAL SECTOR INCOME FUND

4.2 Term finance certificates - unlisted

All term finance certificates have a face value of Rs. 5,000 each unless stated otherwise

Name of the investee company	Number of certificates / bonds				Market Value as at March 31, 2013	Investment as a percentage of	
	As at July 01, 2012	Purchases during the period	Sale during the period	As at March 31, 2013		Net assets	Market value of total investments
Rupees in '000						----- % -----	
Term finance certificates - unlisted							
Bank Alfah Limited -JV	70,200	-	-	70,200	366,887	8.65	13.25
Bank Alfah Limited -JV FX	11,500	-	-	11,500	62,301	1.47	2.25
Jahangir Siddiqui & Company Limited	13,500	-	-	13,500	33,790	0.80	1.22
Standard Chartered Bank	10,000	-	-	10,000	50,550	2.77	3.02
				105,200	513,528		
					512,418		
Carrying Value as at March 31, 2013					512,418		
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'							
					1,110		
					1,110		

4.3 Government securities

Issue date	Tenor	As at July 01, 2012	-----Face value-----			Market Value as at March 31, 2013	Investment as a percentage of	
			Purchases during the period	Sales / matured during the period	As at March 31, 2013		Net assets	
----- Rupees in '000 -----						----- % -----		
Market Treasury Bills								
6-Sep-12	3 Months	-	250,000	250,000	-	-	-	
20-Sep-12	3 Months	-	250,000	250,000	-	-	-	
4-Oct-12	3 Months	-	250,000	250,000	-	-	-	
4-Oct-12	6 Months	-	250,000	250,000	-	-	-	
18-Oct-12	3 Months	-	175,000	175,000	-	-	-	
18-Oct-12	6 Months	-	250,000	250,000	-	-	-	
1-Nov-12	3 Months	-	250,000	250,000	-	-	-	
1-Nov-12	6 Months	-	250,000	250,000	-	-	-	
1-Nov-12	12 Months	-	250,000	250,000	-	-	-	
15-Nov-12	3 Months	-	250,000	250,000	-	-	-	
29-Nov-12	3 Months	-	200,000	200,000	-	-	-	
13-Dec-12	3 Months	-	187,500	187,500	-	-	-	
13-Dec-12	6 Months	-	187,500	187,500	-	-	-	
13-Dec-12	12 Months	-	187,500	187,500	-	-	-	
10-Jan-13	3 Months	-	250,000	250,000	-	-	-	
10-Jan-13	6 Months	-	250,000	250,000	-	-	-	
10-Jan-13	12 Months	-	250,000	250,000	-	-	-	
24-Jan-13	3 Months	-	250,000	250,000	-	-	-	
24-Jan-13	6 Months	-	250,000	250,000	-	-	-	
24-Jan-13	12 Months	-	250,000	250,000	-	-	-	
21-Feb-13	3 Months	-	250,000	250,000	-	-	-	
21-Feb-13	6 Months	-	250,000	250,000	-	-	-	
21-Feb-13	12 Months	-	250,000	250,000	-	-	-	
21-Mar-13	3 Months	-	250,000	250,000	-	-	-	
						-		
						-		
Carrying Value as at March 31, 2013						-		
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'								
						-		
						-		

4.4 The term finance certificates held by the Fund are generally secured against hypothecation of stocks and receivables and mortgage of fixed assets of the issuer.

NAFA FINANCIAL SECTOR INCOME FUND

4.5 Letter of Placement

Name of Issuer	Maturity Date	Rate	As at March 2013
			Rupees in '000
Pak Iran Joint Investment Company Limited	24-May-13	10.15%	150,000
Pak-Libya Holding Co. (Pvt.) Ltd.	27-May-13	10%	180,000
Pak-Libya Holding Co. (Pvt.) Ltd.	27-May-13	10%	20,000
			350,000

4.6 Sukuk certificates

Name of Issuer	Maturity Date	Rate	As at March 2013
			Rupees in '000
HUBCO Power Company Limited	14-Aug-13	10.70%	90,000
HUBCO Power Company Limited	12-Sep-13	10.80%	230,000
Kot Addu Power Company Limited	11-Jun-13	10.60%	50,000
			370,000

5 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at March 31, 2013.

6 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 the light of this, the Mutual Funds Association of Pakistan (MUFAP) filed a constitutional petition in the Honorable Sindh High Court challenging the applicability of WWF on CISs which was dismissed mainly on the grounds that MUFAP is not an aggrieved party.

Subsequently, clarifications were 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. These clarifications were forwarded by the Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its members for necessary action. Based on these clarifications, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF.

Further, a Constitutional Petition was filed with the Honorable High Court of Sindh by a CIS / mutual fund and a pension fund through their trustee and an asset management company inter alia praying to declare that mutual funds / voluntary pension funds being pass through vehicles / entities are not industrial establishments and hence, are not liable to contribute to the WWF under the WWF Ordinance. The matter is still pending with the Honorable Court.

The Management Company is hopeful that the decision of the court will be in favour of the Fund. The Management Company, as a matter of abundant caution, has decided to continue to maintain the provision for WWF as at March 31, 2013 amounting to Rs.7.661 million (including Rs.4.940 million for the current period) (June 30, 2012: Rs 2.721 million) in this condensed interim financial information. Had the same not been made the net asset value per unit would have been higher by Rs 0.0186

7 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. No provision for taxation for the current period has been made in this financial information as the Management Company intends to distribute the required minimum percentage of the Fund's accounting income for the current year as reduced by capital gains (whether realised or unrealized) to its unit holders.

8 TRANSACTIONS WITH CONNECTED PERSONS

- 8.1 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, NAFA Provident Fund Trust being the employee contribution plan of the Management Company, other collective investment schemes managed by the Management Company and directors and officers of the Management Company.

NAFA FINANCIAL SECTOR INCOME FUND

- 8.2 The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 8.3 Remuneration and front - end load payable to the Management Company and remuneration payable to the Trustee are determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

----- Unaudited -----			
Nine month ended		Quarter ended	
March 31, 2013	For the period from October 18, 2011 to March 31, 2012	March 31, 2013	March 31, 2012
----- Rupees in '000 -----			

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

NBP Fullerton Asset Management Limited - Management Company

Remuneration of the Management Company	40,258	7,975	15,014	5,752
Sindh sales tax on remuneration of the Management Company	6,441	1,276	2,402	920
Preliminary expenses and floatation costs paid by the Management Company on behalf of the Fund	-	1,093	-	1
CDC deposit, listing fee and initial deposit on opening of bank accounts paid by the Management Company on behalf of the Fund	-	145	-	-

Alexandra Fund Management Pte. Limited - Sponsor

Bonus of 847,171 units issued during the period (March 31 2012 :197,150 units)	-	-	-	-
Issue of Nil Units during the period (March 31 2012 :10,025,759 units)	-	100,258	-	-
Pre-IPO profit	-	151	-	-

National Bank of Pakistan

Bonus of 3,280,954 units issued during the period (March 31 2012 :1,942,024 units)	-	-	-	-
Issue of 2020 Units during the period (March 31 2012 : 98,798,522 units)	211	1,001,191	-	501,191
Redemption of 5,500,502 units (March 31, 2012 Nil)	56,579	-	33,715	-
Distributions paid	86,616	-	-	-
Purchase of Pakistan Investment Bonds	179,386	903,188	-	465,000
Purchase of Market Treasury Bills	2,393,425	1,565,606	-	522,878
Purchase of Term Finance Certificates	-	142,451	-	91,525
Sale of Term Finance Certificates	-	-	-	-

Central Depository Company of Pakistan Limited - Trustee

Remuneration of the Trustee	2,919	807	1,060	537
CDS Charges	137	-	45	-
Security deposit	-	100	-	-

NAFA Asset Allocation Fund

Purchase of Sukuk certificates	38,430	-	-	-
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CFO / Company Secretary

Bonus of 1,123 units issued during the period (March 31 2012 :Nil units)	-	-	-	-
Issue of 96,936 units (March 31 2012: Nil)	993	-	-	-
Redemption of 97,915 units (March 31 2012: Nil)	1,012	-	531	-

Employees of the Management Company

Bonus 37,562 units issued during the period (March 31 2012 : 4,780 units)	-	-	-	-
1,388,654 Units issued / transferred in during the period (March 31 2012 :1,229,119 units)	14,326	12,550	4,157	8,885
1,532,998 Units redeemed / transferred out during the period (March 31 2012 :1,013,793 units)	15,816	10,359	6,288	7,337

NAFA FINANCIAL SECTOR INCOME FUND

Taurus Securities Limited				
Brokerage	-	399	-	399

Olympia Chemicals Limited - Employees Provident Fund

1,861,249 Units issued / transferred in during the period (March 31 2012 :Nil units)	11,956	-	11,956	-
924,751 Units redeemed / transferred out during the period (March 31 2012 :Nil units)	9,500	-	9,500	-

	(Un-Audited) As at March 31, 2013	(Audited) As at June 30, 2012
8.5 Balances outstanding as at period end	Rupees in '000	
NBP Fullerton Asset Management Limited - Management Company		
Preliminary expenses and floatation costs paid by Management Company on behalf of the Fund	1,092	1,092
Deposit on CDC accounts, initial deposit and annual listing fee paid by the Management Company on behalf of the Fund	151	151
Remuneration payable	5,364	3,306
Sindh sales tax payable on remuneration of the Management Company	859	529
Front end load payable	380	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	300	257
Security deposit	100	100
Alexandra Fund Management Pte. Limited - Sponsor		
Units held 11,271,166 units (June 30, 2012: 10,423,994 units)	116,354	108,650
National Bank of Pakistan - Sponsor		
Units held 147,532,016 units (June 30, 2012: 149,731,345 units)	1,532,003	1,560,665
Olympia Chemicals Limited - Employees Provident Fund		
Units held 243,497 units (June 30, 2012: Nil units)	2,514	-
CFO / Company Secretary		
Units held 144 units (June 30, 2012: Nil units)	1	-
Employees of the Management Company		
Units held 298,031 units (June 30, 2012 : 404,812 units)	3,077	4,219

9 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on April 26, 2013.

10 GENERAL

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

10.2 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