



NBP Fullerton
Asset Management Ltd.

A Subsidiary of
National Bank of Pakistan

Your investments & "NAFA" grow together



Joint - Venture Partners

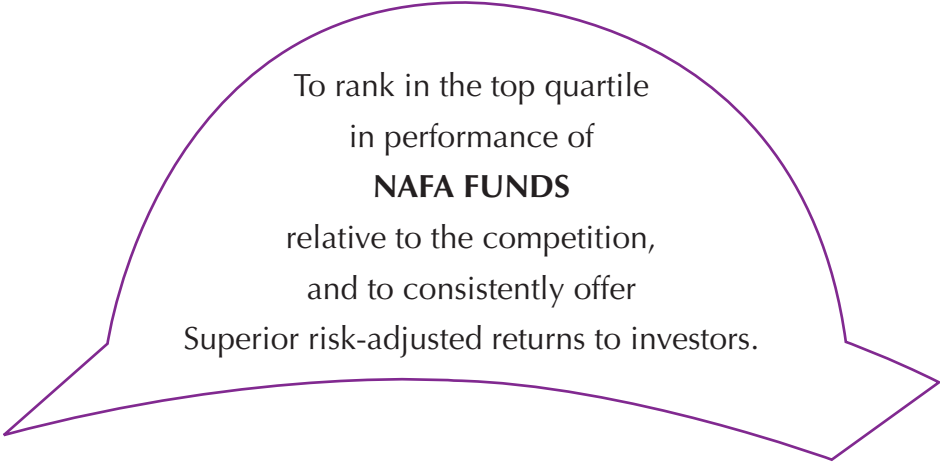
NAFA ISLAMIC ASSET ALLOCATION FUND

(Formerly; NAFA ISLAMIC MULTI ASSET FUND)



QUARTERLY REPORT
MARCH 31
2014

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 ISLAMIC ASSET ALLOCATION FUND

(Formerly; NAFA ISLAMIC MULTI ASSET FUND)

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NAFA ISLAMIC ASSET ALLOCATION FUND

(Formerly; NAFA ISLAMIC MULTI ASSET 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

Al-Baraka Islamic Bank
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Islami Pakistan Limited
Burj Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
NIB Bank Limited
Soneri Bank Limited
United Bank Limited
Bank Al-Habib Limited
The Bank of Khyber.

NAFA ISLAMIC ASSET ALLOCATION FUND

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Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No.02
Beaumont Road,
Karachi - 75530, Pakistan.

Legal Advisor

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

Head Office:

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

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, 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 ISLAMIC ASSET ALLOCATION FUND

(Formerly; NAFA ISLAMIC MULTI ASSET FUND)

DIRECTORS' REPORT

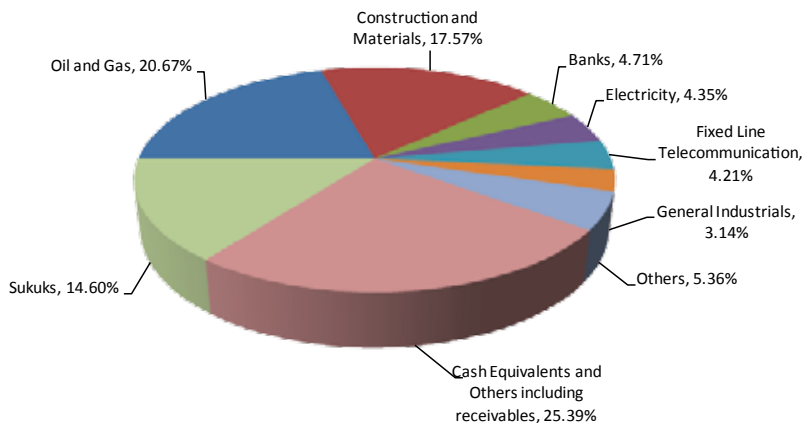
The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the unaudited financial statements of **NAFA Islamic Asset Allocation Fund** ((Formerly; **NAFA ISLAMIC MULTI ASSET FUND**)) for the period ended March 31, 2014.

Fund's Performance

During the third quarter, the unit price of NAFA Islamic Asset Allocation Fund ((Formerly; NAFA ISLAMIC MULTI ASSET FUND)) has increased from Rs. 12.7101 (Ex-Div) on December 31, 2013 to Rs. 13.2882 on March 31, 2014, thus showing a growth of 4.55%. The Benchmark (50% KMI-30 Index, 50% average 3-month profit rate of Islamic banks) return during the same period was 3.38%. Thus, the Fund has outperformed its Benchmark by 1.17% during the period under review. For the nine months period ended March 31, 2014, the NAV of the Fund has increased from Rs. 11.7315 (Ex-Div) on June 30, 2013 to Rs. 13.2882 on March 31, 2014, thus showing an increase of 13.27%. During the said period, the Benchmark increased by 13.09%, translating into outperformance of 0.18%. Since inception (October 29, 2007), the unit price of the Fund has shown a growth of 126.15% as compared to 99.66% increase in its Benchmark. Thus, the Fund has outperformed its Benchmark by 26.49% since inception. This performance is net of management fee and all other expenses. The size of NAFA Islamic Asset Allocation Fund ((Formerly; NAFA ISLAMIC MULTI ASSET FUND)) has increased from Rs.382 million to Rs.453 million during the period, i.e. an increase of 18.59%.

The stock market continued its bull-run in 3QFY14 driven by sanguine valuations, \$1.5bn inflow from Saudia Arabia and resultant improvement in foreign reserves, benign inflation outlook, and aggressive buying by mutual funds in the initial phase and foreign investors in the latter phase. Chemicals, Automobile and Parts, General Industrials, and Non-Life Insurance sectors outperformed the market whereas Oil & Gas, Electricity, and Personal Goods sectors lagged the market. The foreign participation has seen massive surge off late owing to improved macroeconomic outlook and increase in Pakistan's weight in MSCI Frontier Market Index to 8.2% from 4.3%. Going forward, we expect that upcoming 3G/4G license auction in April, implementation of revised MSCI weights in May, CSF inflows, and development funding from World Bank and ADB will further improve country's reserve position.

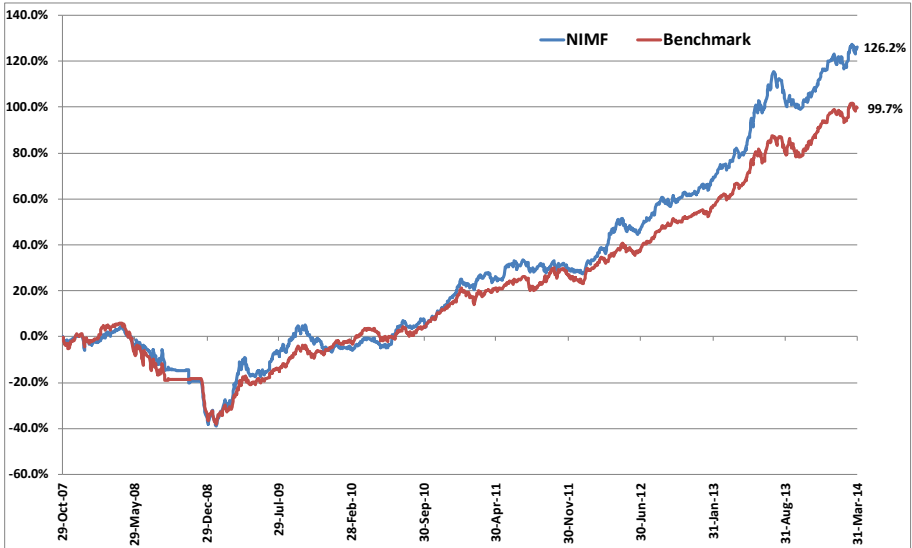
The Fund has earned total income of Rs.59.10 million during the period. After deducting expenses of Rs.15.45 million, the net loss is Rs.43.65 million. The asset allocation of the Fund as on March 31, 2014 is as follows:



NAFA ISLAMIC ASSET ALLOCATION FUND

(Formerly; NAFA ISLAMIC MULTI ASSET FUND)

NIAAF Performance versus Benchmark (Since Inception)



Income Distribution

In addition to interim distribution of 2.00% of opening ex-NAV, the Board of Directors of the Management Company has approved further interim distribution of 2.00% of opening ex-NAV (2.372% of the par value) for the quarter ended March 31, 2014.

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 30, 2014
Place: Karachi.

NAFA ISLAMIC ASSET ALLOCATION FUND

(Formerly; NAFA ISLAMIC MULTI ASSET FUND)

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2014

	Note	Un-Audited March 31, 2014	(Audited) June 30, 2013
(Rupees in '000)			
ASSETS			
Balances with banks		112,797	257,924
Investments	4	338,043	174,802
Dividend and profit receivable		8,003	5,546
Receivable against sale of investment		11,130	-
Advances, deposits, prepayments and other receivables		2,745	2,632
Total assets		472,718	440,904
LIABILITIES			
Payable to the Management Company		3,195	1,231
Payable to the Trustee		76	126
Payable to the Securities and Exchange Commission of Pakistan		280	287
Payable against purchase of investment		8,965	-
Accrued expenses and other liabilities		7,075	6,258
Total liabilities		19,591	7,902
NET ASSETS		453,127	433,002
Unit holders' funds (As per statement attached)		453,127	433,002
CONTINGENCIES AND COMMITMENTS	7	-	-
----- (Number of units) -----			
NUMBER OF UNITS IN ISSUE		34,099,982	31,866,154
NET ASSET VALUE PER UNIT		Rupees 13.2882	Rupees 13.5881

The annexed notes 1 to 11 form an integral part of this condensed interim financial informations.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC ASSET ALLOCATION FUND

(Formerly; NAFA ISLAMIC MULTI ASSET FUND)

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE NINE MONTH PERIOD AND QUARTER ENDED MARCH 31, 2014

Note	Nine months ended		Quarter Ended	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
----- Rupees in '000 -----				
INCOME				
Gain on sale of investments - net	7,323	23,054	8,352	11,196
Income from sukuk bonds	11,657	9,912	5,685	2,360
Profit on bank deposits	12,207	3,872	3,170	1,939
Dividend income	9,382	14,580	2,097	4,096
Unrealised gain / (loss) on revaluation of investments carried at fair value through profit or loss - net	18,529	24,379	(305)	3,633
	59,098	75,797	18,999	23,224
EXPENSES				
Remuneration of the Management Company	6,591	5,667	2,016	1,694
Sindh sales tax on Management Fee	1,234	907	374	271
Federal Excise Duty on remuneration to Management Company	1,055	-	323	-
Remuneration of the Trustee	659	528	201	175
Annual fee - Securities and Exchange Commission of Pakistan	280	200	86	72
Securities transaction cost	1,271	611	422	279
Settlement and bank charges	239	456	81	24
Annual listing fee	23	23	8	8
Auditors' remuneration	359	330	83	78
Impairment loss / (Reversal) on investments classified as 'available for sale and held for trading	2,617	8,502	(750)	(242)
Stability Rating fee	100	91	33	30
Legal and professional charges	101	40	11	-
Other expenses	28	100	19	(3)
Amortisation of preliminary expenses and floatation costs	-	160	-	-
Total Expenses	14,557	17,615	2,907	2,386
Net income from operating activities	44,541	58,182	16,092	20,838
Provision for workers' welfare fund	6	(891)	(322)	(417)
Net income / for the period before taxation	43,650	57,018	15,770	20,421
Taxation	8	-	-	-
Net income / for the period after taxation	43,650	57,018	15,770	20,421
Earning per unit				

The annexed notes 1 to 11 form an integral part of this condensed interim financial informations.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC ASSET ALLOCATION FUND

(Formerly; NAFA ISLAMIC MULTI ASSET FUND)

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTH PERIOD AND QUARTER ENDED MARCH 31, 2014

	Nine months ended		Quarter Ended	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
	----- Rupees in '000 -----			
Net income for the period after taxation	43,650	57,018	15,770	20,421
Other comprehensive income / (loss)				
Net unrealised (diminution) / appreciation in market value of investments classified as 'available for sale'	1,750	1,609	706	485
Reversal of unrealized diminution in the value of investments pertaining to impairment of non-performing assets			-	-
Total comprehensive income for the period	<u>45,400</u>	<u>58,627</u>	<u>16,476</u>	<u>20,906</u>

The annexed notes 1 to 11 form an integral part of this condensed interim financial informations.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC ASSET ALLOCATION FUND

(Formerly; NAFA ISLAMIC MULTI ASSET FUND)

CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE NINE MONTH PERIOD AND QUARTER ENDED MARCH 31, 2014

	Nine months ended		Quarter Ended	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
	----- Rupees in '000 -----			
Undistributed income brought forward	117,682	15,320	93,482	53,111
Distribution:				
Final distribution June 30, 2013: 17.269% (June 30, 2012: Nil)				
- Bonus units	(43,542)	-	-	-
- Cash Distribution	(13,133)	-	-	-
Interim distribution December 31, 2013: 2.372% (December 31, 2012: 2%)				
- Bonus units	(7,469)	(4,398)	(7,469)	(4,398)
- Cash Distribution	(28)	(1,580)	(28)	(1,580)
Net income for the period	43,650	57,018	15,770	20,421
Element of income and capital gains included in prices of units issued less those in units redeemed - amount representing income that form part of the unit holders' fund	12,399	5,359	7,804	4,165
Undistributed income carried forward	<u>109,559</u>	<u>71,719</u>	<u>109,559</u>	<u>71,719</u>

The annexed notes 1 to 11 form an integral part of this condensed interim financial informations.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC ASSET ALLOCATION FUND

(Formerly; NAFA ISLAMIC MULTI ASSET FUND)

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE NINE MONTH PERIOD AND QUARTER ENDED MARCH 31, 2014

	Nine months ended		Quarter Ended	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
	----- Rupees in '000 -----			
Net assets at the beginning of the period	433,002	268,191	381,946	322,929
Issue of 31,388,945 units - including 4,041,197 bonus units (2013: 6,790,095 units)	351,919	74,777	156,594	42,298
Redemption of 29,155,117 units (2013: 2,874,881 units)	(364,033)	(33,449)	(101,861)	(17,987)
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed	(12,399)	(5,359)	(7,804)	(4,165)
Net unrealised (diminution) / appreciation during the period in the market value of investments classified as 'available for sale'	1,750	1,609	706	485
Reversal of unrealized diminution in the value of investments pertaining to impairment of non-performing assets	-	-	-	-
Unrealised gain / (loss) on revaluation of investments carried at fair value through profit or loss - net	18,529	24,379	(305)	3,633
Gain on sale of investments - net	7,323	23,054	8,352	11,196
Other net income / (loss) for the period after taxation	17,798	9,585	7,723	5,592
	43,650	57,018	15,770	20,421
Final distribution June 30, 2013: 17.269% (June 30, 2012: Nil)				
-Bonus units	(43,542)	-	-	-
-Cash Distribution	(13,133)	-	-	-
Interim distribution December 31, 2013: 2.372% (December 31, 2012: 21%)				
-Bonus units	(7,469)	(4,398)	(7,469)	(4,398)
-Cash Distribution	(28)	(1,580)	(28)	(1,580)
	(64,172)	(5,978)	(7,497)	(5,978)
Add: bonus distribution	51,011	4,398	7,469	4,398
Element of income and capital gains included in prices of units issued less those in units redeemed - amount representing income that forms part of the unit holders' fund	12,399	5,359	7,804	4,165
Net assets as at the end of the period	453,127	366,566	453,127	366,566

The annexed notes 1 to 11 form an integral part of this condensed interim financial informations

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC ASSET ALLOCATION FUND

(Formerly; NAFA ISLAMIC MULTI ASSET FUND)

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTH PERIOD AND QUARTER ENDED MARCH 31, 2014

	Nine months ended		Quarter Ended	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
----- Rupees in '000 -----				
CASH FLOW FROM OPERATING ACTIVITIES				
Net income for the period before taxation	43,650	57,018	15,770	20,421
Adjustments				
Unrealised (gain) / loss on investments at fair value through profit or loss - net	(18,529)	(24,379)	305	(3,633)
Gain on sale of investments - net	(7,323)	(23,054)	(8,352)	(11,196)
Impairment loss / (reversal of impairment loss) on investments classified as 'available for sale	2,617	8,502	(750)	(242)
Amortisation of preliminary expenses and floatation costs	-	160	-	-
	20,415	18,247	6,973	5,350
(Increase) / decrease in assets				
Receivable against sale of investments	(11,130)	-	(11,130)	-
Investments	(138,256)	15,884	(130,842)	22,241
Dividend and profit receivable	(2,457)	(1,578)	(2,008)	(1,947)
Advances, deposits, prepayments and other receivable	(113)	(38)	25	63
	(151,956)	14,268	(143,955)	20,357
Increase / (decrease) in liabilities				
Payable to the Management Company	1,964	298	1,372	625
Payable to the Trustee	(50)	(4)	(26)	(42)
Payable to Securities and Exchange Commission of Pakistan	(7)	(21)	86	72
Payable against purchase of investments	8,965	(13,562)	8,965	-
Payable against redemption of units	-	-	(796)	-
Accrued expenses and other liabilities	817	1,204	382	52
	11,689	(12,085)	9,983	707
Net cash(outflow) / inflow from operating activities	(119,852)	20,430	(126,999)	26,414
CASH FLOW FROM FINANCING ACTIVITIES				
Receipts from issue of units	351,919	74,777	156,594	42,298
Payments on redemption of units	(364,033)	(33,449)	(101,861)	(17,987)
Dividend paid	(13,161)	(1,580)	(28)	(1,580)
Net cash (outflow) / inflow on financing activities	(25,275)	39,748	54,705	22,731
Net (decrease) / increase in cash and cash equivalents during the period	(145,127)	60,178	(72,294)	49,145
Cash and cash equivalents at the beginning of the period	257,924	77,824	185,091	88,857
Cash and cash equivalents at the end of the period	112,797	138,002	112,797	138,002

The annexed notes 1 to 11 form an integral part of this condensed interim financial informations.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC ASSET ALLOCATION FUND

(Formerly; NAFA ISLAMIC MULTI ASSET FUND)

Notes to and forming part of the Condensed Interim Financial information (Un-audited) FOR THE NINE MONTH PERIOD AND QUARTER ENDED MARCH 31, 2014

1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Islamic Asset Allocation Fund (Formerly; NAFA Islamic Multi Asset Fund) ("the Fund") was established under a Trust Deed executed between NBP Fullerton Asset Management Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on 20 August 2007 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 03 September 2007 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules 2003.

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 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 also the member of 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 are transferable and can be redeemed by surrendering them to the Fund.

The Board of Directors have approved that the Fund should be categorized as "Shariah Compliant (Islamic) Scheme" and "Balanced Fund" as per the categories defined by the Securities and Exchange Commission of Pakistan. With effect from April 22, 2014 the Fund shall be categorized as shariah compliant Asset Allocation scheme. Accordingly name of the fund shall be NAFA Islamic Asset Allocation Fund.

The Objective of the Scheme is to generate capital appreciation by investing in Shariah Compliant equity and equity related securities and income by investing in Shariah Compliant bank deposits, debt & money market securities.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of AM2 to the Management Company. Based on the performance of the Fund, it has assigned performance ranking of Four Star to the Fund.

Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan. 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, 2013.

In compliance with schedule V of the NBFC Regulations the directors of the Management Company hereby declared that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2014

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, 2013.

	Note	(Un-Audited) March 31, 2014	(Audited) June 30, 2013
(Rupees in '000)			
4 INVESTMENTS			
At fair value through profit or loss - held for trading			
Investment in shares of listed company	4.1	271,877	139,368
Sukuk bonds	4.1	45,000	-
Available for sale			
Sukuk bonds	4.2	21,166	35,434
		<u>338,043</u>	<u>174,802</u>

NAFA ISLAMIC ASSET ALLOCATION FUND

(Formerly; NAFA ISLAMIC MULTI ASSET FUND)

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

Name of the investee company	As at July 1, 2013	Purchases during the period	Bonus / Right Issue	Sale during the period	As at March 31, 2014	Market value at March 31, 2014	Market value as a percentage of net assets	Market value as a percentage of total investment	Percentage of paid-up capital of the investee company held
Oil and Gas									
National Refinery Limited	-	19,500	-	-	19,500	4,462	0.98	1.32	0.02
Oil and Gas Development Company Ltd	40	225,000	-	189,600	35,440	8,546	1.89	2.53	0.00
Pakistan Oil Fields Limited	6,960	131,600	-	81,300	57,260	31,160	6.88	9.22	0.02
Pakistan Petroleum Limited	33,900	239,100	20,320	242,200	51,120	11,439	2.52	3.38	0.00
Pakistan State Oil Company Limited	145,660	182,100	-	238,600	89,160	38,045	8.40	11.25	0.04
Shell Pakistan Limited	-	16,500	-	16,500	-	-	-	-	-
Chemicals									
Fauji Fertilizer Company Limited	68	112,700	-	112,700	68	8	0.00	0.00	0.00
Sitara Chemical Industries Limited	72,775	-	-	72,775	-	-	-	-	-
Construction and Materials									
Attock Cement Pakistan Limited	7,176	-	11	7,100	87	12	0.00	0.00	0.00
D.G. Khan Cement Company Limited	43,500	603,000	-	478,500	168,000	15,459	3.41	4.57	0.04
Lucky Cement Company Limited	31,900	76,800	-	67,200	41,500	13,153	2.90	3.89	0.01
Cherat Cement Company Limited	295,000	17,000	-	312,000	-	-	-	-	-
Kohat Cement Limited	136,500	206,000	17,200	280,000	79,700	9,327	2.06	2.76	0.05
Maple Leaf Cement Limited	-	1,024,000	-	462,500	561,500	16,525	3.65	4.89	0.05
Pioneer Cement Limited	-	575,000	-	290,500	284,500	13,283	2.93	3.93	0.13
Fauji Cement Limited	-	693,000	-	-	693,000	11,843	2.61	3.50	0.05
General Industries									
Thal Limited	24,497	33,300	-	11,500	46,297	7,858	1.73	2.32	0.06
Ghani Glass Limited	-	115,000	-	-	115,000	6,360	1.40	1.88	0.05
Industrial Transportation									
Pakistan National Shipping Corporation	-	100,000	-	-	100,000	7,344	1.62	2.17	0.04
Automobile and Parts									
Honda Atlas Cars (Pakistan)	-	107,000	-	-	107,000	5,902	1.30	1.75	0.04
Personal Goods									
Nishat Mills Limited	52,000	549,900	-	507,200	94,700	11,037	2.44	3.26	0.01
Fixed Line Telecommunication									
Pakistan Telecommunication Company Limited	-	1,922,000	-	1,298,000	624,000	19,076	4.21	5.64	0.01
Electricity									
Hub Power Company Limited	166,760	1,016,500	-	1,096,000	87,260	4,640	1.02	1.37	0.00
Kot Addu Power Company Limited	-	253,500	-	-	253,500	15,078	3.33	4.46	0.01
Banks									
Meezan Bank Limited	311,782	343,000	-	465,500	189,282	7,486	1.65	2.21	0.01
Bank Islami Pakistan Limited	-	1,535,000	-	215,000	1,320,000	13,834	3.05	4.09	0.13
						5,017,874	271,877	60.00	80.43

Carrying value as at March 31, 2014

253,348

4.1.1 All shares have a nominal face value of Rs 10 each except for the shares of Thal Limited and Al-Ghazi Tractors Limited which have a face value of Rs 5 each and Unilever Pakistan Limited which has a face value of Rs 50 each.

4.1.2 The above investments include securities with market value aggregating to Rs.18.275 million (2013: 39.170 million) 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 ISLAMIC ASSET ALLOCATION FUND

(Formerly; NAFA ISLAMIC MULTI ASSET FUND)

Sukuk bonds - At fair value through profit or loss - held for trading

Name of the investee company	Number of bonds				Market value as at March 31, 2014	Investment as a percentage of		
	As at July 1, 2013	Purchases during the period	Sales/Matured during the period	As at March 31, 2014		Market value of Net assets	Market value of total investments	Issue size
K Electric AZM Sukuk II	-	9,000	-	9,000	45,000	9.93	13.31	9.00
					Rupees in '000	-----%-----		
					45,000			
					45,000			
Carrying value as at March 31, 2014					45,000			

4.2 Sukuk and Ijara bonds - available for sale

Name of the investee company	Number of bonds				Market value as at March 31, 2014	Investment as a percentage of		
	As at July 1, 2013	Purchases during the period	Sales/Matured during the period	As at March 31, 2014		Market value of Net assets	Market value of total investments	Issue size
					Rupees in '000	-----%-----		
Eden Housing Limited (Note 4.2.2)	5,000	-	-	5,000	4,275	0.94	1.26	3.42
Eden Builders Limited	1,325	-	1,325	-	-	-	-	0.33
Kohat Cement Company Limited	10,000	-	-	10,000	434	0.10	0.13	2.00
Maple Leaf Cement Factory Ltd (Note 4.2.3)	10,000	-	-	10,000	16,457	3.63	4.87	0.63
Pak Electron Limited (Note 4.2.4)	10,000	-	-	10,000	-	-	-	4.17
					21,166			
Carrying value as at March 31, 2014					69,390			
Provision for impairment loss as at March 31, 2014					48,403			

4.2.1 All sukuk bonds have a face value of Rs 5,000 each.

4.2.2 This represents investment in privately placed sukuk bonds issue with a term of five years. On 6 May 2011, these Sukuks were classified as non performing by MUFAP. Accordingly the Fund has valued these sukuks at the price lower than the last price quoted by MUFAP. Although the Fund has received all installments due as per restructured terms with certain delays, accrual of profit has been suspended and all income has been recognised on receipt basis.

4.2.3 Maple Leaf Cement Factory Limited defaulted for the second time in the payment of principal and mark-up due on September 03, 2011 (earlier default on December 03, 2009). In accordance with the requirements of Circular No. 33 of 2012 dated October 24, 2012 issued by SECP, the exposure has been classified as non-performing (both by the fund and MUFAP). During the period, recoveries amounting to Rs. 3.75 million were received. A provision of 60% i.e. Rs. 24.686 million has been made in respect of the amount outstanding against this. During the period, the Fund received principal repayments amounting to Rs. 2.5 million (3 installments of 1.25 million each) along with markup of Rs. 8.011 million. A provision of 60% i.e. Rs. 24.686 million has been made in respect of the outstanding exposure and no further mark-up is being accrued.

4.2.4 This represents investment in privately placed sukuk bonds. On 27 December 2011 i.e. the scheduled redemption date, profit redemption of Rs. 0.8 million was not received by the Fund. The investment has been fully provided.

5 COMPLIANCE WITH THE INVESTMENT CRITERIA AS SPECIFIED BY THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

The Securities and Exchange Commission of Pakistan vide Circular no. 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the circular. The Management Company classified NAFA Islamic Multi Asset Fund (the Fund) as 'Shariah Compliant (Islamic) Scheme' and 'Balanced Scheme' in accordance with the said circular. As at March 31, 2014, the Fund is compliant with all the requirements of the said circular except for clause 2(iv) which requires that rating of any debt security in the portfolio shall not be lower than A- (A Minus)

NAFA ISLAMIC ASSET ALLOCATION FUND

(Formerly; NAFA ISLAMIC MULTI ASSET FUND)

Name of non-compliant investment	Type of investment	Value of investment / non equity assets before provision		Provision held, if any	Value of investment / non equity assets after provision		Percentage of net assets	Percentage of gross assets
		-----Rupees in '000-----			-----%-----			
i) Investment in debt securities	a) Maple Leaf Cement Factory Limited - Sukuk	41,143	24,686		16,457	3.63	3.48	
	b) Pak Electron Ltd	21,429	21,429		-	-	-	
	c) Kohat Cement Company Limited - Sukuk *	434	-		434	0.10	0.09	
	d) Eden Housing Limited - Sukuk	6,563	2,288		4,275	0.94	0.90	

* Performing but below investment grade

- 5.1 At the time of purchase, the said Sukuks were in compliance with the requirements of the circular (i.e. investment grade) and were subsequently downgraded due to default in payments of due principal and markup.

The management is taking steps to ensure compliance with the above requirement.

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) / 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, which is pending adjudication. However, without prejudice to the above, the Management Company made a provision for WWF contribution in the annual financial statements for the year ended June 30, 2010.

During the year ended June 30, 2011, 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.

In view of the pending decision, the Management Company of the Fund, as a matter of abundant caution, has continued to maintain the provision for WWF amounting to Rs. 5.700 million (June 30, 2013 : Rs. 4.809 million) in this condensed interim financial information. Had the same not been made the net asset value per unit of the Fund would have been higher by Re. 0.1671 per unit.

7 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as on March 31, 2014 and June 30, 2013

NAFA ISLAMIC ASSET ALLOCATION FUND

(Formerly; NAFA ISLAMIC MULTI ASSET FUND)

8 TAXATION

No provision for taxation has been made as the Fund is exempt from income tax under Clause 99 of Part 1 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 and unrealised, is distribution amongst the unit holders. The Management Company, on behalf of the Fund, intends to distribute at least 90 percent of such accounting income relating to the year ending June 30, 2014 to its unit holders. Accordingly, no tax liability has been recorded in the current period.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

9 TRANSACTIONS WITH CONNECTED PERSONS

Connected persons include NBP Fullerton Asset Management Limited (NAFA) being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan (NBP) and Alexandra Fund Management Pte. Limited being the sponsors, other collective investment schemes managed by the Management Company and directors and officers of the Management Company.

The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

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

	Un-Audited Nine months ended		Un-Audited Quarter Ended	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
----- Rupees in '000 -----				
NBP Fullerton Asset Management Company Limited				
- Management Company				
Management fee	6,591	5,667	2,016	1,694
Front end load	3,238	1,020	750	549
Sindh Sales tax on management fee	1,234	907	374	-
Federal Excise Duty on Management Fee	1,055	-	323	-
National Bank of Pakistan - Sponsor				
Cash Dividend Paid	12,952	-	-	-
Taurus Securities (Pvt) Ltd				
Brokerage	108	49	21	23
Central Depository Company of Pakistan Limited - Trustee				
Trustee fee	659	528	201	175
CDS charges	47	52	14	(12)
Alexandra Fund Management Pte. Limited				
Bonus units issued (1,278,646 ; 2013:153,959 units)	-	-	-	-
Units redeemed (10,573,174 ; 2013: Nil units)	129,277	-	-	-
Executive of management Company				
Bonus units issued (2,569; 2013: 391 units)	-	-	-	-
Units Issued (189,771; 2013: 32,735 Units)	2,430	382	981	234
Units Redeemed (175,581; 2012: 30,436)	2,231	357	939	237
Gul Ahmed Textile Mills Limited - EPF				
Units Redeemed (Nil units; 2013: 35,519 units)	-	405	-	-
Thal Limited				
Purchase of equity 33,300 shares (2013: Nil shares)	3,893	-	-	-
Sales of equity 11,500 shares (2013: Nil shares)	1,820	-	1,036	-
Cherat Cement Company Limited				
Purchase of equity 17,000 shares (2013: Nil shares)	1,083	-	-	-
Sales of equity 312,000 shares (2013: Nil shares)	17,792	-	205	-

NAFA ISLAMIC ASSET ALLOCATION FUND

(Formerly; NAFA ISLAMIC MULTI ASSET FUND)

		Un-Audited As at March 31, 2014	Audited As at June 30, 2013
		(Rupees in 000)	
9	Amounts outstanding as at period / year end		
	NBP Fullerton Asset Management Company Limited - Management Company		
	Management Fee payable	716	721
	Sindh Sales tax on management fee	133	115
	FED Payable on management fee	928	70
	Front end load payable	1,123	325
	Sales tax payable on sales load	210	-
	FED Payable on sales load	85	-
	National Bank of Pakistan		
	Investment held by the Sponsor in the Fund (7,636,364 units; June 30, 2013: 7,500,000 units)	101,474	101,911
	Balance in current account	766	42
	Alexandra Fund Management Pte. Limited		
	Investment held by the Sponsor in the Fund (9,140,895 units; June 30, 2013: 9,294,527 units)	111,959	126,295
	Central Depository Company of Pakistan Limited - Trustee		
	Trustee fee payable	76	75
	CDS charges payable	41	51
	Security deposit	100	100
	Taurus Securities (Private) Limited		
	Brokerage Payable	2	12
	Employees of the Management Company		
	Units held in the Fund (29,167 units; June 30, 2013: 4,665 units)	388	63
	Fauji Fertilizer Company Limited		
	Shares held by the fund Nil shares (2013: 68 shares)	-	7
	The Hub Power Company Limited		
	Shares held by the fund Nil share (2013: 166,760 shares)	-	10,281
	Thal Limited		
	Shares held by the fund 46,297 share (2013: Nil shares)	7,858	-

10 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 30, 2014.

11 GENERAL

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

11.2 The bifurcation of undistributed income into realised and unrealised income at the beginning and end of the period as required by the NBFC Regulations has not been disclosed as such bifurcation is not practicable.

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

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