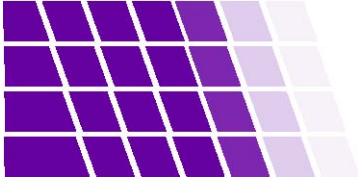


MISSION STATEMENT

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

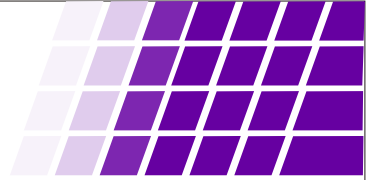


NAFA FUNDS

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NAFA FUNDS



FUNDS' 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
Mr. Raymond H. Kotwal	Director
Mr. Patrick Pang Chin Hwang	Director
Mr. Shahid Anwar Khan	Director
Syed Naseer ul Hassan	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. Raymond H. Kotwal	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 ISLAMIC MULTI ASSET FUND

Al-Baraka Islamic Bank
Allied Bank Limited
Askari Bank Ltd.
Bank Alfalah Limited
Bank Islami Pakistan Limited
Dawood Islamic Bank
Emirates Global Islamic Bank Ltd.
Habib Bank Limited
Habib Metropolitan Bank Ltd.
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
NIB Bank Limited
Soneri Bank Limited
Standard Chartered Bank(PAK)Ltd.
The Bank of Khyber
United Bank Ltd.
Bank Al Habib 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

Jooma & Soomro, Advocates and Legal Consultants
103, Ammera Centre,
Shahrah-e-Iraq, Karachi.

Head Office

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

Lahore Office :

68-B-1, M.M. Alam Road,
Gulberg 3, Lahore.
Uan : 042-111-111-632
Phone No. 042-5778248-63
Fax: 042-5876806

Islamabad Office:

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

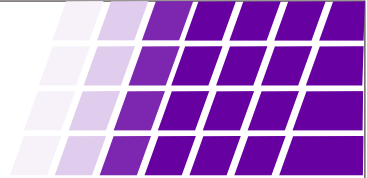
Peshawar Office:

1st Floor Haji Tehmas Centre,
Near KFC, Tehkal Payan
University Road, Peshwar.
Phone No. 92-91-5711784, 5711782
Fax: 92-91-5211780

Multan Office:

82 Khan Centre Near SP Chowk
Abdali Road, Multan Cantt,
Multan.

NAFA ISLAMIC MULTI ASSET FUND



NAFA ISLAMIC MULTI ASSET FUND

**HALF YEARLY REPORT
FOR THE HALF YEAR ENDED DECEMBER 31, 2008
(UN-AUDITED)**





NAFA ISLAMIC MULTI ASSET FUND

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NAFA ISLAMIC MULTI ASSET FUND

DIRECTORS' REPORT

The Board of Directors of National Fullerton Asset Management Limited is pleased to present the unaudited financial statements of NAFA Islamic Multi Asset Fund for the half year ended December 31, 2008.

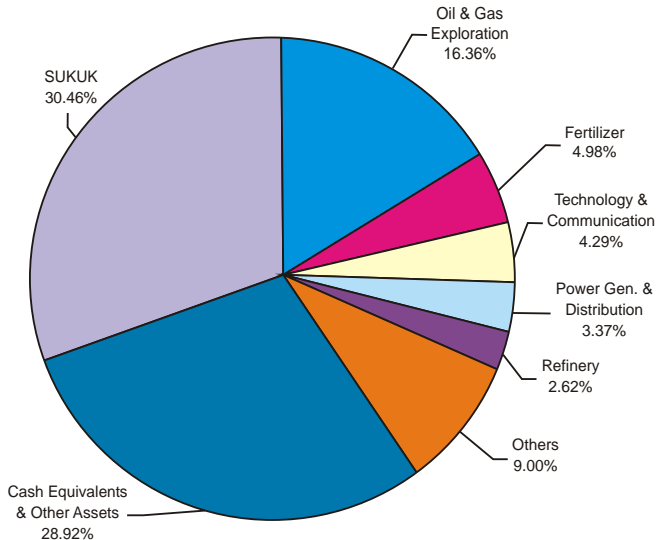
Fund's Performance

Assets under management of NAFA Islamic Multi Asset Fund have reduced from Rs.698 million to Rs.398 million during the period, i.e. a decline of 42.98%. This is due to a significant drop in the value of assets during the period, as well as the redemption pressure due to the overall liquidity crunch in the financial markets. During this period, Unit Price of your Fund has reduced from Rs.9.5360 on June 30, 2008 to Rs.6.2371 on December 31, 2008, thus showing a decline of 34.59%.

NAFA Islamic Multi Asset Fund has incurred a total loss of Rs.164.95 million during the Period. After deducting expenses of Rs.25.54 million, the net loss is Rs.190.49 million. The resultant per unit loss, after accounting for unrealized revaluation loss of Rs.19.87 million on available for sale investments, is Rs.3.2989.

The asset allocation of the Fund as on December 31, 2008 is as follows:

Asset Allocation as on December 31, 2008





NAFA ISLAMIC MULTI ASSET FUND

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, Trustee and the Shariah and Technical Advisors.

On behalf of the Board of
National Fullerton Asset Management Limited

Masood Karim Shaikh, FCA
Chairman

Dr. Amjad Waheed, CFA
Chief Executive

Date: February 17, 2009
Place: Karachi.

NAFA ISLAMIC MULTI ASSET FUND



TRUSTEE REPORT TO THE UNIT HOLDERS

Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

NAFA Islamic Multi Asset Fund (the Fund), an open-end scheme was established under a trust deed dated August 20, 2007 executed between National Fullerton Asset Management Limited, as the Management Company and Central Depository Company of Pakistan Limited, as the Trustee.

In our opinion, the Management Company has in all material respects managed the Fund during the period from July 01, 2008 to December 31, 2008 in accordance with the provisions of the following.

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Muhammad Hanif

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi: February 27, 2009





NAFA ISLAMIC MULTI ASSET FUND

AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **NAFA Islamic Multi Asset Fund** as at December 31, 2008, and the related condensed interim income statement, condensed interim distribution statement, condensed interim cash flow statement and condensed interim statement of movement in unit holders' funds together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial information'), for the half year ended December 31, 2008. The Management Company (National Fullerton Asset Management Limited) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim income statement, condensed interim distribution statement, condensed interim cashflow statement and condensed interim statement of movement in unit holders' funds for the quarters ended December 31, 2008 and 2007 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2008.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2008 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

A.F. Ferguson & Co.

Chartered Accountants

Dated : February 24, 2009
Karachi

NAFA ISLAMIC MULTI ASSET FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2008

	Note	Unaudited December 31, 2008	Audited June 30, 2008
-----Rupees in '000-----			
Assets			
Balances with banks	4	41,875	61,336
Receivable against sale of investments		-	78,638
Investments	5	346,257	486,194
Loans and receivables		-	60,000
Dividend and profit receivable	6	9,827	11,506
Deposits and prepayments		2,698	2,630
Preliminary expenses and floatation costs		1,908	2,160
Total assets		402,565	702,464
Liabilities			
Payable to National Fullerton Asset Management Limited - Management Company		1,201	3,590
Payable to Central Depository Company of Pakistan Limited - Trustee		101	136
Payable to Securities and Exchange Commission of Pakistan		280	549
Payable against purchase of investments		2,283	
Payable on redemption of units		-	19
Accrued expenses and other liabilities	7	980	584
Total liabilities		4,845	4,878
Net assets		397,720	697,586
Unit holders' funds (as per statement attached)		397,720	697,586
Commitments			
	9		
-----Number of units-----			
Number of units in issue		63,766,651	73,153,134
-----Rupees-----			
Net asset value per unit		6.2371	9.5360

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

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

Dr. Amjad Waheed, CFA
Chief Executive

Masood Karim Shaikh, FCA
Chairman

NAFA ISLAMIC MULTI ASSET FUND

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2008

Note	For the period from			
	Half year ended	September 17, 2007 to	Quarter ended	
	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
-----Rupees in '000-----				
Income				
Loss on sale of investments - net	(28,945)	(2,989)	(246)	(2,989)
Income from sukuk bonds	12,281	1,009	6,165	1,009
Income from spread transactions	165	352	-	352
Income from term deposit musharika certificates	1,858	979	421	979
Profit on bank deposits	2,341	5,050	1,426	5,050
Dividend income	9,740	-	7,545	-
Net unrealised loss on investments at fair value through profit or loss	(170,256)	(20,245)	(121,621)	(20,245)
Total income	(172,816)	(15,844)	(106,310)	(15,844)
Expenses				
Remuneration of National Fullerton Asset Management Limited Management Company	8,632	4,700	3,862	4,700
Remuneration of Central Depository Company of Pakistan Limited - Trustee	575	313	257	313
Annual fee - Securities and Exchange Commission of Pakistan	280	157	121	157
Brokerage and other transaction costs	484	1,912	32	1,912
Settlement and bank charges	99	50	28	50
Annual listing fee	15	8	7	8
Auditors' remuneration	272	117	173	117
Impairment loss on investments classified as 'available for sale'	14,601	-	14,601	-
Printing and related charges	333	-	220	-
Amortisation of preliminary expenses and floatation costs	252	90	126	90
Total expenses	25,543	7,347	19,427	7,347
Net loss from operating activities	(198,359)	(23,191)	(125,737)	(23,191)
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	7,870	795	(53)	795
Net loss for the period	(190,489)	(22,396)	(125,790)	(22,396)

Loss per unit

11

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

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

Dr. Amjad Waheed, CFA
Chief Executive

Masood Karim Shaikh, FCA
Chairman

NAFA ISLAMIC MULTI ASSET FUND



CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2008

	Half year ended December 31, 2008	For the period from September 17, 2007 to		Quarter ended December 31, 2007
		December 31, 2007	December 31, 2008	
-----Rupees in '000-----				
Loss brought forward	(34,292)	-	(94,636)	-
Net element of income and capital gains included in prices of units sold less those in units repurchased - amount representing income that forms part of the unit holders' funds	4,355	-	-	-
Net loss for the period	(190,489)	(22,396)	(125,790)	(22,396)
Loss carried forward	<u>(220,426)</u>	<u>(22,396)</u>	<u>(220,426)</u>	<u>(22,396)</u>

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

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

Dr. Amjad Waheed, CFA
Chief Executive

Masood Karim Shaikh, FCA
Chairman

NAFA ISLAMIC MULTI ASSET FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2008

	Half year ended December 31, 2008	For the period from September 17, 2007 to December 31, 2007	Quarter ended December 31, 2008	Quarter ended December 31, 2007
	-----Rupees in '000-----			
Net assets at the beginning of the period	697,586	-	543,448	-
Issue of 1,043,690 units (2007: 91,899,836 units)	9,546	918,607	-	918,607
Redemption of 10,430,173 units (2007: 6,986,394 units)	(91,186) (81,640)	(68,678) 849,929	-	(68,678) 849,929
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed				
-amount representing (income) / loss and capital (gains) / losses - transferred to Income Statement	(7,870)	(795)	53	(795)
-amount representing (income) that forms part of the unit holders' funds - transferred to Distribution Statement	(4,355) (12,225)	- (795)	- 53	- (795)
Net unrealised diminution in the value of investments classified as 'available for sale'	(19,867)	-	(19,991)	-
Net loss for the period	(190,489)	(22,396)	(125,790)	(22,396)
Net element of income and capital gains included in prices of units sold less those in units repurchased - amount representing income that forms part of the unit holders' funds	4,355	-	-	-
Net assets as at the end of the period	397,720	826,738	397,720	826,738

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

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

Dr. Amjad Waheed, CFA
Chief Executive

Masood Karim Shaikh, FCA
Chairman

NAFA ISLAMIC MULTI ASSET FUND

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2008

	Half year	For the	Quarter ended	
	ended	period from	December 31,	December 31,
	December 31,	September	December 31,	December 31,
	2008	17, 2007 to	2008	2007
		December 31,		
		2007		
	-----Rupees in '000-----			
CASH FLOW FROM OPERATING ACTIVITIES				
Net loss for the period	(190,489)	(22,396)	(125,790)	(22,396)
Adjustments				
Net unrealised diminution in the value of investments at fair value through profit or loss	170,256	20,245	121,621	20,245
Amortisation of preliminary expenses and floatation costs	252	90	126	90
Loss on sale of investments - net	28,945	2,989	246	2,989
Impairment loss on investments classified as 'available for sale'	14,601		14,601	
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	(7,870)	(795)	53	(795)
	15,695	133	10,857	133
(Increase) / decrease in assets				
Receivable against sale of investments	78,638	-	46,700	-
Investments	(93,732)	(683,859)	(89,580)	(683,859)
Loans and receivable	60,000	(60,000)	60,000	(60,000)
Dividend and profit receivable	1,679	(6,970)	1,032	(6,970)
Preliminary expenses and floatation costs	-	(2,500)	-	(2,500)
Deposits and prepayments	(68)	(6,653)	(76)	(6,653)
	46,517	(759,982)	18,076	(759,982)
Increase / (decrease) in liabilities				
Payable to National Fullerton Asset Management Limited - Management Company	(2,389)	6,124	(380)	6,124
Payable to Central Depository Company of Pakistan Limited - Trustee	(35)	150	(10)	150
Payable to Securities and Exchange Commission of Pakistan	(269)	157	(428)	157
Payable against purchase of investments	2,283	-	2,283	-
Payable on redemption of units	(19)	31,230	(769)	31,230
Accrued expenses and other liabilities	396	1,587	456	1,587
	(33)	39,248	1,152	39,248
Net cash inflow / (outflow) on operating activities	62,179	(720,601)	30,085	(720,601)
CASH FLOW FROM FINANCING ACTIVITIES				
Receipts from issue of units	9,546	918,607	-	918,607
Payments on redemption of units	(91,186)	(68,678)	-	(68,678)
Net cash inflow / (outflow) on financing activities	(81,640)	849,929	-	849,929
Net increase / (decrease) in cash and cash equivalents during the period				
	(19,461)	129,328	30,085	129,328
Cash and cash equivalents at the beginning of the period	61,336	-	11,790	-
Cash and cash equivalents at the end of the period	41,875	129,328	41,875	129,328

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

For National Fullerton Asset Management Limited (Management Company)

Dr. Amjad Waheed, CFA
Chief Executive

Masood Karim Shaikh, FCA
Chairman

NAFA ISLAMIC MULTI ASSET FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2008

1. LEGAL STATUS AND NATURE OF BUSINESS

NAFA Islamic Multi Asset Fund (NIMF) was established under a Trust Deed executed between National Fullerton Asset Management Limited (NAFA) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on August 20, 2007 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on September 3, 2007 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

NIMF 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 to the Fund. The units of the Fund were initially offered for public subscription at par from October 22, 2007 to October 26, 2007.

The core objective of the Fund is to provide investors with a combination of capital growth and income by investing in Shariah compliant investments. The Fund aims to achieve attractive returns at moderate levels of risk by investing in a variety of Shariah Compliant securities, instruments and avenues such as equities, musharikhah, murabaha, ijarah etc.

JCR-VIS Credit Rating Company Limited (JCR-VIS) has revised the rating of the Management Company to AM-Developing Situation from AM2 on December 29, 2008. The Management Company has initiated the process of obtaining the rating of the Fund. Pending completion of this process, the rating of the Fund has not been disclosed in these condensed interim financial statements.

During the period subsequent to the introduction of Floor on equity prices at the stock exchange, the Fund suspended pricing, issuance and suspension of units with effect from October 7, 2008. The action was taken pursuant to the Securities and Exchange Commission of Pakistan's direction under section 282D of the Companies Ordinance, 1984 given vide circular No. 23 of 2008, dated October 7, 2008, to ensure protection of all unit holders as, in MUFAP's opinion, there was a serious possibility of unfair treatment to unit holders who wished to continue holding their units relative to those who wanted to redeem during the period that the Floor at the stock exchanges existed. The Floor was lifted on December 15, 2008. However, the Management Company decided to continue the suspension of units due to low trading volumes and little price discovery. The suspension was lifted with effect from January 5, 2009.

2. STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprises of such International Financial Reporting Standards (IFRS) issued by 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 Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the audited financial statements for the period from September 17, 2007 to June 30, 2008.

	Note	(Unaudited) December 31, 2008	(Audited) June 30, 2008
-----Rupees in '000-----			
4. BALANCES WITH BANKS			
Current accounts		2,873	8,494
Savings accounts		39,002	52,842
		<u>41,875</u>	<u>61,336</u>
5. INVESTMENTS			
At fair value through profit or loss - held for trading			
Equity securities - listed	5.1	161,570	224,893
Units of open end mutual funds	5.2	63,536	75,587
Available for sale			
Equity securities purchased under futures sale contracts	5.3	-	11,552
Sukuk bonds	5.4	121,151	174,162
		<u>346,257</u>	<u>486,194</u>

NAFA ISLAMIC MULTI ASSET FUND

5.1 Equity securities - listed

Name of the investee company	Number of shares					Market value as at December 31, 2008	Market value as a percentage of net assets	Market value as a percentage of total investments
	As at July 1, 2008	Purchases during the period	Bonus/ right issue	Sales during the period	As at December 31, 2008			
Rupees in '000								
Commercial Banks								
BankIslami Pakistan Limited	186,624	766,548	-	102,000	851,172	6,171	1.55	1.78
Meezan Bank Limited	100	13	8	-	121	3	0.00	0.00
Textile Composite								
Nishat Mills Limited	-	350,000	-	25,000	325,000	7,345	1.85	2.12
Nishat Mills Limited - Right shares	-	-	162,500	-	162,500	41	0.01	0.01
Cement								
Attock Cement Pakistan Limited	3,700	-	-	-	3,700	139	0.03	0.04
D.G. Khan Cement Company Limited	-	304,000	-	-	304,000	6,466	1.63	1.87
Refinery								
Attock Refinery Limited	-	23,665	4,000	-	27,665	1,657	0.42	0.48
Bosicor Pakistan Limited	-	117,411	-	50,000	67,411	314	0.08	0.09
National Refinery Limited	-	50,288	-	15,000	35,288	3,358	0.84	0.97
Pakistan Refinery Limited	31,100	80,265	-	59,800	51,565	5,074	1.28	1.47
Power Generation & Distribution								
The Hub Power Company Limited	350,000	787,000	-	192,500	944,500	13,308	3.35	3.84
Kohinoor Energy Limited	15,500	-	-	11,000	4,500	87	0.02	0.03
Kot Addu Power Company Limited	-	6,200	-	6,200	-	-	-	-
Oil & Gas Marketing Companies								
Pakistan State Oil Company Limited	30,000	100,094	-	90,000	40,094	5,797	1.46	1.67
Shell Pakistan Limited	-	10,000	-	10,000	-	-	-	-
Oil & Gas Exploration Companies								
Mari Gas Company Limited	11,000	-	-	11,000	-	-	-	-
Oil and Gas Development Company Limited	240,000	560,700	-	390,700	410,000	20,496	5.15	5.92
Pakistan Oilfields Limited	90,000	260,000	52,000	90,000	312,000	31,977	8.04	9.24
Pakistan Petroleum Limited	280,700	122,593	23,100	301,300	125,093	12,587	3.16	3.64
Engineering								
Huffaz Seamless Pipe Industries Limited	69,920	-	20,976	-	90,896	2,994	0.75	0.86
KSB Pumps Company Limited	21,400	-	-	-	21,400	4,943	1.24	1.43
Automobile Assemblers								
Indus Motor Company Limited	-	60,000	-	60,000	-	-	-	-
Pak Suzuki Motor Company Limited	-	10,000	-	6,000	4,000	318	0.08	0.09
Technology & Communication								
Pakistan Telecommunication Company Limited	150,000	1,101,000	-	241,600	1,009,400	17,049	4.29	4.92
Fertilizer								
Engro Chemical Pakistan Limited	109,000	344,340	-	338,400	114,940	11,087	2.79	3.20
Fauji Fertilizer Bin Qasim Limited	300,000	601,393	-	225,500	675,893	8,719	2.19	2.52
Paper & Board								
Cherat Papersack Limited	8,900	-	2,225	100	11,025	589	0.15	0.17
Packages Limited	-	20,000	-	20,000	-	-	-	-
Glass & Ceramics								
Ghani Glass Limited	20,000	-	1,000	-	21,000	1,051	0.26	0.30
Miscellaneous								
Tri Pack Films Limited	-	600	-	600	-	-	-	-
						<u>161,570</u>		
Carrying value as at December 31, 2008 before fair value adjustments						<u>325,362</u>		

5.1.1 All shares have a nominal face value of Rs. 10 each.

5.1.2 The above investments include securities with market value aggregating to Rs. 22.648 million which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing of the Fund's trades in terms of Circular No. 11 dated October 23, 2007 issued by Securities and Exchange Commission of Pakistan (SECP).

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5.1.3 During the period, the Karachi Stock Exchange (Guarantee) Limited (KSE) placed a Floor Mechanism on the market value of securities based on the closing prices of securities prevailing as on August 27, 2008. Under the Floor Mechanism, the individual security price of equity securities could vary within the normal circuit breaker limit, but not below the floor price level. The mechanism was effective from August 28, 2008. Consequent to the introduction of the above measures by the KSE, the market volume declined significantly. The Floor Mechanism was subsequently removed by the KSE on December 15, 2008 in order to rationalise the prices of equity securities. Subsequent to the removal of the Floor Mechanism the KSE 100 index declined from 9,187.10 points at December 15, 2008 to 5,865.01 points at December 31, 2008 and the market witnessed low trading volume during the period.

In view of the above circumstances, a clarification was sought from the Securities and Exchange Commission of Pakistan on whether the prices quoted on the stock exchange as at December 31, 2008 could be considered as the fair value of such securities at that date. The Securities and Exchange Commission of Pakistan vide its circular No. Enf/D-III/Misc/1/2008 dated January 29, 2009 has clarified that the market price as quoted on the stock exchange on December 31, 2008 may be used as the fair value of securities as of that date for the purpose of preparation of financial statements for the period ended December 31, 2008. Accordingly, equity securities have been valued at the market prices as quoted on the stock exchange on December 31, 2008.

5.2 Units of open end mutual funds

Name of the investee company	Number of units					Market value as at December 31, 2008	Market value as a percentage of net assets	Market value as a percentage of total investments
	As at July 1, 2008	Purchases during the period	Bonus/ right issue	Sales during the period	As at December 31, 2008			
NAFA Islamic Income Fund	7,300,826	7,194,267	299,202	7,488,895	7,305,400	63,536	15.98	18.35
Carrying value as at December 31, 2008 before fair value adjustments						<u>70,000</u>		

5.3 Equity securities purchased under futures sale contracts

These securities are held under Ready-Future transaction. These securities are purchased in the ready "T+2" market and simultaneously sold in the future market. The details are as follows:

Name of the investee company	Number of Shares					Market value as at December 31, 2008	Market value as a percentage of net assets	Market value as a percentage of total investments
	As at July 1, 2008	Purchases during the period	Bonus/ right issue	Sales during the period	As at December 31, 2008			
Oil and Gas Marketing Companies								
Pakistan State Oil Company Limited	10,000	-	-	10,000	-	-	-	-
Oil and Gas Exploration Companies								
Pakistan Petroleum Limited	30,000	-	-	30,000	-	-	-	-
Carrying value as at December 31, 2008 before fair value adjustments						<u>-</u>		

5.4 Sukuk bonds

Name of investee company	Number of bonds				Market value as at December 31, 2008	Market value as a percentage of net assets	Market value as a percentage of total investments
	As at July 1, 2008	Purchases during the period	Sales during the period	As at December 31, 2008			
Eden Housing Limited	5,000	-	-	5,000	20,625	5.19	5.96
Eden Builders Limited	-	1,325	-	1,325	5,466	1.37	1.58
Kohat Cement Company Limited (note 5.4.3)	10,000	-	-	10,000	33,810	8.50	9.76
Maple Leaf Cement Factory Limited	10,000	-	-	10,000	40,000	10.06	11.55
New Allied Electronics Industries (Private) Limited	5,000	-	5,000	-	-	-	-
Pakistan Electron Limited	5,000	-	-	5,000	21,250	5.34	6.14
					<u>121,151</u>		
Carrying value as at December 31, 2008 before fair value adjustments					<u>155,619</u>		
Impairment losses					<u>14,601</u>		

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

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- 5.4.2** The SECP vide its circular no. 26/2008 dated November 5, 2008 has changed the basis of valuation of the term finance certificates and sukuk bonds. Under the said directive, all open-end mutual funds are to value term finance certificates and sukuk bonds at the lower of discounted redeemable face value and the market value as determined using rates notified by the Mutual Funds Association of Pakistan (MUFAP). The discount rates are based on the credit rating of the respective entities / issuers as notified by the rating agencies. Prior to the issuance of the said directive, investment in Sukuk bonds were valued at the rates notified by MUFAP.
- 5.4.3** This represents investment in privately placed sukuk certificates issue with a term of five years. On December 30, 2008 i.e. The scheduled redemption date, principal redemption of Rs. 3,400 thousand and profit redemption of Rs. 3,883 thousand (aggregating to Rs. 7,283 thousand) were not received by the Fund. Impairment loss amounting to Rs. 14,601 thousand has been transferred to the income statement in this respect.

	(Unaudited) December 31, 2008	(Audited) June 30, 2008
	-----Rupees in '000-----	
6. DIVIDEND AND PROFIT RECEIVABLE		
Dividend receivable on equity securities	1,435	4,158
Profit on savings deposits	1,622	843
Income accrued on sukuk bonds	6,770	2,663
Income accrued on term deposit musharika certificates	-	3,842
	<u>9,827</u>	<u>11,506</u>
7. ACCRUED EXPENSES AND OTHER LIABILITIES		
Auditors' remuneration	188	183
Brokerage payable	170	83
Bank charges payable	12	30
Withholding tax payable	49	42
Unrealised loss on revaluation of future sale contracts	-	19
Printing and related charges payable	333	-
Charity payable	228	227
	<u>980</u>	<u>584</u>
8. TAXATION		
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 realized or unrealized, is distributed among the unit holders.		
9. COMMITMENTS		
Spread Transactions (including transactions to be rolled over) entered in to by the Fund in respect of which the sale transactions have not been settled as at period end	-	11,698
	<u>-</u>	<u>11,698</u>
10. TRANSACTIONS WITH CONNECTED PERSONS		
10.1 Connected persons include National Fullerton Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan, NIB Bank Limited And Alexandra Fund Management Pte. Limited being the sponsors, collective investment schemes managed by the Management Company and directors and officers of the Management Company.		
10.2 The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market norms.		

NAFA ISLAMIC MULTI ASSET FUND

10.3 Transactions during the period

	Half year ended December 31, 2008	For the period from September 17, 2007 to December 31, 2007		Quarter ended December 31, 2008	
		December 31, 2007	December 31, 2007	December 31, 2008	December 31, 2007
-----Rupees in '000-----					
National Fullerton Asset Management Limited					
- Management Company					
Management fee expense for the period	8,632	4,700	3,862	4,700	
Front end load for the period	80	1,168	-	1,168	
NIB Bank Limited - Sponsor					
Investment made by the Sponsor in the Fund (2007; 7,500,000 units)	-	75,000	-	75,000	
Profit accrued by the Fund on pre-IPO investments	-	417	-		
National Bank of Pakistan - Sponsor					
Investment made by the Sponsor in the Fund (2007; 7,500,000 units)	-	75,000	-	75,000	
Profit accrued by the Fund on pre-IPO investments	-	417	-		
Alexandra Fund Management Pte. Limited - Sponsor					
Investment made by the Sponsor in the Fund (2007; 10,000,000 units)	-	100,000	-	100,000	
Profit accrued by the Fund on pre-IPO investments	-	556	-		
Central Depository Company of Pakistan Limited					
- Trustee					
Remuneration	575	313	257		
CDS charges for the period	54	38	11		
NAFA Islamic Income Fund					
Units redeemed (7,488,895 units; 2007: Nil)	76,622	-	-		
Units purchased (7,194,267 units; 2007: Nil)	70,014	-	70,014		
Bonus units issued (299,202 units; 2007: Nil)	3,020	-	1,122		
NAFA Cash Fund					
Payment received for the sale of sukuk bonds	25,892	-	-		
Executives of the Management Company					
Units issued (54,116 units; 2007: 40,000 units)	508	400	470		
Units redeemed (84,180 units; 2007: Nil)	789	-	789	-	
			(Unaudited)	(Audited)	
			December	June 30,	
			31, 2008	2008	
-----Rupees in '000-----					

10.4 Amounts outstanding as at period / year end

National Fullerton Asset Management Limited - Management Company			
Management fee payable		1,201	1,764
Front end load payable		-	1,826

NAFA ISLAMIC MULTI ASSET FUND



(Unaudited) (Audited)
 December June 30,
 31, 2008 2008
 -----Rupees in '000-----

National Bank of Pakistan - Sponsor		
Investment held by the Sponsor in the Fund (7,500,000 units; June 30, 2008: 7,500,000 units)	46,778	71,520
Balance in current account	148	1,520
NIB Bank Limited - Sponsor		
Investment held by the Sponsor in the Fund (7,500,000 units; June 30, 2008: 7,500,000 units)	46,778	71,520
Balance in current account	329	1,130
Alexandra Fund Management Pte. Limited		
Investment held by the Sponsor in the Fund (10,000,000 units; June 30, 2008: 10,000,000 units)	62,371	95,360
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	80	118
CDS charges payable	21	18
Security deposit	100	100
NAFA Islamic Income Fund		
Investment held by the Fund (7,305,400 units; June 30, 2008: 7,300,825 units)	63,536	75,587
NAFA Stock Fund		
Investment held in the Fund (Nil; June 30, 2008: 17,366 units)	-	180
Executives of the Management Company		
Units held in the Fund (5,668 units; June 30, 2008: 1,416 units)	35	14
11	LOSS PER UNIT	
	Loss per unit (LPU) has not been disclosed as in the opinion of the management determination of weighted average units for calculating LPU is not practicable.	
12	DATE OF AUTHORIZATION FOR ISSUE	
	These financials statements were authorised for issue on February 17, 2009 by the Board of Directors of the Management Company.	
13	GENERAL	
13.1	Figures have been rounded off to the nearest thousand rupee.	

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

Dr. Amjad Waheed, CFA
 Chief Executive

Masood Karim Shaikh, FCA
 Chairman