


## 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 MULTI ASSET 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
Dr. Asif A. Brohi	Director
Dr. Amjad Waheed	Chief Executive Officer

### Company Secretary & CFO of the Management Company

Mr. Muhammad Murtaza Ali

### Audit & Risk Committee

Mr. Koh Boon San	Chairman
Mr. Shehryar Faruque	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

Al-Baraka Islamic Bank  
Allied Bank Limited  
Askari Bank Limited  
Bank Alfalah Limited  
Bank Islami Pakistan Limited  
Burj Bank Limited (Formerly Dawood Islamic Bank)  
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 MULTI ASSET FUND

## **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:**

7<sup>th</sup> 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:**

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UAN: 051-111-111-632  
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Fax: 051-4859031

## **Peshawar Office:**

1st Floor, Haji Tehmas Centre,  
Near KFC, Tehkal Payan  
University Road, Peshawar.  
Phone: 92-91-5711784, 5711782  
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## **Multan Office:**

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

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# NAFA ISLAMIC MULTI ASSET FUND

## DIRECTORS' REPORT

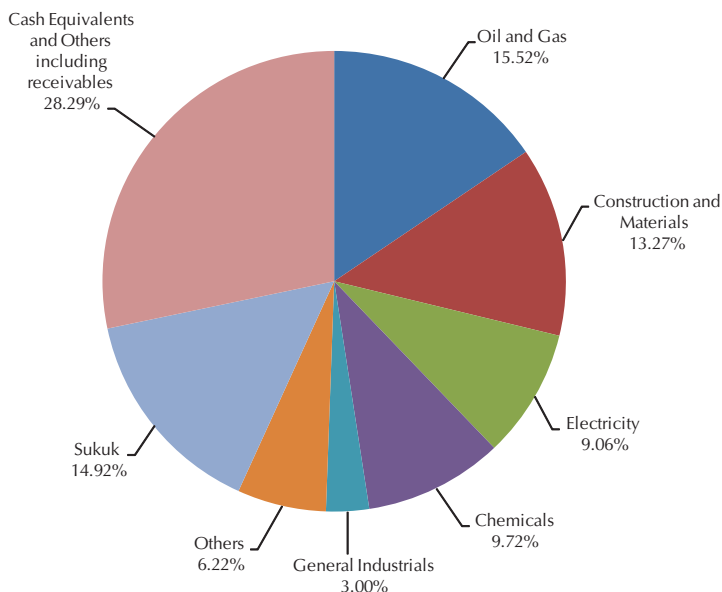
The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the reviewed financial statements of NAFA Islamic Multi Asset Fund for the half year ended December 31, 2012.

### Fund's Performance

During the first half, the unit price of NAFA Islamic Multi Asset Fund has increased from Rs. 10.3099 on June 30, 2012 to Rs.11.7225 on December 31, 2012, thus showing an increase of 13.70% as compared to its Benchmark (50% KMI-30 Index, 50% average 3-month profit rate of Islamic banks) return of 12.82%. Thus, the Fund has outperformed its Benchmark by 0.88% during the period under review. This performance is net of management fee and all other expenses. The size of NAFA Islamic Multi Asset Fund has increased from Rs.268 million to Rs.323 million during the period, i.e. a growth of 20.52%.

The stock market depicted upbeat performance during 1HFY2013 driven by: (i) the healthy corporate earnings growth and payouts; (ii) monetary easing by the SBP amid letup in inflation; (iii) healthy foreign investors' activity; and (iv) receipts on account of Coalition Support Fund (CSF). Construction & Material, General Industrial, Fixed Line Communication sectors performed better than the market. On the other hand, Banking, Chemicals and Automobile sectors lagged the market. Trading activity remained healthy with average daily trading volume was recorded at 120 million shares.

The State Bank of Pakistan continued monetary easing stance and slashed policy rate by 250bps to 9.5% from 12% during the period under review. Activity in the corporate bond market improved, although limited to the prime quality issues. All Sukus in the Fund are floating rate instruments linked to KIBOR, thus uptick in interest rate will improve the coupon income. The Fund has earned total income of Rs.52.57 million during the period. After deducting expenses of Rs.15.98 million, the net income is Rs.36.59 million. The asset allocation of the Fund as on December 31, 2012 is as follows:



# NAFA ISLAMIC MULTI ASSET FUND

## Income Distribution

The Board of Directors of the Management Company has approved interim distribution of 2.00% of opening ex-NAV (2.062% of the par value) for the period ended December 31, 2012.

## 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: February 26, 2013  
Place: Karachi.

# NAFA ISLAMIC MULTI ASSET FUND

## TRUSTEE REPORT TO THE UNIT HOLDERS

### NAFA ISLAMIC MULTI ASSET FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of NAFA Islamic Multi Asset Fund (the Fund) are of the opinion that NBP Fullerton Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2012 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 Jakhura**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi: February 28, 2013

# NAFA ISLAMIC MULTI ASSET FUND

## Report on review of Condensed Interim Financial Information to the Unit Holders

### *Introduction*

We have reviewed the accompanying condensed interim statement of assets and liabilities of NAFA Islamic Multi Asset Fund ("the Fund") as at 31 December 2012 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the accounts for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *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 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.

### *Other matter*

The figures for the three months period ended 31 December 2012 and 2011 in the condensed interim financial information have not been reviewed and we do not express a conclusion on them.

Date: February 26, 2013

Karachi

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KPMG Taseer Hadi & Co.  
Chartered Accountants  
Mohammad Nadeem



# NAFA ISLAMIC MULTI ASSET FUND

## Condensed Interim Statement of Assets and Liabilities As at 31 December 2012

	Note	31 December 2012 (Unaudited) (Rupees in '000)	30 June 2012 (Audited)
<b>Assets</b>			
Bank balances	6	88,857	77,824
Investments	7	231,585	200,244
Dividend and profit receivable	8	5,702	6,071
Advances, deposits and prepayments		2,733	2,632
Preliminary expenses and floatation costs		-	160
<b>Total assets</b>		<u>328,877</u>	<u>286,931</u>
<b>Liabilities</b>			
Payable to NBP Fullerton Asset Management Limited - Management Company		703	1,030
Payable to the Central Depository Company		155	117
Payable to Securities and Exchange Commission of Pakistan		128	221
Payable against purchase of investments		-	13,562
Accrued expenses and other liabilities	9	4,962	3,810
<b>Total liabilities</b>		<u>5,948</u>	<u>18,740</u>
<b>Net assets</b>		<u>322,929</u>	<u>268,191</u>
<b>Unit holders' funds (as per statement attached)</b>		<u>322,929</u>	<u>268,191</u>
<b>Contingency and commitment</b>	10	(Number of units)	
<b>Number of units in issue</b>		<u>27,547,829</u>	<u>26,013,069</u>
		(Rupees)	
<b>Net assets value per unit</b>		<u>11.7225</u>	<u>10.3099</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial information.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ISLAMIC MULTI ASSET FUND

## Condensed Interim Income Statement (Unaudited) For the six months and three months period ended 31 December 2012

Note	Six months period ended		Three months period ended	
	December 31 2012	December 31 2011	December 31 2012	December 31 2011
----- (Rupees in '000) -----				
<b>Income</b>				
Capital gain / (loss) on sale of investments - net	11,858	(469)	9,230	723
Profit on bank deposits	1,933	638	1,495	230
Income from term finance certificates and sukuk bonds	7,552	8,579	4,343	10,147
Dividend income	10,484	5,800	5,163	4,148
Unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets at fair value through profit or loss - net	7.3	20,746	(4,656)	(629)
<b>Total Income</b>	<b>52,573</b>	<b>9,892</b>	<b>19,602</b>	<b>5,608</b>
<b>Expenses</b>				
Remuneration of NBP Fullerton Asset Management Limited - Management Company	3,973	3,926	1,792	1,860
Sindh sales tax on management fee	636	628	287	297
Remuneration of the Trustee	353	353	177	177
Annual fee to Securities and Exchange Commission of Pakistan	128	111	66	52
Securities transaction cost	332	285	197	98
Settlement and bank charges	432	110	358	80
Annual listing fee	15	15	5	8
Auditors' remuneration	252	218	142	98
Provision against non-performing sukuk bonds classified as available for sale' - net	7.5	8,744	20,743	(332)
Provision against accrued income from sukuk bonds	-	6,653	-	6,653
Stability rating fee	61	55	33	55
Legal and professional charges	40	-	40	(25)
Amortisation of preliminary expenses and floatation costs	160	251	34	125
Other expenses	103	-	103	-
<b>Total Expenses</b>	<b>15,229</b>	<b>33,348</b>	<b>2,902</b>	<b>11,745</b>
<b>Net income / (loss) from operating activities</b>	<b>37,344</b>	<b>(23,456)</b>	<b>16,700</b>	<b>(6,137)</b>
Provision for Workers' Welfare Fund	11	(747)	-	(334)
<b>Net income / (loss) for the period before taxation</b>	<b>36,597</b>	<b>(23,456)</b>	<b>16,366</b>	<b>(6,137)</b>
Taxation	12	-	-	-
<b>Net income / (loss) for the period after taxation</b>	<b>36,597</b>	<b>(23,456)</b>	<b>16,366</b>	<b>(6,137)</b>

The annexed notes 1 to 15 form an integral part of these condensed interim financial information.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ISLAMIC MULTI ASSET FUND

## Condensed Interim Statement of Comprehensive Income (Unaudited) For the six months and three months period ended 31 December 2012

Note	Six months period ended		Three months period ended		
	December 31 2012	December 31 2011	December 31 2012	December 31 2011	
----- (Rupees in '000) -----					
Net income / (loss) for the period after taxation	36,597	(23,456)	16,366	(6,137)	
<b>Other comprehensive income for the period</b>					
Unrealised appreciation / (diminution) in the market value of investments classified as 'available for sale' -net	7.4	1,124	2,786	455	(15,531)
Reversal of unrealised diminution in the value of investments pertaining to impairment of non-performing assets		-	18,619	-	18,619
<b>Total comprehensive income / (loss) for the period</b>	<u>37,721</u>	<u>(2,051)</u>	<u>16,821</u>	<u>(3,049)</u>	

The annexed notes 1 to 15 form an integral part of these condensed interim financial information.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ISLAMIC MULTI ASSET FUND

## Condensed Interim Distribution Statement (Unaudited) For the six months and three months period ended 31 December 2012

	Six months period ended		Three months period ended	
	December 31 2012	December 31 2011	December 31 2012	December 31 2011
	----- (Rupees in '000) -----			
Undistributed income / (accumulated loss) brought forward	15,320	60,354	36,110	(2,814)
Final distribution for the year ended 30 June 2012: Nil [(30 June 2011: 17.033%) (Date of distribution: 4 July 2011)]				
- Bonus units	-	(32,463)	-	-
- Cash distribution	-	(13,019)	-	-
Net income / (loss) for the period after taxation	36,597	(23,456)	16,366	(6,137)
Element of income and capital gains included in prices of units issued less those in units redeemed - net	1,194	421	635	788
Undistributed income / (accumulated loss) carried forward	<u>53,111</u>	<u>(8,163)</u>	<u>53,111</u>	<u>(8,163)</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial information.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ISLAMIC MULTI ASSET FUND

## Condensed Interim Statement of Movement in Unit Holders' Fund (Unaudited) For the six months and three months period ended 31 December 2012

	Six months period ended		Three months period ended	
	December 31 2012	December 31 2011	December 31 2012	December 31 2011
	----- (Rupees in '000) -----			
Net assets at beginning of the period	268,191	288,582	298,390	247,738
Issue of 2,879,298 units (2011: 1,204,052 units)	32,479	11,010	17,932	1,785
Redemption of 1,344,539 units (2011 : 4,621,160 units)	(15,462)	(42,551)	(10,214)	(4,503)
Issue of bonus units: Nil (2011: 3,565,886 bonus units)	-	32,463	-	-
	17,017	922	7,718	(2,718)
Element of income and capital gains included in prices of units issued less those in units redeemed - amount representing loss that form part of the unit holders' fund - net	(1,194)	(421)	(635)	(788)
<b>Total comprehensive income for the period</b>				
- Net income / (loss) for the period	36,597	(23,456)	16,366	(6,137)
- Unrealised appreciation / (diminution) in the market value of securities 'classified as available for sale' -net	1,124	2,786	455	(15,531)
- Reversal of unrealised diminution in the value of investments pertaining to impairment of non-performing assets	-	18,619	-	18,619
	37,721	(2,051)	16,821	(3,049)
Final distribution for the period ended 30 June 2012: Nil (2011: 17.0333%)				
- Bonus units	-	(32,463)	-	-
- Cash Distribution	-	(13,019)	-	-
	-	(45,482)	-	-
Net element of loss and capital losses included in prices of units issued less those in units redeemed - amount transferred to distribution statement	1,194	421	635	788
<b>Net assets as at end of the period</b>	<u>322,929</u>	<u>241,971</u>	<u>322,929</u>	<u>241,971</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial information.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ISLAMIC MULTI ASSET FUND

## Condensed Interim Cash Flow Statement (Unaudited) For the six months and three months period ended 31 December 2012

	Six months period ended		Three months period ended	
	December 31 2012	December 31 2011	December 31 2012	December 31 2011
----- (Rupees in '000) -----				
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net income / (loss) for the period before taxation	36,597	(23,456)	16,366	(6,137)
<b>Adjustments</b>				
Unrealised (appreciation) / diminution on re-measurement of investments classified as financial assets at fair value through profit or loss - net	(20,746)	4,656	629	9,640
Amortisation of preliminary expenses and floatation costs	160	251	34	125
Capital (gain) / loss on sale of investments - net	(11,858)	469	(9,230)	(723)
Provision against non-performing sukuk bonds classified as 'available for sale'	8,744	20,743	(332)	2,267
	<u>12,897</u>	<u>2,663</u>	<u>7,467</u>	<u>5,172</u>
<b>(Increase) / decrease in assets</b>				
Receivable against sale of investments	-	2,806	-	(139)
Investments - net	(6,357)	46,880	36,522	18,030
Dividend and profit receivable	369	4,319	2,264	497
Deposits, prepayments and other receivables	(101)	(50)	(80)	(26)
	<u>(6,089)</u>	<u>53,955</u>	<u>38,706</u>	<u>18,362</u>
<b>(Decrease) / increase in liabilities</b>				
Payable to the Management Company	(327)	(8)	(612)	20
Payable to Trustee	38	(2)	33	(2)
Payable to Securities and Exchange Commission of Pakistan	(93)	(145)	66	52
Payable against purchase of investments	(13,562)	822	-	3,767
Accrued expenses and other liabilities	1,152	(120)	570	(303)
	<u>(12,792)</u>	<u>547</u>	<u>57</u>	<u>3,534</u>
<b>Net cash (outflows) / inflows from operating activities</b>	<u>(5,984)</u>	<u>57,165</u>	<u>46,230</u>	<u>27,068</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Net receipts against issue of units	32,479	11,010	17,932	1,785
Net payments against redemption of units	(15,462)	(42,551)	(10,214)	(4,503)
Distributions paid during the period	-	(13,019)	-	-
<b>Net cash inflows / (outflows) on financing activities</b>	<u>17,017</u>	<u>(44,560)</u>	<u>7,718</u>	<u>(2,718)</u>
<b>Net increase in cash and cash equivalents during the period</b>	<u>11,033</u>	<u>12,605</u>	<u>53,948</u>	<u>24,350</u>
Cash and cash equivalents at beginning of the period	77,824	34,766	34,909	23,021
<b>Cash and cash equivalents at end of the period</b>	<u><u>88,857</u></u>	<u><u>47,371</u></u>	<u><u>88,857</u></u>	<u><u>47,371</u></u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial information.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ISLAMIC MULTI ASSET FUND

## Notes to and forming part of the Condensed Interim Financial information (Unaudited) For the six months period ended 31 December 2012

### 1 LEGAL STATUS AND NATURE OF BUSINESS

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 was situated at 9th Floor, Adamjee House, I.I.Chundrigar Road, Karachi. From 4 February 2013, the principal office of the Management Company is shifted to 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 be categorized as "Shariah Compliant (Islamic) Scheme" and "Balanced Fund" as per the categories defined by the Securities and Exchange Commission of Pakistan.

The core objective of the Fund is to provide preservation of capital and earn a reasonable rate of return. The principal activity of the Fund is to make investments in Shariah compliant securities, instruments and avenues such as equities, musharikhah, murabahah, ijarah, etc. having a good credit rating and liquidity subject to the guidelines prescribed by SECP.

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, rating issued on 04 November 2011, 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 for the six months period ended 31 December 2012 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). In case where requirements differ, the provisions of / or directives issued under the Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

2.2 The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the financial statements of the Fund as at and for the year ended 30 June 2012.

2.3 This condensed interim financial information is being submitted to the unit holders as required under Regulation 38 (g) of the Non-Banking Finance Companies and notified Entities Regulations, 2008 (NBFC Regulations). However, a limited scope review has been carried out by the auditors in accordance with the requirements of clause (xxi) of the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan.

#### 2.4 Functional and presentation currency

This condensed interim financial information is presented in Pak Rupees, which is the Fund's functional and presentation currency. All financial information presented in Pak Rupees has been rounded off to the nearest of rupees.

# NAFA ISLAMIC MULTI ASSET FUND

## 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation followed for the preparation of this interim financial information are the same as those applied in preparing the financial statements as at and for the year ended 30 June 2012.

Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Fund's operations and did not have any impact on the accounting policies of the Fund except where changes affected presentation and disclosures in this condensed interim financial information.

## 4 ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires management to make judgements, estimates and assumption that affect the application of accounting policies and reported amount of assets and liabilities, income and expenses. Actual result may differ from these estimates.

The significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2012.

## 5 FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended 30 June 2012.

	Note	31 December 2012 (Unaudited)	30 June 2012 (Audited)
(Rupees in '000)			
<b>6 INVESTMENTS</b>			
Current accounts		6,398	17,007
Savings accounts	6.1	<u>82,459</u>	<u>60,817</u>
		<u>88,857</u>	<u>77,824</u>

These accounts carry profit at rates ranging from 6% to 11% (30 June 2012: 5% to 11%).

### INVESTMENTS

#### At fair value through profit or loss - held for trading

Investment in shares of listed company	7.1	183,395	134,096
<b>Available for sale</b>			
Sukuk bonds	7.2	<u>48,190</u>	<u>66,148</u>
		<u>231,585</u>	<u>200,244</u>



# NAFA ISLAMIC MULTI ASSET FUND

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

Name of the investee company	As at July 1, 2012	Purchases during the period	Bonus / Right Issue	Sale during the period	As at December 31, 2012	Market value As at December 31, 2012	Market value as a percentage of net assets	
							(Rupees in '000)	(%)
<b>Oil and Gas</b>								
Attock Petroleum Limited	50	-	-	-	50	26	0.01	0.01
Oil and Gas Development Company Limited	200	117,340	-	59,600	57,940	11,160	3.46	4.82
Pakistan Oil Fields Limited	45,060	76,100	-	69,000	52,160	22,822	7.07	9.85
Pakistan Petroleum Limited	80,857	115,000	27,364	132,000	91,221	16,127	4.99	6.96
<b>Chemicals</b>								
Fauji Fertilizer Company Limited	99,068	231,800	-	179,400	151,468	17,743	5.49	7.66
Sitara Chemical Industries	76,175	-	-	-	76,175	13,635	4.22	5.89
<b>Construction and Materials</b>								
Attock Cement Pakistan Limited	34,936	-	5,240	-	40,176	4,010	1.24	1.73
D.G. Khan Cement Company Limited	196,300	514,700	-	410,500	300,500	16,401	5.08	7.08
Lucky Cement Company Limited	187,900	115,300	-	201,500	101,700	15,412	4.77	6.66
Cherat Cement Company Limited	-	144,500	-	-	144,500	7,044	2.18	3.04
<b>General Industrials</b>								
Ghani Glass Limited	114,280	-	11,428	-	125,708	7,725	2.39	3.34
Thal Limited	16,815	-	1,682	-	18,497	1,977	0.61	0.85
<b>Industrial Engineering</b>								
Al-Ghazi Tractors Limited	16,088	20,287	-	36,000	375	89	0.03	0.04
Millat Tractors Limited	39	-	-	39	-	-	-	-
<b>Food Producers</b>								
Unilever Pakistan Limited	989	-	-	300	689	6,959	2.15	3.00
<b>Fixed Line Telecommunication</b>								
Pakistan Telecommunication Company Limited	3,000	315,000	-	94,000	224,000	3,886	1.20	1.68
<b>Electricity</b>								
The Hub Power Company Limited	567,760	423,500	-	344,500	646,760	29,260	9.06	12.63
<b>Banks</b>								
Meezan Bank Limited	303,408	-	-	-	303,408	9,117	2.82	3.94
Bank Islami Pakistan Limited	200	-	-	-	200	2	-	-
					<u>2,335,527</u>	<u>183,395</u>	<u>56.77</u>	<u>79.18</u>
Carrying value as at 31 December 2012						<u>162,649</u>		

7.1.1 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.

7.1.2 The above investments include securities with market value aggregating to Rs. 49.55 million (2011: 59.386 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 23 October 2007 issued by SECP.

## 7.2 Sukuk bonds - available for sale

Name of the investee company	Number of Certificates				Market value as at December 31, 2012	Investment as a percentage of		
	As at July 1, 2012	Purchases during the period	Sale during the period	As at December 31, 2012		Market value of Net assets	Market value of total investments	
(Rupees in '000)								
Eden Housing Limited (Note 7.2.2.1)	5,000	-	-	5,000	7,939	2.46	3.43	
Kohat Cement Company Limited	10,000	-	-	10,000	8,607	2.67	3.72	
Maple Leaf Cement Factory Limited - 1st Issue (Note 7.2.2.2)	10,000	-	-	10,000	18,957	5.87	8.19	
Maple Leaf Cement Factory Limited - 2nd Issue (Note 7.2.2.2)	375	-	-	375	-	-	-	
Eden Builders Limited	1,325	-	-	1,325	2,068	0.64	0.89	
Pak Electron Limited (Note 7.2.2.3)	10,000	-	-	10,000	10,619	3.29	4.59	
					<u>48,190</u>			
Carrying value as at 31 December 2012						<u>91,393</u>		
Provision for impairment loss as at 31 December 2012						<u>44,327</u>		

\* In case of debt securities against which provision has been made, these are carried at amortised cost less provision

# NAFA ISLAMIC MULTI ASSET FUND

## 7.2.1 Sukuk Significant terms and conditions of sukuk bonds outstanding as at 31 December 2012 are as follows:

Name of security	Remaining principal (per TFC)	Mark-up rate (per annum)	Issue date	Maturity date
<b>Sukuk bonds</b>				
Eden Housing Limited	2,438	2.5% + 6 Month KIBOR	29 March 2008	29 September 2014
Kohat Cement Company Limited	1,148	2.5% + 6 Month KIBOR	20 December 2007	20 December 2015
Maple Leaf Cement Factory Limited (1st Issue)	4,739	1% + 3 Month KIBOR	03 December 2007	03 December 2018
Maple Leaf Cement Factory Limited (2nd issue)	2,222	1% + 3 Month KIBOR	31 March 2010	31 March 2012
Eden Builders Limited	1,562	2.3% + 3 Month KIBOR	08 September 2008	08 March 2014
Pakistan Electron Limited	2,143	1.75% + 3 Month KIBOR	28 September 2007	28 September 2012

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

7.2.2 Fair value of all performing listed term finance certificates classified as investments at fair value through profit or loss is determined using rates notified by the Mutual Funds Association of Pakistan (MUFAP) as at 31 December 2012.

7.2.2.1 This represents investment in privately placed sukuk bonds issue with a term of five years. On 31 March 2011 and 29 June 2011 i.e. the scheduled redemption date, principal redemption of Rs. 0.938 million were not received by the Fund. The amount of provision required as per SECP circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circular. The income suspended on these sukuk bonds up to 31 December 2012 amounted to Rs. 0.886 million.

7.2.2.2 The sukus of Maple Leaf Cement Factory Limited were restructured on 30 March 2010. In accordance with the terms of restructuring, the amount of markup due on 3 December 2009 was partially off-set through issuance of new sukus, "Maple Leaf Cement Factory Limited Sukuk II". The Sukuk II have been recognised at NIL value on a prudent basis and in accordance with the guidance specified by the SECP which require overdue mark-up to be recognised on cash basis.

The Issuer defaulted again in the payment of principal and mark-up due on 03 September 2011. In accordance with the requirements of circular 33 of 2012 issued by the SECP, the exposure has been classified as non-performing and no further mark-up is being accrued after classification as non performing exposure. The amount of provision required as per SECP circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circular while considering date of default as 03 September 2011. The income suspended on Maple Leaf Cement Factory Limited -Sukuk and Maple Leaf Cement Factory Limited - Sukuk II up to 31 December 2012 amounted to Rs. 1.827 million and Rs. 0.024 million respectively.

7.2.2.3 The amount of provision required as per SECP circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circular. The income suspended on these sukuk bonds up to 31 December 2012 amounted to Rs. 2.144 million.

## 7.3 Unrealised appreciation on remeasurement of investments classified as financial assets at fair value through 'profit or loss' - net

		31 December 2012 (Unaudited)	30 June 2012 (Audited)
		(Rupees in '000)	
Market value of investments	7.1	183,395	91,234
Carrying value of investments		(162,649)	(95,890)
		<u>20,746</u>	<u>(4,656)</u>
<b>Net unrealised appreciation / (diminution) on remeasurement investments classified as 'available for sale'</b>			
Market value of investments	7.2	48,190	102,549
Carrying value of investments		(91,393)	(127,820)
		<u>(43,203)</u>	<u>(25,271)</u>
<b>Provision against non-performing sukus</b>			
Balance as at 1 July	7.5	35,583	7,314
Provision made during the period		10,603	20,743
Reversal of provision due to redemption of principal		(1,859)	-
Balance as at 31 December		<u>44,327</u>	<u>28,057</u>
		<u>1,124</u>	<u>2,786</u>
<b>7.5 Movement in provision against non-performing sukus</b>			
Balance as at 1 July		35,583	7,314
Provision made during the period		10,603	20,743
Reversal of provision due to redemption of principal		(1,859)	-
		<u>8,744</u>	<u>-</u>
Balance as at 31 December		<u>44,327</u>	<u>28,057</u>

# NAFA ISLAMIC MULTI ASSET FUND

8	DIVIDEND AND PROFIT RECEIVABLE	31 December 2012 (Unaudited) (Rupees in '000)	30 June 2012 (Audited)
	Dividend receivable on equity securities	101	1
	Profit on savings deposits	1,496	1,023
	Income accrued on sukuk bonds - net	<u>4,105</u>	<u>5,047</u>
		<u>5,702</u>	<u>6,071</u>
9	ACCRUED EXPENSES AND OTHER LIABILITIES		
	Auditors' remuneration	249	251
	Brokerage payable	239	273
	Bank charges payable	59	8
	Payable against printing charges	219	119
	Accrued NCCS charges	51	16
	Charity payable	645	471
	Withholding tax payable	44	-
	Others	44	8
	Provision for workers' welfare fund	11	2,664
		<u>3,412</u>	<u>2,664</u>
		<u>4,962</u>	<u>3,810</u>

## 10 CONTINGENCY AND COMMITMENT

There were no contingencies and commitments outstanding as at 31 December 2012.

## 11 PROVISION FOR WORKERS' WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh (SHC), challenging the applicability of WWF to the CISs, 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 30 June 2010.

During 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. This clarification was forwarded by Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its members for necessary action. Based on this clarification, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF. Notices of demand have also been issued to several other mutual funds and the matter has been taken up by the respective mutual funds with the FBR for their withdrawal on the basis of the above referred clarification of the Ministry.

Furthermore, in 2011, the Honorable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. The Management Company is hopeful that the decision of the LHC, will lend further support to the Constitutional Petition which is pending in the SHC. However, pending the decision of the said constitutional petition, the Management Company, as a matter of abundant caution, has decided to continue to maintain the provision for WWF amounting to Rs. 3.412 million (including Rs. 0.747 million for the current period). If the same were not made the NAV per unit/ last one year return of scheme would be higher by Rs 0.1238/1.37%.

## 12 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealized capital gains / loss to the unit holders. The Fund has not recorded any tax liability in respect of income relating to the current period as the management company intends to distribute at least 90 percent of the Fund's accounting income for the year ending 30 June 2013 as reduced by capital gains (whether realised or unrealised) to its unit holders.

# NAFA ISLAMIC MULTI ASSET FUND

## 10 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 06 March 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 31 December 2011, 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).

Type of investment	Name of non-compliant 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*	47,394	28,436	18,958	5.87	5.76
	b) Maple Leaf Cement Factory Limited - Sukuk II	833	833	-	-	-
	c) Kohat Cement Company Limited - Sukuk *	8,607	-	8,607	2.67	2.62
	d) Eden Housing Limited - Sukuk *	12,188	4,249	7,939	2.46	2.41
	e) Pak Electron Limited *	21,429	10,810	10,619	3.29	3.23

\*Performing but below investment grade

### 13.1 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.

## 14 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 NBFRC Regulations and the Trust Deed.

# NAFA ISLAMIC MULTI ASSET FUND

## 14.1 Details of the transactions with connected persons are as follows:

	Six months period ended		Three months period ended	
	December 31 2012	December 31 2011	December 31 2012	December 31 2011
	------(Rupees in '000)-----			
<b>NBP Fullerton Asset Management Company Limited - Management Company</b>				
Management fee expense for the period	3,973	3,926	1,792	1,860
Sindh sales tax on management fee	636	-	287	-
Front end load for the period	471	144	269	46
<b>Taurus Securities (Private) Limited</b>				
Brokerage	26	-	18	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Trustee fee for the period	353	353	177	177
CDS charges	64	93	60	89
<b>Employee of the Management Company</b>				
Units issued 13,271 units (31 December 2011: Nil units)	148	-	148	-
Units redeemed 10,659 units (31 December 2011: Nil units)	120	-	120	-
<b>Gul Ahmed Textile Mills Limited - EPF</b>				
Units redeemed 35,519 units (31 December 2011: Nil units)	405	-	405	-
			<b>31 December 2012</b>	<b>30 June 2012</b>
			<b>(Unaudited)</b>	<b>(Audited)</b>
			(Rupees in '000)	

## 14.2 Amounts outstanding as at period / year end

### NBP Fullerton Asset Management Company Limited - Management Company

Management Fee payable	539	656
Sindh Sales tax on management fee	86	105
Front end load payable	78	269

### National Bank of Pakistan

Investment held by the Sponsor in the Fund (7,500,000 units; 30 June 2012: 7,500,000 units)	87,919	77,324
Balance in current account	1,558	20

### Alexandra Fund Management Pte. Limited

Investment held by the Sponsor in the Fund (8,986,937 units; 30 June 2012: 8,986,937 units)	105,349	92,654
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### Central Depository Company of Pakistan Limited - Trustee

Trustee fee payable	62	60
CDS charges payable	68	57
Security deposit	100	100

### Taurus Securities (Private) Limited

Brokerage Payable	3	-
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### Employees of the Management Company

Units held in the Fund (4,510 units; 30 June 2012: 5,849 units)	53	20
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# NAFA ISLAMIC MULTI ASSET FUND

## 15 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on February 26, 2013 .

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director