



NBP Fullerton
Asset Management Ltd.

A Subsidiary of
National Bank of Pakistan

Your investments & "NAFA" grow together




Joint - Venture Partners

NAFA ISLAMIC MULTI ASSET FUND

HALF YEARLY REPORT
DECEMBER 31
2013



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. 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 Shakra-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 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:

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 MULTI ASSET FUND

Contents

FUND'S INFORMATION	02
DIRECTORS' REPORT	05
REPORT OF THE TRUSTEE TO THE UNITHOLDERS	07
AUDITORS' REVIEW REPORT TO THE UNIT HOLDERS	08
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES	09
CONDENSED INTERIM INCOME STATEMENT	10
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME	11
CONDENSED INTERIM DISTRIBUTION STATEMENT	12
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND	13
CONDENSED INTERIM CASH FLOW STATEMENT	14
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS	15

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 (NIMF)** for the half year ended December 31, 2013.

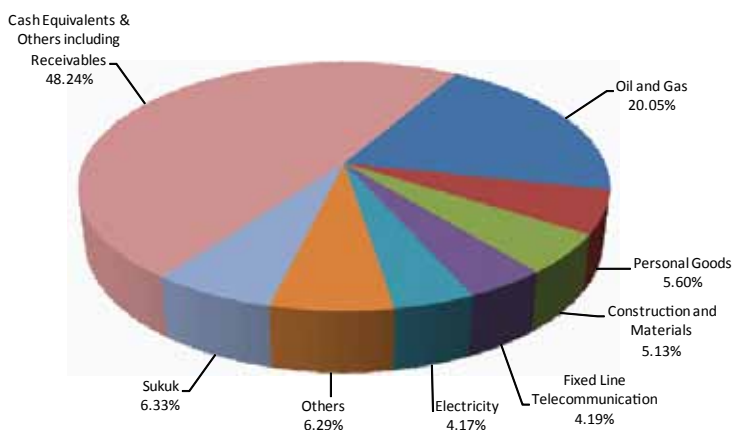
Fund's Performance

The size of NAFA Islamic Multi Asset Fund declined from Rs. 433 million to Rs. 382 million during the period, i.e. a decline of 11.78%. During the first half, the unit price of NAFA Islamic Multi Asset Fund has increased from Rs. 11.9448 (Ex-Div) on June 30, 2013 to Rs.12.9412 on December 31, 2013, thus showing an increase of 8.34% as compared to its Benchmark (50% KMI-30 Index, 50% average 3-month profit rate of Islamic banks) return of 9.39%. Thus, the Fund has underperformed its Benchmark by 1.05% 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 decreased from Rs.433 million to Rs.382 million during the period, i.e. a decline of 11.79%.

The stock market extended its bull-run in 1HFY14 as the market participants remained optimistic post peaceful democratic transition and subsequent transfer of power within the two state pillars, Military and Judiciary. Grant of IMF financing package, easy liquidity conditions, and healthy foreign investment activity perked up investors' sentiments. Moreover, investors brushed aside rising risks to the inflation, interest rates and external accounts. Among the out-performers for the period were Construction & Materials, Industrial Transportation, Personal Goods and Fixed Line Telecommunication sectors. On the other hand, Oil and Gas, Chemicals, General Industrials, Automobiles and Parts, and Electricity sectors lagged the market.

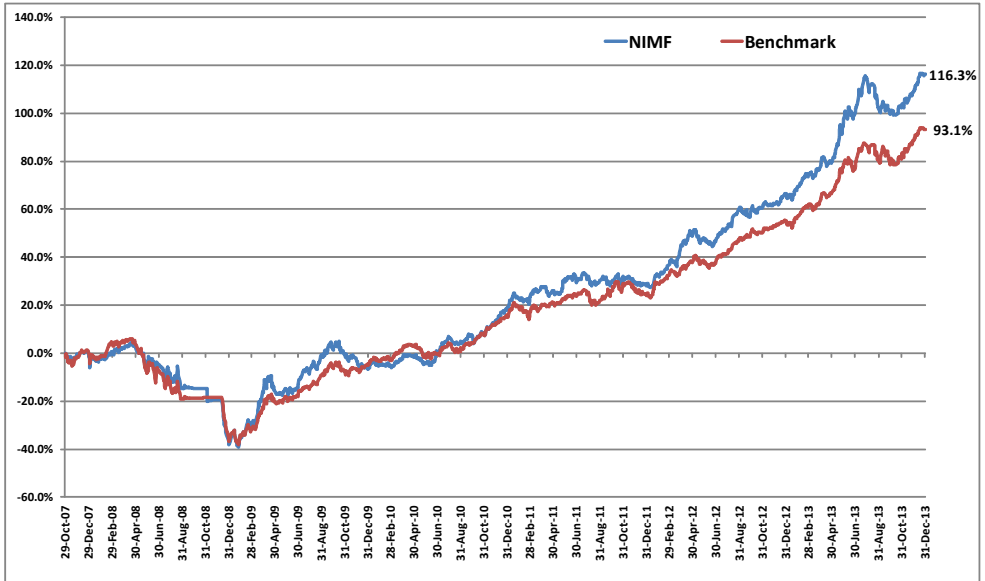
The State Bank of Pakistan increased the policy rate by 100bps during the period under review citing upside risks to the external account, depleting FX reserves, and rising inflation expectations. All Sukuks in the Fund are floating rate linked to KIBOR. Therefore, they carry a relatively low risk and any increase in interest rates will increase the coupon income of the Sukuk portfolio.

The Fund has earned total income of Rs.40.10 million during the period. After deducting expenses of Rs.12.22 million, the net loss is Rs.27.88 million. The asset allocation of the Fund as on December 31, 2013 is as follows:



NAFA ISLAMIC MULTI ASSET FUND

NIMF Performance versus Benchmark (Since Inception)



Income Distribution

The Board of Directors of the Management Company has approved an interim distribution of 2.00% of opening ex-NAV (2.372% of the par value) for the quarter ended December 31, 2013.

Acknowledgement

The Board takes this opportunity to thank its valued unit-holders for their confidence and trust in the Management Company, and providing the opportunity to serve them. It also offers its sincere gratitude to the Securities & Exchange Commission of Pakistan and State Bank of Pakistan for their patronage and guidance.

The Board also wishes to place on record its appreciation for the hard work, dedication and commitment shown by the staff and the Trustee.

On behalf of the Board of
NBP Fullerton Asset Management Limited

Chief Executive

Director

Date: February 13, 2014
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, 2013 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 26, 2014

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 2013 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 2013 in the condensed interim financial information have not been reviewed and we do not express a conclusion on them.

Date: February 13, 2014

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Nadeem

NAFA ISLAMIC MULTI ASSET FUND

Condensed Interim Statement of Assets and Liabilities As at 31 December 2013

	Note	31 December 2013 (Unaudited)	30 June 2013 (Audited)
(Rupees in '000)			
Assets			
Bank balances	6	185,091	257,924
Investments	7	197,698	174,802
Dividend and profit receivable	8	5,995	5,546
Advance, deposit, prepayment and other receivable		2,770	2,632
Total assets		<u>391,554</u>	<u>440,904</u>
Liabilities			
Payable to NBP Fullerton Asset Management Limited - Management Company		1,823	1,231
Payable to the Central Depository Company of Pakistan Limited - Trustee		102	126
Payable to Securities and Exchange Commission of Pakistan		194	287
Payable against redemption of units		796	-
Accrued expenses and other liabilities	9	6,693	6,258
Total liabilities		<u>9,608</u>	<u>7,902</u>
Net assets		<u>381,946</u>	<u>433,002</u>
Unit holders' funds (as per statement attached)		<u>381,946</u>	<u>433,002</u>
Contingency and commitment	10	(Number of units)	
Number of units in issue		<u>29,513,993</u>	<u>31,866,154</u>
Net assets value per unit		<u>12.9412</u>	<u>13.5881</u>

The annexed notes 1 to 15 form an integral part of this 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 2013

Note	Six months period ended		Three months period ended	
	December 31 2013	December 31 2012	December 31 2013	December 31 2012
----- (Rupees in '000) -----				
Income				
	(1,029)	11,858	1,186	9,230
Capital (loss) / gain on sale of investments - net				
Profit on bank deposits	9,037	1,933	4,654	1,495
Income from sukuk bonds	5,972	7,552	4,187	4,343
Dividend income	7,285	10,484	2,647	5,163
Net unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets at fair value through profit or loss	7.3	18,834	20,746	24,246
				(629)
Total income	40,099	52,573	36,920	19,602
Expenses				
Remuneration of NBP Fullerton Asset Management Limited - Management Company	4,575	3,973	2,124	1,792
Sindh sales tax on remuneration to Management Company	860	636	468	287
Federal Excise Duty on remuneration to Management Company	732	-	340	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	458	353	213	177
Annual fee - Securities and Exchange Commission of Pakistan	194	128	90	66
Securities transaction cost	849	332	290	197
Settlement and bank charges	158	432	45	358
Annual listing fee	15	15	7	5
Auditors' remuneration	276	252	174	142
Provision against non-performing sukuk bonds classified as available for sale' - net	7.5	3,367	8,744	903
				(332)
Fund rating fee	67	61	33	33
Legal and professional charges	90	40	90	40
Amortisation of preliminary expenses and floatation costs	-	160	-	34
Other expenses	9	103	9	103
Total expenses	11,650	15,229	4,786	2,902
Net income from operating activities	28,449	37,344	32,134	16,700
Provision for Workers' Welfare Fund	11	(569)	(747)	(569)
				(334)
Net income for the period before taxation	27,880	36,597	31,565	16,366
Taxation	12	-	-	-
Net income for the period after taxation	27,880	36,597	31,565	16,366

The annexed notes 1 to 15 form an integral part of this 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 2013

	Note	Six months period ended		Three months period ended	
		December 31 2013	December 31 2012	December 31 2013	December 31 2012
----- (Rupees in '000) -----					
Net income for the period after taxation		27,880	36,597	31,565	16,366
Other comprehensive income for the period					
<i>Items to be reclassified to income statement in subsequent periods:</i>					
Unrealised appreciation in the market value of investments classified as 'available for sale' - net	7.4	1,044	1,124	535	455
Total comprehensive income for the period		<u>28,924</u>	<u>37,721</u>	<u>32,100</u>	<u>16,821</u>

The annexed notes 1 to 15 form an integral part of this 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 2013

	Six months period ended		Three months period ended	
	December 31 2013	December 31 2012	December 31 2013	December 31 2012
	----- (Rupees in '000) -----			
Undistributed income brought forward comprising:				
Realised income	87,228	5,752	70,749	14,735
Unrealised income / (loss)	30,454	9,568	(5,412)	21,375
	<u>117,682</u>	<u>15,320</u>	<u>65,337</u>	<u>36,110</u>
Final distribution for the year ended 30 June 2013:				
16.75% [(30 June 2012:Nil)]				
- Bonus units	(43,542)	-	-	-
- Cash distribution	(13,133)	-	-	-
Net income for the period before taxation	27,880	36,597	31,565	16,366
Element of income and capital gains included in prices of units issued less those in units redeemed - net	4,595	1,194	(3,420)	635
Undistributed income carried forward	<u>93,482</u>	<u>53,111</u>	<u>93,482</u>	<u>53,111</u>
Undistributed income comprising of:				
Realised income	74,648	32,365	69,236	53,740
Unrealised income / (loss)	18,834	20,746	24,246	(629)
	<u>93,482</u>	<u>53,111</u>	<u>93,482</u>	<u>53,111</u>

The annexed notes 1 to 15 form an integral part of this 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 2013

Note	Six months period ended		Three months period ended	
	December 31 2013	December 31 2012	December 31 2013	December 31 2012
----- (Rupees in '000) -----				
Net assets at beginning of the period	433,002	268,191	469,120	298,390
Issue of 15,464,792 units (2012: 2,879,298 units)	195,325	32,479	63,673	17,932
Redemption of 21,285,873 units (2012: 1,344,539 units)	(262,172)	(15,462)	(182,947)	(10,214)
Issue of bonus 3,468,647 units: (2012: Nil bonus units)	43,542	-	-	-
	(23,305)	17,017	(119,274)	7,718
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net	(4,595)	(1,194)	3,420	(635)
Net unrealised appreciation on re-measurement of investments classified as 'available for sale'	7.4	1,044	1,124	535
Capital (loss) / gain on sale of investments - net	(1,029)	11,858	1,186	9,230
Net unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets at fair value through profit or loss	18,834	20,746	24,246	(629)
Other net income for the period	10,075	3,993	6,133	7,765
	27,880	36,597	31,565	16,366
Final distribution for the year ended 30 June 2013: 16.75% (30 June 2012: Nil)				
- Bonus units	(43,542)	-	-	-
- Cash Distribution	(13,133)	-	-	-
	(56,675)	-	-	-
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	4,595	1,194	(3,420)	635
Net assets at end of the period	381,946	322,929	381,946	322,929

The annexed notes 1 to 15 form an integral part of this 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 2013

	Six months period ended		Three months period ended	
	December 31 2013	December 31 2012	December 31 2013	December 31 2012
	----- (Rupees in '000) -----			
CASH FLOW FROM OPERATING ACTIVITIES				
Net income for the period before taxation	27,880	36,597	31,565	16,366
Adjustments				
Net unrealised (appreciation) / diminution on re-measurement of investments classified as financial assets at fair value through profit or loss	(18,834)	(20,746)	(24,246)	629
Amortisation of preliminary expenses and floatation costs	-	160	-	34
Capital loss / (gain) on sale of investments - net	1,029	(11,858)	(1,186)	(9,230)
Provision against non-performing sukuk bonds classified as 'available for sale'	3,367	8,744	903	(332)
	<u>13,442</u>	<u>12,897</u>	<u>7,036</u>	<u>7,467</u>
(Increase) / decrease in assets				
Investments - net	(7,414)	(6,357)	3,132	36,522
Dividend and profit receivable	(449)	369	3,952	2,264
Advance, deposit, prepayment and other receivable	(138)	(101)	385	(80)
	<u>(8,001)</u>	<u>(6,089)</u>	<u>7,469</u>	<u>38,706</u>
(Decrease) / increase in liabilities				
Payable to NBP Fullerton Asset Management Limited - Management Company	592	(327)	(1,480)	(612)
Payable to the Central Depository Company of Pakistan Limited - Trustee	(24)	38	(26)	33
Payable to Securities and Exchange Commission of Pakistan	(93)	(93)	90	66
Payable against purchase of investments	-	(13,562)	-	-
Payable against redemption of units	796	-	796	-
Accrued expenses and other liabilities	435	1,152	449	570
	<u>1,706</u>	<u>(12,792)</u>	<u>(172)</u>	<u>57</u>
Net cash flows from / (used in) operating activities	<u>7,147</u>	<u>(5,984)</u>	<u>14,333</u>	<u>46,230</u>
CASH FLOW FROM FINANCING ACTIVITIES				
Net receipts against issue of units	195,325	32,479	63,673	17,932
Net payments against redemption of units	(262,172)	(15,462)	(183,762)	(10,214)
Distributions paid during the period	(13,133)	-	-	-
Net cash (used in) / flows from financing activities	<u>(79,980)</u>	<u>17,017</u>	<u>(120,089)</u>	<u>7,718</u>
Net (decrease) / increase in cash and cash equivalents during the period	<u>(72,833)</u>	<u>11,033</u>	<u>(105,756)</u>	<u>53,948</u>
Cash and cash equivalents at beginning of the period	257,924	77,824	290,847	34,909
Cash and cash equivalents at end of the period	<u>185,091</u>	<u>88,857</u>	<u>185,091</u>	<u>88,857</u>

The annexed notes 1 to 15 form an integral part of this 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 2013

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 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.

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, musharikah, 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, 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 2013 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 annual financial statements of the Fund as at and for the year ended 30 June 2013.

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 annual financial statements as at and for the year ended 30 June 2013.

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.

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 the annual financial statements as at and for the year ended 30 June 2013.

5 FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with that disclosed in the annual financial statements as at and for the year ended 30 June 2013.

	Note	31 December 2013 (Unaudited)	30 June 2013 (Audited)
(Rupees in '000)			
6 BANK BALANCES			
Current accounts		18,488	19,529
Savings accounts	6.1	<u>166,603</u>	<u>238,395</u>
		<u>185,091</u>	<u>257,924</u>
6.1 These accounts carry profit at rates ranging from 6% to 10% (30 June 2013: 6% to 11%).			
7 INVESTMENTS			
At fair value through profit or loss - held for trading			
Investment in shares of listed company	7.1	173,510	139,368
Available for sale			
Sukuk bonds	7.2	<u>24,188</u>	<u>35,434</u>
		<u>197,698</u>	<u>174,802</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, 2013	Purchases during the period	Bonus / Right Issue	Sale during the period	As at December 31, 2013	Market value As at December 31, 2013	Market value as a percentage of net assets	Market value as a percentage of total investment	Paid-up capital of the investee company held
Oil and Gas									
Oil and Gas Development Company Limited	40	184,200	-	118,200	66,040	18,251	4.78%	9.23%	0.15%
Pakistan Oil Fields Limited	6,960	90,200	-	73,400	23,760	11,826	3.10%	5.98%	1.00%
Pakistan Petroleum Limited	33,900	192,800	20,320	150,700	96,320	20,609	5.40%	10.42%	0.49%
Pakistan State Oil Company Limited	145,660	135,400	-	212,600	68,460	22,744	5.95%	11.50%	2.77%
Shell Pakistan Limited	-	16,500	-	-	16,500	3,142	0.82%	1.59%	1.93%
Chemicals									
Fauji Fertilizer Company Limited	68	112,700	-	111,000	1,768	198	0.05%	0.10%	0.01%
Sitara Chemical Industries Limited	72,775	-	-	72,775	-	-	-	-	-
Construction and Materials									
Attock Cement Pakistan Limited	7,176	-	11	7,100	87	13	0.00	0.01%	0.01%
D.G. Khan Cement Company Limited	43,500	367,000	-	398,000	12,500	1,072	0.28%	0.54%	0.29%
Lucky Cement Company Limited	31,900	50,700	-	60,700	21,900	6,567	1.72%	3.32%	0.68%
Cherat Cement Company Limited	295,000	17,000	-	309,500	2,500	158	0.04%	0.08%	0.26%
Kohat Cement Limited	136,500	147,500	17,200	276,500	24,700	2,415	0.63%	1.22%	1.92%
Maple Leaf Cement Limited	-	242,000	-	242,000	-	-	-	-	-
Pioneer Cement Limited	-	393,000	-	148,000	245,000	9,383	2.46%	4.75%	10.79%
General Industries									
Thal Limited	24,497	33,300	-	5,300	52,497	7,258	1.90%	3.67%	6.48%
Personal Goods									
Nishat Mills Limited	52,000	465,000	-	349,000	168,000	21,376	5.60%	10.81%	4.78%
Fixed Line Telecommunication									
Pakistan Telecommunication Company Limited	-	1,560,000	-	997,000	563,000	16,012	4.19%	8.10%	-
Electricity									
Hub Power Company Limited	166,760	882,500	-	787,000	262,260	15,924	4.17%	8.05%	2.27%
Banks									
Meezan Bank Limited	311,782	224,500	-	277,000	259,282	10,210	2.67%	5.16%	2.59%
Industrial Transportation									
Pakistan National Shipping Corporation	-	75,500	-	-	75,500	6,352	1.66%	3.21%	5.72%
					<u>1,960,074</u>	<u>173,510</u>			
Carrying value as at 31 December 2013						<u>154,676</u>			

7.1.1 All shares have a nominal face value of Rs 10 each except for the shares of Thal Limited which has a face value of Rs 5 each.

7.1.2 The above investments include securities with market value aggregating to Rs. 21.79 million (June 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 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, 2013	Investment as a percentage of	
	As at July 1, 2013	Purchases during the period	Sale during the period	As at December 31, 2013		Market value of Net assets	Market value of total investments
					(Rupees in '000)	----- (%) -----	
Eden Housing Limited (Note 7.2.3)	5,000	-	-	5,000	4,275	1.12%	2.16%
Kohat Cement Company Limited	10,000	-	-	10,000	2,542	0.67%	1.29%
Maple Leaf Cement Factory Limited - 1st Issue (Note 7.2.4)	10,000	-	-	10,000	16,957	4.44%	8.58%
Eden Builders Limited	1,325	-	-	1,325	414	0.11%	0.21%
Pak Elektron Limited (Note 7.2.5)	10,000	-	-	10,000	-	-	-
					<u>24,188</u>		
Carrying value as at 31 December 2013					<u>72,296</u>		
Provision for impairment loss as at 31 December 2013					<u>49,152</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 Significant terms and conditions of sukuk bonds outstanding as at 31 December 2013 are as follows:

Name of security	Remaining principal (per TFC)	Mark-up rate (per annum)	Issue date	Maturity date
Sukuk bonds				
Eden Housing Limited	1,313	2.5% + 6 Month KIBOR	29 Mar 2008	29 Sep 2014
Kohat Cement Company Limited	339	2.5% + 6 Month KIBOR	20 Dec 2007	20 Dec 2016
Maple Leaf Cement Factory Limited (1st Issue)	4,239	1% + 3 Month KIBOR	03 Dec 2007	03 Dec 2018
Eden Builders Limited	313	2.3% + 3 Month KIBOR	08 Sep 2008	08 Mar 2014
Pakistan Electron Limited	2,143	1.75% + 3 Month KIBOR	28 Sep 2007	28 Sep 2014

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).

7.2.3 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 sukuku 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. The income suspended on these sukuk bonds up to 31 December 2013 amounted to Rs. 0.209 million (30 June 2013: Rs. 0.005 million).

7.2.4 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. 2.5 million were received. A provision of 60% i.e. Rs. 25.436 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 (2 installments of 1.25 million each) along with markup of Rs. 4.751 million. A provision of 60% i.e. Rs. 25.436 million has been made in respect of the outstanding exposure and no further mark-up is being accrued.

7.2.5 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. The income suspended on these sukuk bonds up to 31 December 2013 amounted to Rs. 1.817 million (30 June 2013: Rs. 1.215 million).

		31 December 2013	31 December 2012
(Rupees in '000)			
7.3 Net unrealised appreciation on remeasurement of investments classified as financial assets at fair value through 'profit or loss'			
Market value of investments	7.1	173,510	183,395
Carrying value of investments		<u>(154,676)</u>	<u>(162,649)</u>
		<u>18,834</u>	<u>20,746</u>
7.4 Unrealised appreciation on remeasurement investments classified as 'available for sale' - net			
Market value of investments	7.2	24,188	48,190
Carrying value of investments		<u>(72,296)</u>	<u>(91,393)</u>
		<u>(48,108)</u>	<u>(43,203)</u>
Provision against non-performing sukuku			
Balance as at 1 July	7.5	<u>45,785</u>	<u>35,583</u>
Provision made during the period		<u>5,357</u>	<u>10,603</u>
Reversal of provision due to redemption of principal		<u>(1,990)</u>	<u>(1,859)</u>
Balance as at 31 December		<u>49,152</u>	<u>44,327</u>
		<u>1,044</u>	<u>1,124</u>
7.5 Movement in provision against non-performing sukuku			
Balance as at 1 July		45,785	35,583
Provision made during the period		<u>5,357</u>	<u>10,603</u>
Reversal of provision due to redemption of principal		<u>(1,990)</u>	<u>(1,859)</u>
		<u>3,367</u>	<u>8,744</u>
Balance as at 31 December		<u>49,152</u>	<u>44,327</u>

NAFA ISLAMIC MULTI ASSET FUND

8	DIVIDEND AND PROFIT RECEIVABLE	31 December 2013 (Unaudited)	30 June 2013 (Audited)
		(Rupees in '000)	
	Dividend receivable on equity securities	132	218
	Profit on savings deposits	1,796	1,241
	Income accrued on sukuk bonds - net	<u>4,067</u>	<u>4,087</u>
		<u>5,995</u>	<u>5,546</u>
9	ACCRUED EXPENSES AND OTHER LIABILITIES		
	Auditors' remuneration	272	286
	Brokerage payable	242	491
	Bank charges payable	23	39
	Payable against printing charges	35	75
	Accrued NCCS charges	28	46
	Charity payable	423	314
	Withholding tax payable	195	-
	Others	97	198
	Provision for workers' welfare fund	11	4,809
		<u>5,378</u>	<u>4,809</u>
		<u>6,693</u>	<u>6,258</u>
10	CONTINGENCY AND COMMITMENT		
	There was no contingency and commitment outstanding as at 31 December 2013.		
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 Honorable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

Subsequent to the year ended 30 June 2011, 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. However, on 14 December 2010, the Ministry filed its response against the constitutional petition requesting the Court to dismiss the petition. According to the legal counsel who is handling the case there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in Court.

During the year 2012, 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, declared the said amendments as unlawful and unconstitutional. In March 2013, a larger bench of the Sindh High Court (SHC) in various Constitutional Petitions declared that amendments introduced in the WWF Ordinance, 1971 through Finance Act 2006 and 2008 respectively do not suffer from any constitutional or legal infirmity. However, the Honourable High Court of Sindh has not addressed the other amendments made in WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before the court.

In view of above stated facts and considering the uncertainty on the applicability of WWF to mutual funds due to show cause notices issued to a number of mutual funds, the management company as a matter of abundant caution has decided to continue to maintain the provision for WWF for the six months period ended 31 December 2013. As at 31 December 2013 the management has maintained provision against Workers' Welfare Funds' amounting to Rs. 5.378 million, if the same were not made the net assets value per unit of the Fund would have been higher by Rs. 0.1822.

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 2014 as reduced by capital gains (whether realised or unrealised) to its unit holders.

NAFA ISLAMIC MULTI ASSET FUND

13 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 2013, 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).

Category of non-compliant 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*	42,394	25,436	16,958	4.44	4.33
	b) Kohat Cement Company Limited - Sukuk *	3,389	-	2,542	0.67	0.65
	c) Eden Housing Limited - Sukuk *	6,562	2,288	4,274	1.12	1.09
	d) Pak Electron Limited *	21,429	21,429	-	-	-

*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 AND BALANCES 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.

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 2013	December 31 2012	December 31 2013	December 31 2012
	------(Rupees in '000)-----			
NBP Fullerton Asset Management Company Limited - Management Company				
Management fee expense for the period	4,575	3,973	2,124	1,792
Sindh sales tax on management fee	860	636	468	287
Federal Excise Duty on Management Fee	732	-	340	-
Front end load for the period	2,488	471	665	269
National Bank of Pakistan - Sponsor				
Cash Dividend Paid	12,952	-	-	-
Alexandra Fund Management Pte. Limited				
Bonus units issued (1,278,646 units; December 31, 2012: Nil units)	-	-	-	-
Units redeemed 10,573,174 units (31 December 2012: Nil units)	129,277	-	-	-
Taurus Securities (Private) Limited				
Brokerage	87	26	28	18
Central Depository Company of Pakistan Limited - Trustee				
Trustee fee for the period	458	353	213	177
CDS charges	33	64	13	60
Employee of the Management Company				
Units issued 114,427 units (31 December 2012: 13,271 units)	1,449	148	492	148
Units redeemed 103,013 units (31 December 2012: 10,659 units)	1,292	120	258	120
Thal Limited				
Purchase of equity 33,300 shares (Dec 2012: Nil shares)	3,893	-	3,893	-
Sales of equity 5,300 shares (Dec 2012: Nil shares)	784	-	784	-

NAFA ISLAMIC MULTI ASSET FUND

	31 December 2013 (Unaudited)	30 June 2013 (Audited)
	(Rupees in '000)	
14.2 Amounts outstanding as at period / year end		
NBP Fullerton Asset Management Company Limited - Management Company		
Management Fee payable	644	721
Sindh Sales tax on management fee	170	115
Federal Excise Duty payable	606	325
Front end load payable	333	70
Sales tax on sales load	70	-
National Bank of Pakistan		
Investment held by the Sponsor in the Fund (7,500,000 units; 30 June 2013: 7,500,000 units)	97,059	101,911
Balance in current account	561	42
Alexandra Fund Management Pte. Limited		
Investment held by the Sponsor in the Fund Nil units; 30 June 2013: 9,294,527 units)	-	126,295
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	68	75
CDS charges payable	33	51
Security deposit	100	100
Taurus Securities (Private) Limited		
Brokerage payable	5	12
Employees of the Management Company		
Units held in the Fund (25,726 units; 30 June 2013: 4,665 units)	333	63
Thal Limited		
Shares held by the fund 52,497 shares	7,258	-
Fauji Fertilizer Company Limited		
Shares held by the fund Nil shares (June 30, 2013: 68 shares)	-	7
The Hub Power Company Limited		
Shares held by the fund Nil share (June 30, 2013: 166,760 shares)	-	10,281
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 13, 2014.

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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