


## MISSION STATEMENT



To rank in the top quartile  
in performance of  
**NAFA FUNDS**  
relative to the competition,  
and to consistently offer  
Superior risk-adjusted returns to investors.

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# NAFA 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 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 (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:**

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

## **Lahore Office:**

House # 10 - A, Block -S, Gulberg - II, Lahore.  
UAN: (+92-42) 111-111-NFA (632)  
Fax No: (+92-42) 35760373

## **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

## DIRECTORS' REPORT

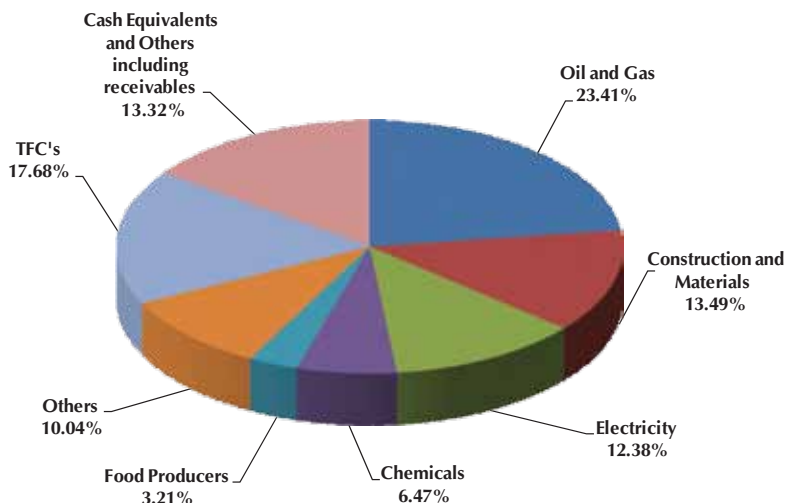
The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the unaudited financial statements of NAFA Islamic Multi Asset Fund for the quarter ended September 30, 2012.

### Fund's Performance

During the first quarter, the unit price of NAFA Islamic Multi Asset Fund has increased from Rs. 10.3099 on June 30, 2012 to Rs.11.1088 on September 30, 2012, thus showing a growth of 7.75% as compared to its Benchmark (50% KMI-30 Index, 50% average 3-month profit rate of Islamic banks) return of 8.51%. Thus, the Fund has underperformed its Benchmark by 0.76% during the period under review. Provisioning in some Sukuks contributed to the underperformance of the Fund. The performance of the Fund 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.298 million during the period, i.e. an increase of 11.19%.

The stock market depicted a bullish trend during 1QFY13. The KMI-30 Index surged by 15.48% to the 27,458 levels as against 23,776 levels at the beginning of the quarter. During the period under review the key factors for the upbeat performance of the market were (i) relaxation of the monetary regime with 150bps cut in the Policy Rate by the SBP; (ii) healthy corporate earnings and payouts; (iii) improved trading activity and foreign flows; and (iv) improvement on the internal and external political fronts. The Food Producers and Fixed Line Telecommunication sectors performed better than the market. On the other hand, Oil & Gas, Chemicals, Industrial Engineering and Electricity sectors lagged the market.

The coupon rates of all Sukuks in your Fund are floating and linked to KIBOR, which depicted a falling trend during the quarter. The Fund has earned total income of Rs.32.97 million during the period. After deducting expenses of Rs.12.74 million, the net income is Rs.20.23 million. The asset allocation of the Fund as on September 30, 2012 is as follows:



# 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 and the Trustee.

On behalf of the Board of  
NBP Fullerton Asset Management Limited

Chief Executive

Director

Date: October 23, 2012  
Place: Karachi.

# NAFA ISLAMIC MULTI ASSET FUND

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2012

	Note	Un-Audited September 30, 2012	Audited June 30, 2012
(Rupees in '000)			
<b>Assets</b>			
Balances with banks		34,910	77,824
Receivable against sale of investments		-	-
Investments	4	258,717	200,244
Dividend and profit receivable	5	7,966	6,071
Advances, Deposits, prepayments and other receivable		2,653	2,632
Preliminary expenses and floatation costs		35	160
<b>Total assets</b>		304,281	286,931
<b>Liabilities</b>			
Payable to Management Company		1,315	1,030
Payable to Trustee		122	117
Payable to Securities and Exchange Commission of Pakistan		62	221
Payable against purchase of investments		-	13,562
Accrued expenses and other liabilities	6	4,392	3,810
<b>Total liabilities</b>		5,891	18,740
<b>Net Assets</b>		298,390	268,191
<b>Unit Holders' Funds (as per statement attached)</b>		298,390	268,191
<b>Commitments</b>	12	-	-
		----- (Number of units) -----	
<b>Number of units in issue</b>		26,860,740	26,013,069
		<b>Rupees</b>	<b>Rupees</b>
<b>Net asset value per unit</b>		11.1088	10.3099

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

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ISLAMIC MULTI ASSET FUND

## CONDENSED INTERIM INCOME STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2012 (UN-AUDITED)

	Note	Quarter Ended September 30, 2012	Quarter Ended September 30, 2011
(Rupees in '000)			
<b>INCOME</b>			
(Loss) / gain on sale of investments - net		2,628	(1,192)
Income from Sukuk bonds		3,209	(1,568)
Profit on bank deposits		438	408
Dividend income		5,321	1,652
Unrealised gain/(loss) on investments at fair value through profit or loss - net		21,375	4,984
<b>Total Income</b>		32,971	4,284
<b>EXPENSES</b>			
Remuneration of the Management Company		2,181	2,066
Sindh Sales Tax on Management Fee		349	-
Remuneration of the Trustee		176	176
Annual fee - Securities and Exchange Commission of Pakistan		62	59
Securities transaction cost		135	187
Settlement and bank charges		74	30
Annual listing fee		10	7
Auditors' remuneration		110	120
Impairment loss/(gain) on investments classified as 'available for sale'		9,076	18,476
Rating fee		28	25
Other expenses		-	331
Amortisation of preliminary expenses and floatation costs		126	126
<b>Total Expenses</b>		12,327	21,603
<b>Net (loss) / income from operating activities</b>		20,644	(17,319)
Element of income and capital gains included in prices of units issued less those in units redeemed		-	-
Provision for workers' welfare fund	10	(413)	-
<b>Net (loss) / income for the period before taxation</b>		20,231	(17,319)
Taxation	11	-	-
<b>Net (loss) / income for the period after taxation</b>		20,231	(17,319)
<b>Earning per unit</b>	9		

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

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director



# NAFA ISLAMIC MULTI ASSET FUND

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED SEPTEMBER 30, 2012 (UN-AUDITED)

Note	Quarter Ended September 30, 2012	Quarter Ended September 30, 2011
	(Rupees in '000)	
Net (loss) / income for the period after taxation	20,231	(17,319)
<b>Other comprehensive income / (loss)</b>		
Net unrealised appreciation / (diminution) during the year / period in the market value of investments classified as 'available for sale'	669	18,317
<b>Total comprehensive income for the period</b>	<u>20,900</u>	<u>998</u>

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

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ISLAMIC MULTI ASSET FUND

## CONDENSED INTERIM DISTRIBUTION STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2012 (UN-AUDITED)

	Quarter Ended September 30, 2012	Quarter Ended September 30, 2011
	(Rupees in '000)	
Undistributed income / accumulated (loss) brought forward	15,320	60,354
Distribution:		
Final distribution for the period ended June 30, 2012: NIL (June 30, 2011: 17.033%) (Date of distribution 2011: July 4th, 2011)		
- Bonus units	-	(32,463)
- Cash Distribution	-	(13,019)
Net (loss) / income for the period	20,231	(17,319)
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing income / (losses) that form part of the unit holders' fund	559	(367)
Accumulated (loss) / undistributed income carried forward	<u>36,110</u>	<u>(2,814)</u>

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

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 FOR THE QUARTER ENDED SEPTEMBER 30, 2012 (UN-AUDITED)

	Quarter Ended September 30, 2012	Quarter Ended September 30, 2011
	(Rupees in '000)	
Net assets at the beginning of the period	268,191	288,582
Issue of 1,332,671 units - including bonus Nil units (September 30, 2011: 4,573,038 units)	14,547	9,225
Redemption of 485,000 units (September 30, 2011: 4,132,734 units)	(5,248)	(38,048)
	9,299	(28,823)
Element of income and capital gains included in prices of units issued less those in units redeemed		
- amount representing (income) / losses and capital (gains) / losses transferred to Income Statement	-	-
- amount representing (income) / losses and capital gains / (losses) that form part of the unit holders' fund - transferred to Distribution Statement	(559)	367
	(559)	367
Net unrealised appreciation / (diminution) during the year / period in the market value of investments classified as 'available for sale'	669	18,317
Unrealised gain/(loss) on investments at fair value through profit or loss - net	21,375	4,984
Gain / (loss) on sale of investments - net	2,628	(1,192)
Other income (net of expenses)	(3,772)	(21,111)
	20,900	998
<b>Less: Distribution:</b>		
Final distribution for the period ended June 30, 2012: NIL (June 30, 2011: 17.033%) (Date of distribution 2011: July 4th, 2011)		
- Bonus units	-	(32,463)
- Cash Distribution	-	(13,019)
	-	(45,482)
Add: bonus distribution	-	32,463
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing income / (losses) that form part of the unit holders' fund	559	(367)
<b>Net assets as at the end of the period</b>	<u>298,390</u>	<u>247,738</u>

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

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ISLAMIC MULTI ASSET FUND

## CONDENSED INTERIM CASH FLOW STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2012 (UN-AUDITED)

	Quarter Ended September 30, 2012	Quarter Ended September 30, 2011
	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net (loss) / Income for the period	20,231	(17,319)
<b>Adjustments</b>		
Unrealised (gain) / loss on investments at fair value through profit or loss - net	(21,375)	(4,984)
(Gain) / loss on sale of investments	(2,628)	1,192
Impairment (gain) / loss on investments classified as 'available for sale'	9,076	18,476
Amortisation of preliminary expenses and floatation costs	126	126
Element of income and capital gains included in prices of units issued less those in units redeemed	-	-
	5,430	(2,509)
<b>(Increase) / decrease in assets</b>		
Receivable against sale of investments	-	2,945
Investments	(42,879)	28,850
Dividend and profit receivable	(1,895)	3,822
Advances, Deposits, prepayments and other receivable	(21)	(24)
	(44,795)	35,593
<b>Increase / (decrease) in liabilities</b>		
Payable to Management Company	285	(28)
Payable to Trustee	5	-
Payable to Securities and Exchange Commission of Pakistan	(159)	(197)
Payable against purchase of investments	(13,562)	(2,945)
Accrued expenses and other liabilities	582	183
	(12,849)	(2,987)
<b>Net cash inflow / (outflow) on operating activities</b>	<b>(52,214)</b>	<b>30,097</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Receipts from issue of units	14,547	9,225
Payments on redemption of units	(5,248)	(38,048)
Distribution paid	-	(13,019)
<b>Net cash (outflow) / inflow from financing activities</b>	<b>9,299</b>	<b>(41,842)</b>
<b>Net (decrease) / increase in cash and cash equivalents during the period</b>	<b>(42,915)</b>	<b>(11,745)</b>
Cash and cash equivalents at the beginning of the period	77,824	34,766
<b>Cash and cash equivalents at the end of the period</b>	<b>34,910</b>	<b>23,021</b>

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

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 STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2012 (UN-AUDITED)

### 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 9th Floor, Adamjee House, I.I.Chundrigar Road, 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, 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. 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 shall 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.

2.1 The directors of the Asset Management Company declare that these condensed interim financial statements give a true and fair view of the Fund.

### 3. ACCOUNTING POLICIES

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

### 4. INVESTMENTS

At fair value through profit or loss - held for trading  
Investment in shares of listed companies

Available for sale  
Sukuk bonds

Note	(Un-audited) September 30, 2012	(Audited) June 30, 2012
	(Rupees in '000)	
4.1	206,008	134,096
4.2	52,709	66,148
	258,717	200,244

# NAFA ISLAMIC MULTI ASSET FUND

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

Name of the investee company	As at July 1, 2012	Purchases during the period	Bonus / Right Issue	Sale during the period	As at September 30, 2012	Market value as at September 30, 2012	Market value as a percentage of net assets	Market value as a percentage of total investment	Percentage of paid-up capital of the investee company held
						Rupees in '000	%	%	
<b>Oil and Gas</b>									
Attock Petroleum Limited	50	-	-	-	50	26.20	0.01%	0.01%	0.01%
Oil and Gas Development Company Ltd.	200	58,940	-	-	59,140	10,608.50	3.56%	4.10%	0.14%
Pakistan Oil Fields Limited	45,060	43,100	-	7,000	81,160	35,171.50	11.79%	13.59%	3.43%
Pakistan Petroleum Limited	80,857	55,000	27,364	26,400	136,821	24,070.90	8.07%	9.30%	1.14%
<b>Chemicals</b>									
Fauji Fertilizer Company Limited	99,068	94,500	-	112,700	80,868	9,038.60	3.03%	3.49%	0.95%
Sitara Chemical Industries	76,175	-	-	-	76,175	10,289.00	3.45%	3.98%	35.55%
<b>Construction and Materials</b>									
Attock Cement Pakistan Limited	34,936	-	-	-	34,936	3,781.10	1.27%	1.46%	4.03%
D.G. Khan Cement Company Limited	196,300	326,700	-	116,000	407,000	20,472.10	6.86%	7.91%	9.29%
Lucky Cement Company Limited	187,900	45,400	-	113,000	120,300	16,016.70	5.37%	6.19%	3.72%
<b>General Industrials</b>									
Ghani Glass Limited	114,280	-	-	-	114,280	5,828.30	1.95%	2.25%	10.71%
Thal Limited	16,815	-	-	-	16,815	2,188.20	0.73%	0.85%	5.48%
<b>Industrial Engineering</b>									
Al-Ghazi Tractors Limited	16,088	20,287	-	-	36,375	7,458.00	2.50%	2.88%	8.47%
Millat Tractors Limited	39	-	-	39	-	-	0.00%	0.00%	0.00%
<b>Food Producers</b>									
Unilever Pakistan Limited	989	-	-	-	989	9,593.30	3.22%	3.71%	7.44%
<b>Fixed Line Telecommunication</b>									
Pakistan Telecommunication Company Ltd.	3,000	315,000	-	-	318,000	6,166.00	2.07%	2.38%	0.84%
<b>Electricity</b>									
The Hub Power Company Limited	567,760	220,500	-	-	788,260	36,953.60	12.38%	14.28%	6.81%
<b>Banks</b>									
Meezan Bank Limited	303,408	-	-	-	303,408	8,343.70	2.80%	3.23%	3.78%
Bank Islami Pakistan Limited	200	-	-	-	200	1.80	0.00%	0.00%	0.00%
						<u>2,574,777</u>	<u>206,008</u>	<u>69.04%</u>	<u>79.63%</u>

Carrying value as at September 30, 2012

184,633

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

4.1.2 The above investments include securities with market value aggregating to Rs.47.309 million (2011: 41.944 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular no. 11 dated October 23, 2007 issued by SECP.

## 4.2 Sukuk bonds - available for sale

Name of the investee company	Number of bonds				Market value as at September 30, 2012	Investment as a percentage of			
	As at July 1, 2012	Purchases during the period	Sale during the period	As at September 30, 2012		Market value of Net assets	Market value of total investments	Issue size	
						<b>Rupees in '000</b>	<b>%</b>		
Eden Housing Limited (Note 4.2.2.1)	5,000	-	-	5,000	8,702	2.92	3.36	3.42	
Eden Builders Limited	1,325	-	-	1,325	2,489	0.83	0.96	0.33	
Kohat Cement Company Limited	10,000	-	-	10,000	9,990	3.35	3.86	2.00	
Maple Leaf Cement Factory Limited (1st issue) (Note 4.2.2.2)	10,000	-	-	10,000	19,457	6.52	7.52	0.63	
Maple Leaf Cement Factory Limited (2nd issue) (Note 4.2.2.3)	375	-	-	375	-	-	-	0.63	
Pakistan Electron Limited (Note: 4.2.2.4)	10,000	-	-	10,000	12,071	4.05	4.67	4.17	
						<u>36,700</u>	<u>-</u>	<u>-</u>	<u>36,700</u>
						<u>52,709</u>	<u>17.66</u>	<u>20.37</u>	

Carrying value as at September 30, 2012

96,700

Provision for impairment loss as at September 30, 2012

44,660

# NAFA ISLAMIC MULTI ASSET FUND

- 4.2.1 All sukuk bonds have a face value of Rs 5,000 each.
- 4.2.2 As at September 30, 2012, the Fund had not received redemption of principal and / or profit amounts on some of its investments, the details of which are as follows:
- 4.2.2.1 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. 01 of 2009 has been maintained by valuing the investment in terms of the said circular.
- 4.2.2.2 This represent investment in privately placed Sukuk Certificates issued with a term of six years. During the year ended ,the status of these Sukuk Certificates again has been changed from performing to non-performing (performing as at 30 June 2011). The coupon payment amounting to Rs. 0.0011 million on Maple Leaf Sukuk I was due on 03 September 2011 which was not received by the Fund. The amount of provision required as per SECP circular no. 01 of 2009 has been maintained by valuing the investment in terms of the said circular.
- 4.2.2.3 This represent investment in Maple Leaf privately placed sukuk bonds II. The coupon payment on Maple Leaf Sukuk II was due on 29 June 2010 amounting to Rs. 0.54 million was not received by the Fund. Therefore as a matter of prudence, the management has classified as non-performing. The amount of provision required as per SECP circular no. 01 of 2009 has been maintained by valuing the investment in terms of the said circular.
- 4.2.2.4 This represents investment in privately placed sukuk bonds. On 27 December 2011 i.e. the scheduled redemption date, profit redemption of Rs. 0.8 million was not received by the Fund. The amount of provision required as per SECP circular no. 01 of 2009 has been maintained by valuing the investment in terms of the said circular.
- 4.3.1 All sukuk bonds have a face value of Rs 5,000 each.

	(Un-audited) September 30, 2012	(Audited) June 30, 2012
	(Rupees in '000)	
<b>5 DIVIDEND AND PROFIT RECEIVABLE</b>		
Dividend receivable on equity securities	3,047	1
Profit on savings deposits	442	1,023
Income accrued on sukuk bonds-net	4,477	5,047
	<u>7,966</u>	<u>6,071</u>
<b>6 ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
Auditors' remuneration	360	251
Brokerage payable	243	273
Bank charges payable	4	8
Payable against printing charges	119	119
Accrued NCCS charges	21	16
Charity payable	536	471
Rating fee payable	28	-
Others	3	8
Provision for Workers' Welfare Fund	3,078	2,664
	<u>4,392</u>	<u>3,810</u>

# NAFA ISLAMIC MULTI ASSET FUND

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

The Securities and Exchange Commission of Pakistan vide circular no. 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the circular. The Management Company classified NAFA Islamic Multi Asset Fund (the Fund) as 'Shariah Compliant (Islamic) Scheme' and 'Balanced Scheme' in accordance with the said circular. As at September 30, 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) and clause 2(vii) which requires that Weighted average time to maturity of non-equity assets shall not exceed 2 years.

Name of non-compliant investment	Type of investment	Value of investment / non equity assets before provision	Provision held, if any	Value of investment / non equity assets after provision	Percentage of net assets	Percentage of gross assets
		-----Rupees in '000-----			-----%-----	
i) Investment in debt securities	a) Maple Leaf Cement Factory Limited - Sukuk *	49,894	29,186	19,457	6.52	6.39
	b) Maple Leaf Cement Factory Limited - Sukuk II *	1,458	1,458	-	-	-
	c) Kohat Cement Company Limited - Sukuk **	9,990	-	9,990	3.35	3.28
	d) Eden Housing Limited - Sukuk *	14,531	4,657	8,702	2.92	2.86
	d) Pak Electron Limited *	21,429	9,358	12,071	4.05	3.97

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

\*\* Performing but below investment grade

## 8 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 and front-end load payable to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

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



# NAFA ISLAMIC MULTI ASSET FUND

	Quarter Ended September 30, 2012	Quarter Ended September 30, 2011
	(Rupees in '000)	
<b>8.1 Details of the transactions with connected persons are as follows:</b>		
<b>NBP Fullerton Asset Management Limited - Management Company</b>		
Management fee expense for the period	2,181	2,066
Sindh Sales Tax for the period on Management Fee	349	
Front end load for the period	202	98
<b>National Bank of Pakistan - Sponsor</b>		
Cash Dividend	-	12,775
<b>Taurus Securities (Private) Limited</b>		
Brokerage	8	18
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee for the period	176	176
CDS charges	9	4
<b>Alexandra Fund Management Pte. Limited</b>		
Bonus units issued (Nil units; September 30, 2011: 1,416,412 units)	-	-
<b>Employees of the Management Company</b>		
Bonus units issued (Nil units; September 30, 2011; 299 units)	-	-
Units Redeemed (6,305 units; September 2011; Nil units)	70	-
	Un-Audited As at September 30, 2012	Audited As at June 30, 2012
	(Rupees in '000)	
<b>8.2 Amounts outstanding as at quarter end</b>		
<b>NBP Fullerton Asset Management Limited - Management Company</b>		
Management Fee payable	735	656
Sindh Sales Tax on Management Fee	118	105
Others	462	269
<b>National Bank of Pakistan - Sponsor</b>		
Investment held by the Sponsor in the Fund (7,500,000 units; June 30, 2012: 7,500,000 units)	83,316	77,324
Balance in current account	260	20
<b>Taurus Securities (Private) Limited</b>		
Brokerage Payable	-	-
<b>Alexandra Fund Management Pte. Limited</b>		
Investment held by the Sponsor in the Fund (8,986,937 units; June 30, 2012: 8,986,937 units)	99,834	92,654
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee payable	60	60
CDS charges payable	62	57
Security deposit	100	100
<b>Employees of the Management Company</b>		
Units held in the Fund (8,203 units; June 30, 2012: 1,898 units)	91	20

# NAFA ISLAMIC MULTI ASSET FUND

## 9 EARNING PER UNIT

Earning per unit (EPU) for the quarter ended September 30, 2012 has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

## 10 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. However, without prejudice to the above, the Management Company made a provision for WWF contribution in the annual financial statements for the year ended June 30, 2010.

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 the Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its members for necessary action. Based on 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.

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 3.078 million (including Rs 0.413 million for the current year) in these financial statements. Had the same not been made the net asset value per unit would have been higher by Rs 0.1146 per unit respectively.

## 11 TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. The Fund has not recorded a tax liability in respect of income relating to the current period as the management company has decided to distribute at least 90 percent of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders.

## 12 COMMITMENTS

There were no commitments as on September 30, 2012 and June 30, 2012.

## 13 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on October 23, 2012.

## 14 GENERAL

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

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

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director