



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

QUARTERLY REPORT
SEPTEMBER 30
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.

Contents

FUND'S INFORMATION	03
DIRECTORS' REPORT	05
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES	07
CONDENSED INTERIM INCOME STATEMENT	08
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME	09
CONDENSED INTERIM DISTRIBUTION STATEMENT	10
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND	11
CONDENSED INTERIM CASH FLOW STATEMENT	12
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS	13

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. Khalid Mahmood	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Aamir Sattar	Director
Mr. Abdul Hadi Palekar	Director
Mr. Wah Geok Sum	Director
Mr. Koh Boon San	Director
Mr. Shehryar Faruque	Director
Mr. Kamal Amir Chinoy	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. Khalid Mahmood	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.

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 (NIMF) for the quarter ended September 30, 2013.

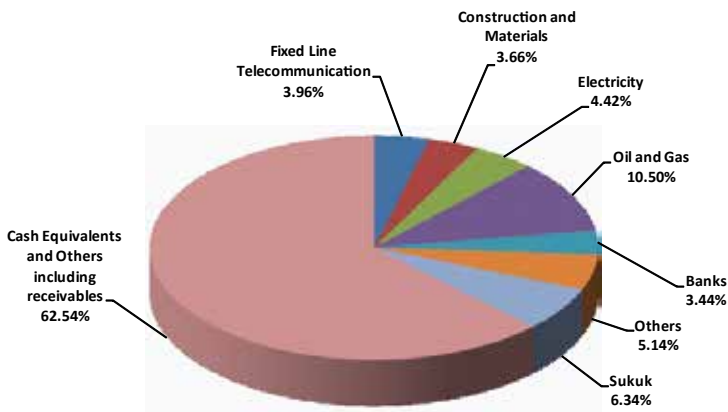
Fund's Performance

During the first quarter, the unit price of NAFA Islamic Multi Asset Fund has increased from Rs. 11.9448 (Ex-Div) on June 30, 2013 to Rs. 11.9425 on September 30, 2013, thus showing a decline of 0.02%. The Benchmark (50% KMI-30 Index, 50% average 3-month profit rate of Islamic banks) return during the same period was 1.05%. Thus, the Fund has underperformed its Benchmark by 1.07% 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.433 million to Rs.469 million during the period, i.e. an increase of 8.3%.

During 1QFY14, the KMI-30 Index initially generated strong performance with a return of 11.1% in July as the euphoria of first democratic transfer of political power continued. However, realization of a tough IMF program, depreciating PKR, and rising interest rates led to 10.8% erosion in gains, thus the overall return during the period stood at 0.3%. General Industrials, Fixed Line Telecommunication, and Pharma and Bio Tech sectors performed better than the market. Oil & Gas, Food Producers, Personal Goods, and Construction and Materials sectors lagged the market. Going forward, we feel that the single most important determinant of market direction will be the approach of the government in tackling key socio-economic challenges.

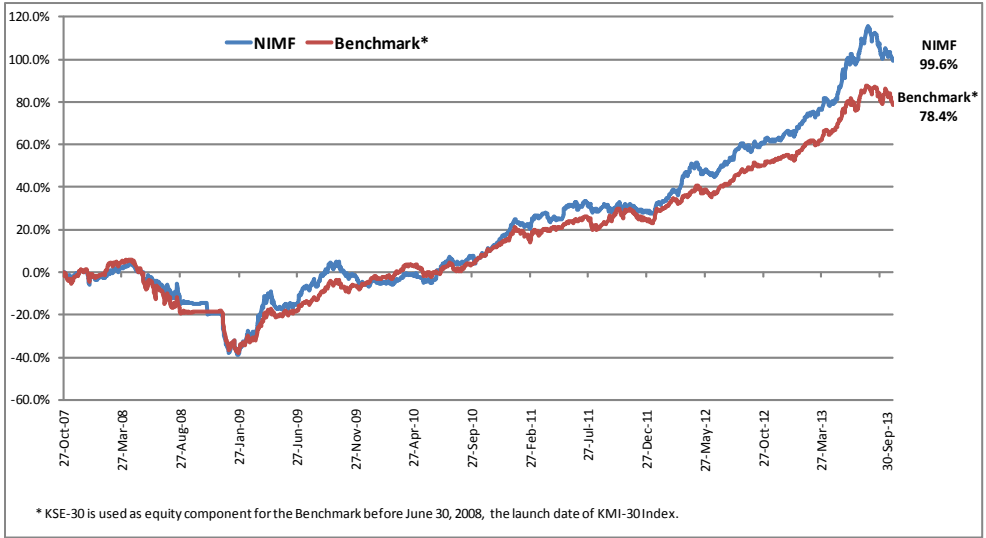
During the quarter under review, we have seen 50bps increase in the Policy Rate by the State Bank of Pakistan. All Sukuks in the Fund are floating rate linked to KIBOR. Therefore, they carry a relatively low risk and any increase in interest rates will increase the coupon income of the Sukuk portfolio.

The Fund has earned total income of Rs.3.18 million during the period. After deducting expenses of Rs.6.86 million, the net loss is Rs.3.68 million. The asset allocation of the Fund as on September 30, 2013 is as follows:



NAFA ISLAMIC MULTI ASSET FUND

NIMF Performance versus Benchmark (Since Inception)



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 30, 2013
Place: Karachi.

NAFA ISLAMIC MULTI ASSET FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2013

	Note	(Un-Audited) September 30, 2013	(Audited) June 30, 2013
(Rupees in '000)			
Assets			
Balances with banks		290,847	257,924
Receivable against sale of investments		-	-
Investments	4	175,766	174,802
Dividend and profit receivable	5	9,947	5,546
Advances, Deposits, prepayments and other receivable		3,155	2,632
Total assets		479,715	440,904
Liabilities			
Payable to Management Company		3,303	1,231
Payable to Trustee		128	126
Payable to Securities and Exchange Commission of Pakistan		104	287
Payable against redemption of units		815	-
Accrued expenses and other liabilities	6	6,244	6,258
Total liabilities		10,596	7,902
Net Assets		469,120	433,002
Unit Holders' Funds (as per statement attached)		469,120	433,002
Contingencies & Commitments	12	-	-
------(Number of units)-----			
Number of units in issue		39,281,429	31,866,154
		Rupees	Rupees
Net asset value per unit		11.9425	13.5881

The annexed notes 1 to 14 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, 2013 (UN-AUDITED)

	Note	Quarter Ended September 30, 2013	Quarter Ended September 30, 2012
(Rupees in '000)			
INCOME			
(Loss) / gain on sale of investments - net		(2,215)	2,628
Income from Sukuk bonds		1,785	3,209
Profit on bank deposits		4,383	438
Dividend income		4,638	5,321
Unrealised gain/(loss) on investments at fair value through profit or loss - net		(5,412)	21,375
Total Income		3,179	32,971
EXPENSES			
Remuneration of the Management Company		2,451	2,181
Sindh Sales Tax on Management Fee		392	349
Federal Excise Duty on Management Fee		392	
Remuneration of the Trustee		245	176
Annual fee - Securities and Exchange Commission of Pakistan		104	62
Securities transaction cost		559	135
Settlement and bank charges		113	74
Annual listing fee		8	10
Auditors' remuneration		102	110
Impairment loss/(gain) on investments classified as 'available for sale'		2,464	9,076
Rating fee		34	28
Other expenses		-	-
Amortisation of preliminary expenses and floatation costs		-	126
Total Expenses		6,864	12,327
Net (loss) / income from operating activities		(3,685)	20,644
Provision for Workers' Welfare Fund	10	-	(413)
Net (loss) / income for the period before taxation		(3,685)	20,231
Taxation	11	-	-
Net (loss) / income for the period after taxation		(3,685)	20,231
Earning per unit	9		

The annexed notes 1 to 14 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, 2013 (UN-AUDITED)

	Quarter Ended September 30, 2013	Quarter Ended September 30, 2012
	(Rupees in '000)	
Net (loss) / income for the period after taxation	(3,685)	20,231
Other comprehensive income / (loss)		
Net unrealised appreciation / (diminution) during the period in the market value of investments classified as 'available for sale'	509	669
Total comprehensive (loss) / income for the period	<u>(3,176)</u>	<u>20,900</u>

The annexed notes 1 to 14 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, 2013 (UN-AUDITED)

	Quarter Ended September 30, 2013	Quarter Ended September 30, 2012
	(Rupees in '000)	
Undistributed income brought forward	117,682	15,320
Distribution:		
Final distribution for the period ended June 30, 2013: 17.269% (June 30, 2012: Nil)		
- Bonus units	(43,542)	-
- Cash Distribution	(13,133)	-
Net (loss) / income for the period	(3,685)	20,231
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	8,015	559
Undistributed income carried forward	<u>65,337</u>	<u>36,110</u>

The annexed notes 1 to 14 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, 2013 (UN-AUDITED)

	Quarter Ended September 30, 2013	Quarter Ended September 30, 2012
	(Rupees in '000)	
Net assets at the beginning of the period	433,002	268,191
Issue of 10,364,786 units (September 30, 2012: 1,332,671 units)	131,652	14,547
Redemption of 6,418,158 units (September 30, 2012: 485,000 units)	(79,225)	(5,248)
	52,427	9,299
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) that form part of the unit holders' fund - transferred to Distribution Statement	(8,015)	(559)
	(8,015)	(559)
Net unrealised appreciation during the period in the market value of investments classified as 'available for sale'	509	669
Unrealised gain/(loss) on investments at fair value through profit or loss - net	(5,412)	21,375
Gain / (loss) on sale of investments - net	(2,215)	2,628
Other income (net of expenses)	3,942	(3,772)
	(3,176)	20,900
Less: Distribution:		
Final distribution for the period ended June 30, 2013: 17.269% (June 30, 2012: Nil)		
- Bonus units	(43,542)	-
- Cash Distribution	(13,133)	-
	(56,675)	-
Add: bonus distribution; issue of 3,468,647 bonus units	43,542	-
Element of income / (loss) and capital gains / (losses) included in prices of units		
- issued less those in units redeemed - amount representing income / (losses)	8,015	559
- that form part of the unit holders' fund		
Net assets as at the end of the period	469,120	298,390

The annexed notes 1 to 14 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, 2013 (UN-AUDITED)

	Quarter Ended September 30, 2013	Quarter Ended September 30, 2012
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net (loss) / Income for the period	(3,685)	20,231
Adjustments		
Unrealised (gain) / loss on investments at fair value through profit or loss - net	5,412	(21,375)
(Gain) / loss on sales of investments	2,215	(2,628)
Impairment (gain) / loss on investments classified as 'available for sale'	2,464	9,076
Amortisation of preliminary expenses and floatation costs	-	126
	6,406	5,430
(Increase) / decrease in assets		
Investments	(10,546)	(42,879)
Dividend and profit receivable	(4,401)	(1,895)
Advances, Deposits, prepayments and other receivable	(523)	(21)
	(15,470)	(44,795)
Increase / (decrease) in liabilities		
Payable to Management Company	2,072	285
Payable to Trustee	2	5
Payable to Securities and Exchange Commission of Pakistan	(183)	(159)
Payable against purchase of investments	-	(13,562)
Accrued expenses and other liabilities	(14)	582
	1,878	(12,849)
Net cash (outflow) on operating activities	(7,186)	(52,214)
CASH FLOW FROM FINANCING ACTIVITIES		
Receipts from issue of units	131,652	14,547
Payments on redemption of units	(78,410)	(5,248)
Distribution paid	(13,133)	-
Net cash inflow from financing activities	40,109	9,299
Net increase / (decrease) in cash and cash equivalents during the period	32,923	(42,915)
Cash and cash equivalents at the beginning of the period	257,924	77,824
Cash and cash equivalents at the end of the period	290,847	34,910

The annexed notes 1 to 14 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, 2013 (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 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, 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, 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, 2013 are same as those applied in the preparation of the annual audited financial statements for the year ended June 30, 2013.

	Note	(Un-audited) September 30, 2013	(Audited) June 30, 2013
		(Rupees in '000)	
4 INVESTMENTS			
At fair value through profit or loss - held for trading			
Investment in shares of listed companies	4.1	146,007	139,368
Available for sale Sukuk bonds	4.2	<u>29,759</u> <u>175,766</u>	<u>35,434</u> <u>174,802</u>

NAFA ISLAMIC MULTI ASSET FUND

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

Name of the investee company	As at July 1, 2013	Purchases during the period	Bonus / Right Issue	Sale during the period	As at September 30, 2013	Market value as at September 30, 2013	Market value as a percentage of net assets	Market value as a percentage of total investment	Percentage of paid-up capital of the investee company held
Oil and Gas									
Oil and Gas Development Company Ltd	40	90,400		35,200	55,240	12,983.00	2.77%	7.39%	0.13%
Pakistan Oil Fields Limited	6,960	76,100		41,800	41,260	17,689.00	3.77%	10.06%	1.74%
Pakistan Petroleum Limited	33,900	134,500	20,320	92,000	96,720	18,435.00	3.93%	10.49%	0.49%
Pakistan State Oil Company Limited	145,660	21,800		166,800	660	173.00	0.04%	0.10%	0.03%
Chemicals									
Fauji Fertilizer Company Limited	68	90,500		34,000	56,568	5,734.00	1.22%	3.26%	0.44%
Sitara Chemical Industries Limited	72,775			72,775	-	-	-	-	-
Construction and Materials									
Attock Cement Pakistan Limited	7,176	-	11	7,100	87	12.00	0.00%	0.01%	0.01%
D.G. Khan Cement Company Limited	43,500	299,000	-	312,500	30,000	2,066.00	0.44%	1.18%	0.68%
Lucky Cement Company Limited	31,900	37,700	-	53,200	16,400	3,793.00	0.81%	2.16%	0.51%
Cherat Cement Company Limited	295,000	17,000	-	244,500	67,500	3,338.00	0.71%	1.90%	7.06%
Kohat Cement Limited	136,500	147,500	-	198,000	86,000	7,961.00	1.70%	4.53%	6.68%
Maple Leaf Cement Limited		242,000	-	242,000	-	-	-	-	-
Pioneer Cement Limited		83,000	-	83,000	-	-	-	-	-
General Industrials									
Thal Limited	24,497			5,300	19,197	2,309.00	0.49%	1.31%	4.74%
Personal Goods									
Nishat Mills Limited	52,000	345,000		224,000	173,000	16,032.00	3.42%	9.12%	0.46%
Fixed Line Telecommunication									
Pakistan Telecommunication Company Ltd	-	1,129,000		418,000	711,000	18,600.00	3.96%	10.58%	0.05%
Electricity									
Hub Power Company Limited	166,760	754,500		596,000	325,260	20,729.00	4.42%	11.79%	2.81%
Kot Addu Power Company Limited	-				-	-	0.00%	0.00%	0.00%
Banks									
Meezan Bank Limited	311,783	154,500		31,000	435,283	16,153.00	3.44%	9.19%	4.34%
						2,114,175	146,007	31.12%	83.07%
Carrying value as at September 30, 2013						<u>151,419</u>			

4.1.1 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.

4.1.2 The above investments include securities with market value aggregating to Rs.14.121 million (2013: 39.170 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular no. 11 dated October 23, 2007 issued by SECP.

4.2 Sukuk bonds - available for sale

Name of the investee company	Number of bonds				Market value as at September 30, 2013	Investment as a percentage of		
	As at July 1, 2013	Purchases during the period	Sale during the period	As at September 30, 2013		Market value of Net assets	Market value of total investments	Issue size
					Rupees in '000	-----%-----		
Eden Housing Limited (Note 4.2.2.1)	5,000	-	-	5,000	5,191	1.11	2.95	3.42
Eden Builders Limited	1,325	-	-	1,325	826	0.18	0.47	0.33
Kohat Cement Company Limited	10,000	-	-	10,000	4,141	0.88	2.36	2.00
Maple Leaf Cement Factory Limited (1st issue) (Note 4.2.2.2)	10,000	-	-	10,000	17,458	3.72	9.93	0.63
Pakistan Electron Limited (Note: 4.2.2.3)	10,000	-	-	10,000	2,143	0.46	1.22	4.17
					<u>29,759</u>	<u>6.34</u>	<u>16.93</u>	
Carrying value as at September 30, 2013						<u>77,500</u>		
Provision for impairment loss as at September 30, 2013						<u>48,250</u>		

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, 2013, 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 6 May 2011, these Sukuks have been classified as non performing by MUFAP. Accordingly the Fund has valued these sukuk at the price lower than the last price quoted by MUFAP. The Fund has not received installment due on Sep 28, 2013 as per restructured terms, therefore accrual of profit has been suspended and all income has been recognised on receipt basis.
- 4.2.2.2 This represent investment in privately placed Sukuk Certificates issued with a term of six years. The amount of provision required as per SECP circular no. 01 of 2009 has been maintained i.e as at 30 September 2013 provision represents sixty percent of the outstanding. However, profit is being recorded by the Fund on receipts basis in accordance with the requirements of Circular 33 of 2012.
- 4.2.2.3 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.

	(Un-audited) September 30, 2013	(Audited) June 30, 2013
	(Rupees in '000)	
5 DIVIDEND AND PROFIT RECEIVABLE		
Dividend receivable on equity securities	3,766	218
Profit on savings deposits	2,107	1,241
Income accrued on sukuk bonds-net	4,075	4,087
	9,947	5,546

6 ACCRUED EXPENSES AND OTHER LIABILITIES		
Auditors' remuneration	388	286
Brokerage payable	424	491
Bank charges payable	39	39
Payable against printing charges	75	75
Accrued NCCS charges	47	46
Charity payable	379	314
Rating fee payable	34	-
Others	50	198
Provision for Workers' Welfare Fund	4,809	4,809
	6,244	6,258

7 NON-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, 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) and clause 2(vii) which requires that Weighted average time to maturity of

NAFA ISLAMIC MULTI ASSET FUND

Name of non-compliant investment	Type of investment	Value of investment / non equity assets before provision	Provision held, if any	Value of investment / non equity assets after provision	Percentage of net assets	Percentage of gross assets
		-----Rupees in '000-----		-----%-----		
i) Investment in debt securities	a) Maple Leaf Cement Factory Limited - Sukuk *	43,644	26,186	17,458	3.72	3.64
	b) Kohat Cement Company Limited - Sukuk **	4,141	-	4,141	0.88	0.86
	c) Eden Housing Limited - Sukuk *	7,969	2,778	5,191	1.11	1.08
	d) Pak Electron Limited *	21,429	19,286	2,143	0.46	0.45

* 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

	(Un-Audited) Quarter Ended September 30, 2013	(Un-Audited) Quarter Ended September 30, 2012
8.1 Details of the transactions with connected persons are as follows:		
	(Rupees in 000)	
NBP Fullerton Asset Management Limited - Management Company		
Management fee expense for the period	2,451	2,181
Sindh Sales Tax for the period on Management Fee	392	349
FED for the period on Management Fee	392	
Front end load for the period	1,823	202
National Bank of Pakistan - Sponsor		
Cash Dividend	12,952	-
Taurus Securities (Private) Limited		
Brokerage	59	8
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee for the period	245	176
CDS charges	20	9
Alexandra Fund Management Pte. Limited		
Bonus units issued (1,278,646 units; September 30, 2012: Nil units)	-	-
Employees of the Management Company		
Bonus units issued (1,994 units; September 30, 2012; Nil units)	-	-
Units Issued (75,165 units; September 2012; Nil units)	957	-
Units Redeemed (82,145 units; September 2012; 6,305 units)	1,034	70
	(Un-Audited) As at September 30, 2013	(Audited) As at June 30, 2013
8.2 Amounts outstanding as at period end		
	(Rupees in 000)	
NBP Fullerton Asset Management Limited - Management Company		
Management Fee payable	786	721
Sindh Sales Tax on Management Fee	126	115
FED Payable on Management Fee	266	70
Front End Load Payable	2,126	325
National Bank of Pakistan - Sponsor		
Investment held by the Sponsor in the Fund (7,500,000 units; June 30, 2013: 7,500,000 units)	89,569	101,911
Balance in current account	369	42
Taurus Securities (Private) Limited		
Brokerage Payable	25	12
Alexandra Fund Management Pte. Limited		
Investment held by the Sponsor in the Fund (10,573,174 units; June 30, 2013: 9,294,527 units)	126,270	126,295
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	82	75
CDS charges payable	46	51
Security deposit	100	100
Employees of the Management Company		
Units held in the Fund (7,421 units; June 30, 2013: 4,665 units)	89	63

NAFA ISLAMIC MULTI ASSET FUND

9 EARNING PER UNIT

Earning per unit (EPU) for the quarter ended September 30, 2013 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 CIS's

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 period ended 30 September 2013. As at 30 September 2013 the management has maintained provision against Workers' Welfare Funds' amounting to Rs. 4.809 million, if the same were not made the NAV per unit of the Fund would have been higher by Rs.0.1224.

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 CONTINGENCIES COMMITMENTS

There were no contingencies and commitments as on September 30, 2013 and June 30, 2013.

13 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on 30 October, 2013 .

14 GENERAL

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

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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