



NBP Fullerton  
Asset Management Ltd.

A Subsidiary of  
National Bank of Pakistan

*Your investments & "NAFA" grow together*



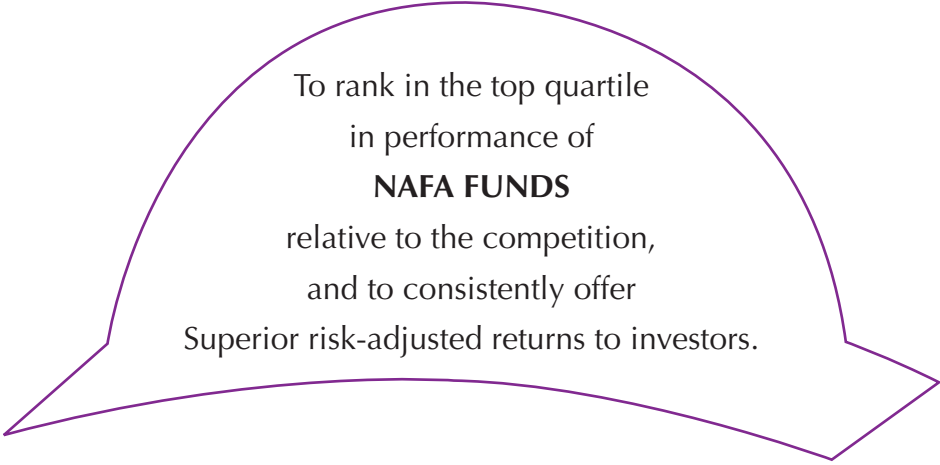
*Joint - Venture Partners*

# NAFA STOCK 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 STOCK 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 Shahra-e-Faisal, Karachi.

### Bankers to the Fund

Allied Bank Limited  
Askari Bank Limited  
Summit Bank Limited  
Bank Alfalah Limited  
Bank Al-Habib Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
MCB Bank Limited  
National Bank of Pakistan  
NIB Bank Limited  
Silk Bank Limited  
Soneri Bank Limited  
Standard Chartered Bank (PAK) Limited  
The Bank of Punjab  
United Bank Limited

## **Auditors**

M. Yousuf Adil Saleem & Co.  
Chartered Accountants  
Cavish Court,  
A-35, Block 7 & 8,  
KCHSU, Sharae Faisal  
Karachi-75350 Pakistan

## **Legal Advisor**

M/s Jooma Law Associates  
205, E.I. Lines, Dr. Daudpota Road,  
Karachi.

## **Head Office:**

7th Floor Clifton Diamond Vuilding, Block No. 4,  
Scheme No. 5, Clifton Karachi.  
UAN: 111-111NFA (111-111-632),  
(Toll Free): 0800-20001,  
Fax: (021) 35825329  
Website: [www.nafafunds.com](http://www.nafafunds.com)

## **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 STOCK FUND

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# NAFA STOCK FUND

## DIRECTORS' REPORT

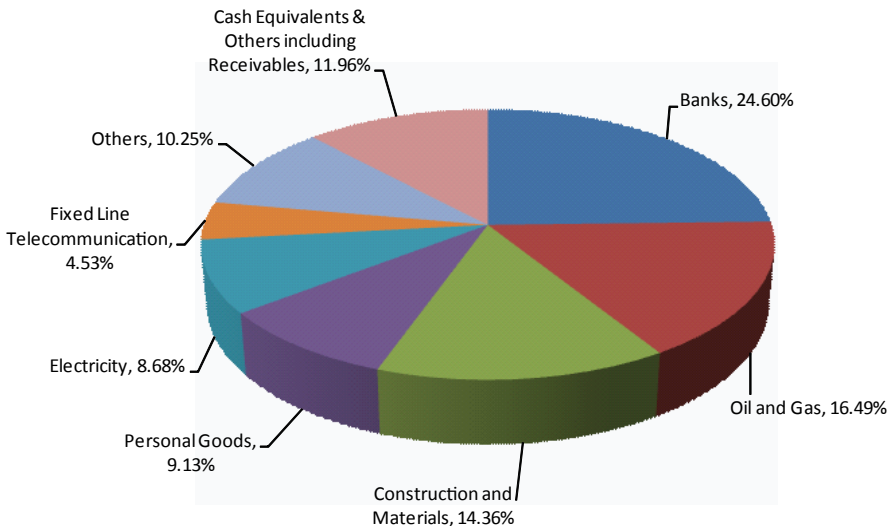
The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the reviewed financial statements of NAFA Stock Fund for the half year ended December 31, 2013.

### Fund's Performance

The size of NAFA Stock Fund declined from Rs. 1,123 million to Rs. 1,118 million during the period, i.e. a decline of 0.45%. During the first half, the unit price of NAFA Stock Fund (NSF) has increased from Rs.8.6409 (Ex-Div) on June 30, 2013 to Rs.10.2248 on December 31, 2013, thus showing an increase of 18.33%, as compared to its Benchmark's (KSE-30 Index) return of 16.05%, for the same period. Thus, the Fund has outperformed its Benchmark by 2.28% during the period under review. Since inception (January 22, 2007), the unit price of the Fund has shown a growth of 153.12% as compared to 40.44% increase in its Benchmark. Thus, the Fund has outperformed its Benchmark by 112.68% since inception. This performance is net of management fee and all other expenses. The Fund size of NSF at the end of the period stood at Rs.1,118 million, i.e. a decline of 0.43% compared to the June 30, 2013.

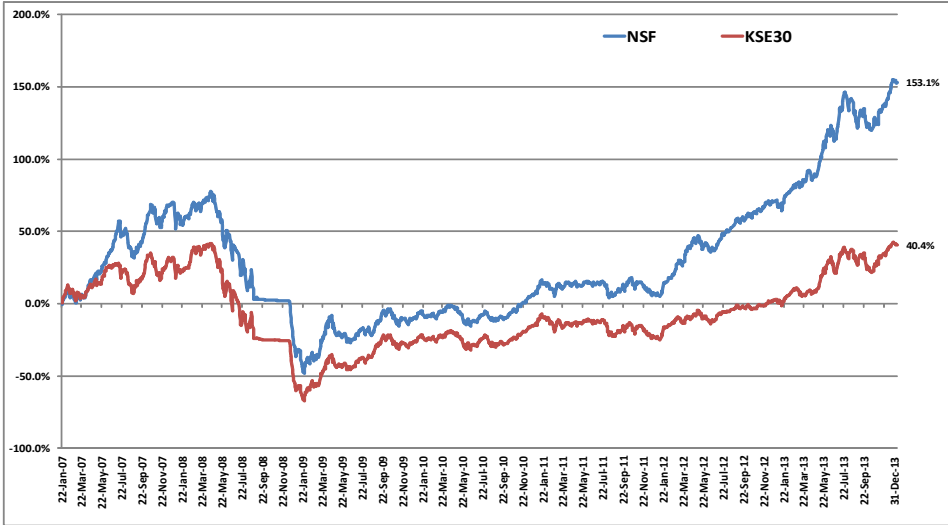
The stock market extended its bull-run in 1HFY14 as the market participants remained optimistic post peaceful democratic transition and subsequent transfer of power within the two state pillars, Military and Judiciary. Grant of IMF financing package, easy liquidity conditions, and healthy foreign investment 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 Banks, 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 Fund has earned total income of Rs.208.51 million during the period. After deducting expenses of Rs.24.78 million, the net income is Rs.183.73 million. The asset allocation of the Fund as on December 31, 2013 is as follows:



# NAFA STOCK FUND

NSF 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 (1.685% 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 STOCK FUND

## TRUSTEE REPORT TO THE UNIT HOLDERS

### NAFA STOCK 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 Stock 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 STOCK FUND

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

### *Introduction*

We have reviewed the accompanying condensed interim statement of assets and liabilities of NAFA STOCK FUND (the Fund) as at December 31, 2013, and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and notes to the accounts for the six months period ended December 31, 2013 (here-in-after referred to as the 'interim financial information'). **NBP Fullerton Asset Management Limited** (the Management Company) is responsible for the preparation and fair 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. The figures of the condensed interim income statement, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim distribution statement and condensed interim statement of movement in unit holders' fund for the three months period ended December 31, 2013 and 2012 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2013.

### *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 interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

M. Yousuf Adil Saleem & Co.  
Chartered Accountants

Engagement Partner:  
Nadeem Yousuf Adil

Date: February 13, 2014  
Place: Karachi

# NAFA STOCK FUND

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED) AS AT DECEMBER 31, 2013

		(Un-audited) December 31, 2013	(Audited) June 30, 2013
	Note	-----Rupees in '000-----	
<b>ASSETS</b>			
Balances with banks	4	137,244	340,201
Investments	5	984,129	806,787
Dividend and profit receivable		405	536
Deposits, prepayments and other receivables		35,626	2,740
<b>Total assets</b>		<b>1,157,404</b>	<b>1,150,264</b>
<b>LIABILITIES</b>			
Payable to NBP Fullerton Asset Management Limited - Management Company	6	4,581	2,617
Payable to Central Depository Company of Pakistan Limited - Trustee		194	207
Payable to Securities and Exchange Commission of Pakistan		540	1,147
Payable against purchase of investments		7,469	-
Accrued expenses and other liabilities	7	26,812	23,612
<b>Total Liabilities</b>		<b>39,596</b>	<b>27,583</b>
<b>NET ASSETS</b>		<b><u>1,117,808</u></b>	<b><u>1,122,681</u></b>
<b>UNIT HOLDERS' FUND (as per statement attached)</b>		<b><u>1,117,808</u></b>	<b><u>1,122,681</u></b>
Contingencies and commitments	9		
-----Number of units-----			
<b>Number of units in issue</b>		<b><u>109,323,153</u></b>	<b><u>103,730,074</u></b>
-----Rupees-----			
<b>Net asset value per unit</b>		<b><u>10.2248</u></b>	<b><u>10.8231</u></b>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA STOCK FUND

## CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2013

	Six months ended		Three months ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Note -----Rupees in '000-----				
<b>INCOME</b>				
Profit on bank deposits	7,865	2,436	4,280	1,623
Gain / (loss) on sale of investments - net	46,761	109,906	6,834	84,289
Income from Government Securities	-	89	-	-
Dividend Income	31,710	60,726	18,153	34,949
Unrealised gain / (loss) on re-measurement of investments at fair value through profit or loss - held for trading - net	122,173	127,646	121,860	(16,198)
<b>Total income / (loss)</b>	<b>208,509</b>	<b>300,803</b>	<b>151,127</b>	<b>104,663</b>
<b>EXPENSES</b>				
Remuneration of NBP Fullerton Asset Management Limited Management Company	11,383	12,970	5,347	6,304
Sindh sales tax on remuneration of the Management Company 6.1	2,143	2,075	1,177	1,009
Federal Exercise Duty on Remuneration of Management Company	1,821	-	855	-
Remuneration to Central Depository Company of Pakistan Limited-Trustee	1,073	1,153	519	568
Annual fee - Securities and Exchange Commission of Pakistan	541	616	254	299
Annual listing fee	20	20	10	10
Securities transaction cost	3,226	3,850	1,185	1,957
Settlement and bank charges	393	437	172	356
Auditors' remuneration	298	276	175	148
Fund rating fee	67	61	37	33
Legal Fee	30	-	30	(24)
Printing charges	40	25	40	25
<b>Total expenses</b>	<b>21,035</b>	<b>21,483</b>	<b>9,801</b>	<b>10,685</b>
<b>Net income from operating activities</b>	<b>187,474</b>	<b>279,320</b>	<b>141,326</b>	<b>93,978</b>
Provision for Workers' Welfare Fund	8. (3,749)	(5,586)	(2,826)	(1,879)
<b>Net income for the period before taxation</b>	<b>183,725</b>	<b>273,734</b>	<b>138,500</b>	<b>92,099</b>
Taxation	10. -	-	-	-
<b>Net income for the period after taxation</b>	<b>183,725</b>	<b>273,734</b>	<b>138,500</b>	<b>92,099</b>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA STOCK FUND

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE SIX MONTHS ENDED DECEMBER 31, 2013

	Six months ended		Three months ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	-----Rupees in '000-----			
Net income for the period after taxation	183,725	273,734	138,500	92,099
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<u>183,725</u>	<u>273,734</u>	<u>138,500</u>	<u>92,099</u>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA STOCK FUND

## CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE SIX MONTHS ENDED DECEMBER 31, 2013

	Six months ended		Three months ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
-----Rupees in '000-----				
Undistributed income / Accumulated loss brought forward	58,709	(218,494)	(124,881)	(112,726)
Final distribution for the year ended June 30, 2013: 23.98% (2012: 6.51% units )				
- Bonus units	(252,665)	(80,880)	-	-
- Cash Distribution	(378)	(15,959)	-	-
Element of (loss) / income and capital (losses) / gains redeemed included in prices of units issued less those in units redeemed	17,309	(36,745)	(6,919)	(57,717)
Net income / (loss) for the period	183,725	273,734	138,500	92,099
	(52,009)	140,150	131,581	34,382
Undistributed income / Accumulated loss brought forward	6,700	(78,344)	6,700	(78,344)

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA STOCK FUND

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UN-AUDITED) FOR THE SIX MONTHS ENDED DECEMBER 31, 2013

	Six months ended		Three months ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
-----Rupees in '000-----				
Net assets at the beginning of the period	1,122,681	1,090,426	1,081,731	1,433,401
Issue of 76,876,164 units including 26,609,457 bonus units (2012: 58,798,471 units)	483,304	396,508	195,664	84,965
Redemption of 71,283,086 units (2012: 68,018,003 units)	(671,524) (188,220)	(581,524) (185,016)	(298,086) (102,422)	(447,281) (362,316)
Final Distribution (Bonus) for the year ended June 30, 2013 : 26,609,457 units (June 30, 2012 : 10,712,251 Units)	252,665	80,880	-	-
Element of income / (loss) and capital losses / (gains) redeemed included in prices of units issued less those in units redeemed transferred to distribution statement	17,309	36,745	(6,919)	57,718
Total comprehensive income / (loss) for the period	183,725	273,734	138,499	92,100
Final distribution for the year ended June 30, 2013: 23.98% (2012:6.51% units)				
- Bonus units	(252,665)	(80,880)	-	-
- Cash distribution	(378)	(15,959)	-	-
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - net	(17,309)	(36,745)	6,919	(57,718)
Net assets as at the end of the period	<u>1,117,808</u>	<u>1,163,185</u>	<u>1,117,808</u>	<u>1,163,185</u>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA STOCK FUND

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE SIX MONTHS ENDED DECEMBER 31, 2013

	Six months ended		Three months ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
-----Rupees in '000-----				
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net income for the period before taxation	183,725	273,734	138,500	92,099
<b>Adjustments</b>				
Unrealised (gain) / loss on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	(122,173)	(127,646)	(121,860)	16,198
	61,552	146,088	16,640	108,297
<b>Decrease / (increase) in assets</b>				
Receivable from sale of investments	-	-	8,897	-
Investments	(55,169)	82,667	(49,305)	269,542
Dividend receivable	131	222	9,356	17,552
Deposits, Prepayments and other receivables	(32,886)	(99)	(29,847)	915
	(87,924)	82,790	(60,899)	288,009
<b>(Decrease) / increase in liabilities</b>				
Payable to the Management Company	1,964	522	536	(233)
Payable to the Trustee	(13)	59	21	41
Payable to Securities and Exchange Commission of Pakistan	(607)	(337)	254	300
Payable against purchase of investments	7,469	(54,113)	7,469	-
Payable against redemption of units	-	121	-	121
Accrued expenses and other liabilities	3,200	5,758	2,650	1,877
	12,012	(47,990)	10,930	2,106
<b>Net cash (used in) operating activities</b>	(14,360)	180,888	(33,329)	398,412
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Amount received from issuance of units	483,304	396,508	195,664	84,965
Amount paid on redemption of units	(671,524)	(581,524)	(302,504)	(447,281)
Distribution paid	(378)	(15,959)	-	-
<b>Net cash (used in) / generated from operating activities</b>	(188,597)	(200,975)	(106,840)	(362,316)
<b>Net (decrease) / increase in cash and cash equivalents during the period</b>	(202,957)	(20,087)	(140,169)	36,096
Cash and cash equivalents as at the beginning of the period	340,201	77,043	277,413	20,860
<b>Cash and cash equivalents as at the end of the period</b>	<u>137,244</u>	<u>56,956</u>	<u>137,244</u>	<u>56,956</u>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA STOCK FUND

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS ENDED DECEMBER 31, 2013

### 1 LEGAL STATUS AND NATURE OF BUSINESS

The NAFA Stock Fund (the Fund) was established under a Trust Deed executed between NBP Fullerton Asset Management Limited, a company incorporated under the Companies Ordinance, 1984, as Management Company and Central Depository Company of Pakistan Limited (CDC), also incorporated under the Companies Ordinance, 1984, as Trustee. The Trust Deed was executed on December 06, 2006 and was authorised by the Securities and Exchange Commission of Pakistan (SECP) on December 20, 2006 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

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 the SECP. The registered office of the Management Company was situated at 9th Floor, Adamjee House, I.I.Chundrigar Road, Karachi. From 4 February 2013, the registered office of the Management Company is shifted to 7th floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi. The Management Company is also the member of MUFAP.

The Fund is an open-ended mutual fund categorized as an equity scheme and its units are listed on the Lahore Stock Exchange. The units of the Fund are offered for public subscription on a continuous basis. These units are transferable and can be redeemed by surrendering them to the Fund.

The core objective of the Fund, is to provide investors with long term capital growth from an actively managed portfolio invested primarily in listed companies in Pakistan.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM2' to the Management Company and has assigned short term and long term performance ranking of "4 Star" to the Fund.

Title of the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as the trustee of the Fund.

### 2 BASIS OF PREPARATION

#### 2.1 Statement Of Compliance

This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of IAS 34 - "Interim Financial Reporting", provisions of and directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations). In case, the requirements differ, the provisions or directives of the Companies Ordinance, 1984, the Rules and the Regulations shall prevail.

This condensed interim financial information comprises of condensed interim statement of assets and liabilities, condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' funds, condensed interim cash flow statement and the notes forming part thereof.

This condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual published financial statements of the Fund for the year ended June 30, 2013.

This condensed interim financial information is un-audited. However, a limited scope review has been performed by the external auditors in accordance with the requirements of the Code of Corporate Governance. Accordingly, the Board of Directors of the Management Company declare that this condensed interim financial information gives a true and fair view of the state of affairs of the Fund.



# NAFA STOCK FUND

## 2.2 Basis of Measurement

These financial statements have been prepared under the historical cost convention, except for the investments which are stated at fair value.

## 2.3 Functional and presentation currency

This condensed interim financial information are presented in Pak Rupees which is the functional and presentation currency of the Fund.

## 2.4 Critical accounting estimates and judgements

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, significant judgments made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 30 June 2013

## 2.5 Financial Risk Management

The Fund's risk management objectives and policies are consistent with those objectives and policies which were disclosed in the financial statements of the Fund as at and for the year ended 30 June 2013

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual published financial statements of the Fund for the year ended June 30, 2013.

		(Un-audited) December 31, 2013	(Audited) June 30, 2013
	Note	Rupees in '000	
<b>4 BALANCES WITH BANKS</b>			
In current accounts		2,425	1,938
In saving accounts	4.1	134,819	338,263
		<u>137,244</u>	<u>340,201</u>

4.1 These carry a rate of return ranging from 6% to 11% (2013: 5% to 10%) per annum.

## 5 INVESTMENTS

At fair value through profit or loss

- Listed equity securities	5.1	<u>984,129</u>	<u>806,787</u>
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# NAFA STOCK FUND

## 5.1 Investments 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 shares	Sales 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	Percentage of paid up capital of investee company held
----- Number of shares ----- (Rupees in '000) ----- % -----									
Fully paid ordinary shares of Rs. 10 each unless stated otherwise.									
<b>OIL AND GAS</b>									
Oil & Gas Development Company Limited	190,581	233,000	-	259,000	164,581	45,484	0.04	0.05	0.03
Pakistan Oilfields Limited	24,580	157,900	-	132,050	50,430	25,100	0.02	0.03	0.02
Pakistan Petroleum Limited	188,430	384,800	52,946	380,500	245,676	52,565	0.05	0.05	0.00
Pakistan State Oil Company Limited	351,561	235,000	-	423,000	163,561	54,338	0.05	0.06	0.00
Shell Pakistan	-	36,000	-	-	36,000	6,856	0.01	0.01	0.00
<b>CHEMICALS</b>									
Engro Corporation Limited	201,285	759,500	-	799,000	161,785	25,624	0.02	0.03	0.03
Fatima Fertilizers	-	2,137,000	-	1,395,000	742,000	21,192	0.02	0.02	0.00
Fauji Fertilizer Bin Qasim Limited	-	15,500	-	15,500	-	-	0.00	0.00	0.00
Sitara Chemical Industries Limited	294,621	-	-	294,621	-	-	0.00	0.00	0.00
<b>CONSTRUCTION AND MATERIALS</b>									
Attock Cement Pakistan Limited	5,499	-	15	5,400	114	16	0.00	0.00	0.00
D.G. Khan Cement Company Limited	285,600	449,500	-	666,500	68,600	5,881	0.01	0.01	0.00
Pioneer Cement Limited	-	2,568,000	-	1,254,500	1,313,500	50,307	0.05	0.05	0.00
Lucky Cement Limited	191,433	123,000	-	227,300	87,133	26,129	0.02	0.03	0.02
Cherat Cement Company Limited	1,338,653	185,000	-	1,523,500	153	10	0.00	0.00	0.00
Kohat Cement Limited	586,000	340,500	82,900	760,000	249,400	24,384	0.02	0.02	0.01
Maple Leaf Cement Factory Limited	-	1,242,000	-	421,000	821,000	22,520	0.02	0.02	0.00
Thatta Cement Company Limited	1,250,000	-	-	-	1,250,000	31,238	0.03	0.03	0.00
Fecto Cement Limited	40,000	-	-	40,000	-	-	0.00	0.00	0.00
<b>GENERAL INDUSTRIALS</b>									
Thal Limited *	291,390	62,900	-	147,200	207,090	28,632	0.03	0.03	0.00
Ghani Glass Limited	2,733	-	137	-	2,870	172	0.00	0.00	0.00
Cherat Packaging Limited	20,187	-	-	-	20,187	956	0.00	0.00	0.01
MACPAC Films Limited	5,500	-	-	-	5,500	117	0.00	0.00	0.00
<b>INDUSTRIAL METALS AND MINING</b>									
International Industries Limited	709	-	-	-	709	33	0.00	0.00	0.00
<b>ENGINEERING</b>									
K.S.B. Pumps Limited	36,000	-	-	30,000	6,000	542	0.00	0.00	0.00
Millat Tractors Limited*	36	-	4	-	40	19	0.00	0.00	0.00
<b>PERSONAL GOODS</b>									
Azgard Nine Limited (Non-voting)	806,400	-	-	-	806,400	5,645	0.01	0.01	0.00
Nishat Chunian Limited	330,500	863,500	74,900	971,000	297,900	17,934	0.02	0.02	0.00
Nishat Mills Limited	92,000	992,700	-	468,300	616,400	78,431	0.07	0.08	0.00
<b>FIXED LINE TELECOMMUNICATION</b>									
Pakistan Telecommunication Company Limited "A"	400	3,512,000	-	1,733,000	1,779,400	50,606	0.05	0.05	0.00
<b>ELECTRICITY</b>									
The Hub Power Company Limited	932,066	1,111,500	-	1,557,500	486,066	29,514	0.03	0.03	0.00
Kot Addu Power Company Limited	-	1,376,000	-	312,000	1,064,000	65,702	0.06	0.07	0.00
Nishat Chunian Power Limited	672,000	73,000	-	695,000	50,000	1,739	0.00	0.00	0.00
Nishat Power Limited	96,500	879,000	-	974,500	1,000	30	0.00	0.00	0.00
<b>COMMERCIAL BANKS</b>									
Allied Bank Limited	73	-	-	-	73	7	0.00	0.00	0.00
Askari Bank Limited	-	750,000	-	-	750,000	10,500	0.01	0.01	0.00
Bank Alfalah Limited	847	5,261,000	-	1,746,500	3,515,347	95,055	0.09	0.10	0.00
Bank Al-Habib Limited	1,070,000	1,939,500	-	1,024,500	1,985,000	82,477	0.07	0.08	0.00
Meezan Bank Limited	1,989,751	-	-	1,080,500	909,251	35,806	0.03	0.04	0.03
National Bank of Pakistan	484	1,272,000	-	1,272,000	484	28	0.00	0.00	0.00
United Bank Limited	21,963	631,700	-	358,963	294,700	39,063	0.03	0.04	0.00
Faysal Bank	-	1,053,000	-	-	1,053,000	11,994	0.01	0.01	0.00
<b>NON-LIFE INSURANCE</b>									
TPL Direct Insurance Limited	87,626	-	-	-	87,626	872	0.00	0.00	0.00
<b>FINANCIAL SERVICES</b>									
NEXT Capital Limited	272,500	-	-	-	272,500	1,362	0.00	0.00	0.02
<b>INDUSTRIAL TRANSPORTATION</b>									
Pakistan national Shipping Corporation	813,000	105,500	-	499,500	419,000	35,251	0.03	0.04	0.01
<b>Total as at December 31, 2013</b>					<b>19,984,476</b>	<b>984,129</b>	<b>0.88</b>	<b>1.00</b>	
<b>Carrying value as at December 31, 2013</b>						<b>861,956</b>			

\* The Face Value of shared held of Thal Limited & Millat Tractor Limited is Rs.5

Investments include shares with market value of Rs 112.737 million ( June 30, 2013: Rs 185.866 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular number 11 dated October 23, 2007 issued by the SECP.

# NAFA STOCK FUND

	Note	(Un-audited) December 31, 2013	(Audited) June 30, 2013
-----Rupees in '000-----			
<b>6 PAYABLE TO NBP FULLERTION ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>			
Remuneration payable to NAFA		1,876	2,006
Sales load payable to management company	6.1	146	69
Transfer Load Payable		531	-
Sindh sales tax payable on management remuneration		474	352
FED payable to management company	6.2	1,482	190
Sales tax payable on sales load		72	-
		4,581	2,617

6.1 The provincial government has levied General Sales Tax at the rate of 16% on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011, effective from July 1, 2011.

6.2 As per the requirement of Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on management remuneration has been applied effective from June 13, 2013. The management is of the view that since the remuneration is already subject to provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law. Mutual Fund Association of Pakistan (MUFAP) has taken up the matter collectively and filed a petition with the Honorable Sindh High Court and has been granted stay in this regard. As a matter of abundant caution, the Fund has made the provision against FED.

	(Un-audited) December 31, 2013	(Audited) June 30, 2013
Rupees in '000		
<b>7 ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
Auditors' remuneration payable	307	330
Settlement charges	46	28
Bank charges	32	35
Provision for Workers' Welfare Fund	25,189	21,439
Others	1,238	1,780
	26,812	23,612

## 8 PROVISION FOR WORKERS' WELFARE FUND

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

Subsequently, the Ministry of Labour and Manpower (the Ministry) vide its letter dated 15 July 2010 clarified that "Mutual Fund(s) is a product which is being managed / sold by the Asset Management Companies which are liable to contribute towards Workers Welfare Fund under Section-4 of WWF Ordinance 1971. However, the income on Mutual Fund(s), the product being sold, is exempted under the law ibid".

# NAFA STOCK FUND

Further, the Secretary (Income Tax Policy) Federal Board of Revenue (FBR) issued a letter dated October 6, 2010 to the Members (Domestic Operation) North and South FBR. In the letter, reference was made to the clarification issued by the Ministry of Labour and Manpower stating that mutual funds are a product and their income are exempted under the law *ibid*. The Secretary (Income Tax Policy) Federal Board of Revenue directed that the Ministry's letter may be circulated amongst field formations for necessary action. Following the issuance of FBR Letter, show cause notice which had been issued by taxation office to certain mutual funds for payment of levy under WWF were withdrawn. However, the Secretary (Income Tax Policy) Federal Board of Revenue vide letter January 4, 2011 has cancelled ab-initio clarificatory letter dated October 6, 2010 on applicability of WWF on mutual funds and issued show cause notices to certain mutual funds for collecting WWF. In respect of such show cause notices, certain mutual funds have been granted stay by Honorable High Court of Sindh on the basis of the pending constitutional petition in the said court as referred above.

Furthermore, in 2011 the Honourable Lahore High Court in a Constitutional Petition relating to the amendments brought in WWF Ordinance 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 Honourable Lahore High Court, will lend further support to the Constitutional Petition which is pending in the Honourable High Court of Sindh.

Last year, the Larger Bench of the Sindh High Court (SHC) issued a judgment in response to a petition in another similar case in which it is held that the amendments introduced in the WWF Ordinance through Finance Acts, 2006 and 2008 do not suffer from any constitutional or legal infirmity.

However, without prejudice to the above, the Management Company, as a matter of abundant caution, has decided to record the provision for WWF amounting to Rs. 25.19 million in aggregate including Rs. 3.749 million for the half year ended December 31, 2013.

## 9. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2013

## 10. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of Part I of the Second Schedule of 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 realized or unrealized 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 to the unit holders. The Fund intends to distribute such accounting income for the year ending June 30, 2013 to its unit holders. Accordingly, no liability has been recorded in the current period.

## 11. TRANSACTIONS WITH CONNECTED PERSONS

- 11.1** Connected persons include NBP Fullerton Asset Management Limited being the Management Company, associated companies of 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, NAFA Provident Fund Trust, other collective investment schemes managed by the Management Company and directors and officers of the Management Company.
- 11.2** The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 11.3** Remuneration and front - end load payable to the Management Company and remuneration payable to the Trustee are determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

# NAFA STOCK FUND

Details of Transactions with connected persons are as follows:

## 11.4 Transactions during the period

	----- (Unaudited) -----			
	Six months ended		Three months ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
-----Rupees in '000-----				
<b>NBP Fullerton Asset Management Limited - Management Company</b>				
Management fee expenses for the period	11,383	12,970	5,347	6,304
Sindh sales tax on remuneration of the Management Company	2,143	2,075	1,177	1,009
Front-end Load	2,106	254	861	218
Federal Excise Duty on remuneration of Management Company	1,821	-	855	-
<b>National Bank of Pakistan - Sponsor</b>				
Cash dividend paid	-	4,883	-	-
Shares purchased 1,272,000 (December 31, 2012 : 1,470,000)	66,938	71,023	66,938	18,047
Shares sold 1,272,000 (December 31, 2012: 1,133,500)	62,078	50,438	62,078	50,438
<b>Alexandra Fund Management Pte. Limited - Sponsor</b>				
Bonus units 2,279,614 units (December 31, 2012: 876,664 units)	-	-	-	-
Units redeemed / transferred out 11,306,142 units (December 31, 2012: Nil units)	106,020	-	106,020	-
<b>Executives of the Management Company</b>				
Units issued / transferred in units 2,651,371 (December 31, 2012 : 1,833,610 units)	25,465	15,442	9,047	6,851
Units redeemed / transferred out 2,617,966 units (December 31, 2012: 1,764,564 units)	25,051	15,159	10,971	10,482
Bonus units 47,583 units (December 31, 2012: 14,527 units)	-	-	-	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Remuneration	1,073	1,153	519	568
CDS charges	135	174	71	141
<b>NAFA Provident Fund Trust - Provident Fund</b>				
Units issued / transferred in 50,924 units (December 31, 2012: 675,300 units)	597	5,555	-	932
Units redeemed / transferred out 45,701 units (December 31, 2012: 599,224 units)	417	5,042	-	3,233
Bonus units 12,861 (December 31, 2012: 61,094 units)	-	-	-	-
<b>NBP Employees Pension Fund</b>				
Bonus units 8,545,465 (December 31, 2012: Nil units)	-	-	-	-
<b>Taurus Securities Limited</b>				
Brokerage	293	259	67	227
<b>International Industries Limited - Employees Provident Fund</b>				
Units issued / transferred in Nil units (December 31, 2012: 2,732,692 units)	-	22,863	-	8,178
Units redeemed / transferred out Nil units (December 31, 2012: 2,420,214 units)	-	20,366	-	12,263
Bonus units Nil units (December 31, 2012: 288,853 units)	-	-	-	-
<b>International Industries Limited - Employees Gratuity Fund</b>				
Units issued / transferred in Nil units (December 31, 2012: 5,767,976 units)	-	47,608	-	9,891
Units redeemed / transferred out units Nil (December 31, 2012: 4,648,574 units)	-	39,280	-	29,155
Bonus units Nil units (December 31, 2012: 370,228 units)	-	-	-	-

# NAFA STOCK FUND

----- (Unaudited) -----			
Six months ended		Three months ended	
December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012

-----Rupees in '000-----

## International Steels Limited - Employees Gratuity Fund

Units Issued / transferred in 56,0450 units (December 31, 2012: 518,136 units)	622	4,268	-	808
Units redeemed / transferred out 45,601 units (December 31, 2012: 398,450 units)	419	3,363	-	2,433
Bonus units 14,155 units (December 31,2012: 33,995 units)	-	-	-	-

## International Steels Limited - Employees Provident Fund

Units Issued / transferred in Nil units (December 31, 2012: 662,228 units)	-	5,482	-	1,285
Units redeemed / transferred out Nil units (December 31, 2012: 693,384 units)	-	5,833	-	3,479
Bonus units Nil units (December 31,2012: 83,012 units)	-	-	-	-

## Summit Bank Limited

Bank Profit	79	-	-	-
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## THAL Limited

Dividend received	2,035	-	2,035	-
Shares purchased 62,900 (December 31, 2012: Nil)	7,247	-	7,247	-
Shares sold 147,200 ( December 31, 2012: 69,000)	20,662	6,671	18,136	6,671
Bonus Shares Nil (December 31, 2012: 32,763)	-	-	-	-

(Un-audited)	(Audited)
December 31,	June 30,
2013	2013
(Rupees in '000)	

## 11.5 Balances outstanding as at period / year end

### NBP Fullerton Asset Management Limited - Management Company

Management Fee Payable	1,876	2,006
Front end load payable	677	69
Sales tax on Management Company	474	352
Federal Excise Duty	1,482	190
Sales tax on Sales Load	72	-

### National Bank of Pakistan - Sponsor

Investment held by the Sponsor in the Fund		
Nil units ( June 30, 2013: Nil units)	-	-
Deposit held by the Fund with the Sponsor	231	815
Ordinary shares held (484; June 30, 2013: 484)	28	20

### Alexandra Fund Management Pte. Limited - Sponsor

Investment held by the Sponsor in the Fund		
Nil units; (June 30, 2013:9,026,528 units)	-	97,695

### Executives of the Management Company

Investment held in the Fund 240,165 units (June 30, 2013: 146,897 units)	2,456	1,590
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# NAFA STOCK FUND

	(Un-audited) December 31, 2013	(Audited) June 30, 2013
	(Rupees in '000)	
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration	179	182
CDS charges	15	24
Security Deposit	100	100
<b>NAFA Provident Fund Trust - Provident Fund</b>		
Investment held in the Fund 18,084 units (June 30, 2013: Nil units)	185	-
<b>National Bank of Pakistan Employees Pension Fund</b>		
Investment held in the Fund 42,382,728 units (June 30, 2013: 33,287,263 units)	433,355	366,224
<b>Summit Bank Limited (Common Directorship)</b>		
Bank Balance	1,072	5,474
<b>The Hub Power Company Limited (Common Directorship)</b>		
Ordinary shares held (932,066; June 30, 2013: 486,066)	-	57,462
<b>Taurus Securities Limited (Common Directorship)</b>		
Brokerage payable	23	48
<b>International Steels Limited - Employees Gratuity Fund</b>		
Investment held in the Fund 24,603 units (June 30, 2013: Nil units)	252	-
<b>THAL Limited</b>		
Ordinary shares held 291,390 (June 30, 2013: 207,090)	28,632	37,149

## 12 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on February 13, 2014 by the Board of Directors of the Management Company.

## 13 GENERAL

13.1 Figures have been rounded off to the nearest thousand rupees, unless otherwise specified.

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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