



NBP Fullerton
Asset Management Ltd.

A Subsidiary of
National Bank of Pakistan

Your investments & "NAFA" grow together




Joint - Venture Partners

NAFA STOCK 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.

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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

Allied Bank Limited
Askari Bank Limited
Summit Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Deutsche Bank
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
KASB 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

NAFA STOCK FUND

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 Building, 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

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 STOCK FUND

DIRECTORS' REPORT

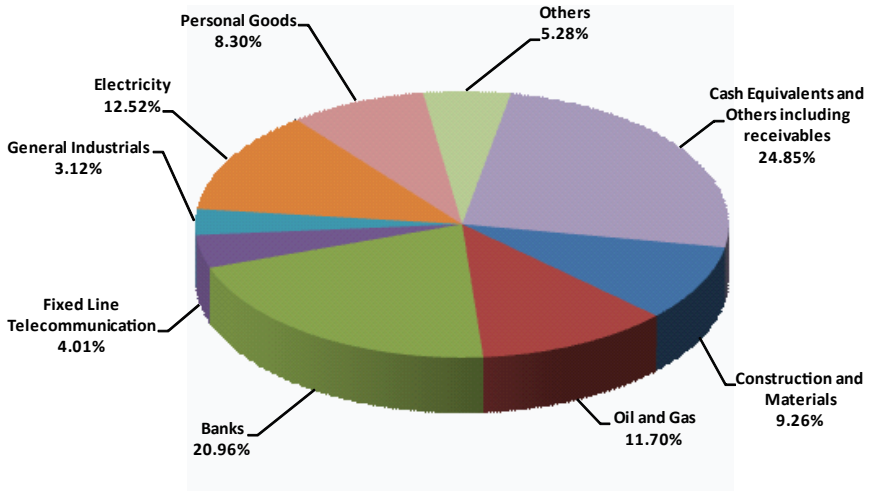
The Board of Directors of **NBP Fullerton Asset Management Limited** is pleased to present the unaudited financial statements of **NAFA Stock Fund** for the quarter ended September 30, 2013.

Fund's Performance

During the first quarter, the unit price of NAFA Stock Fund (NSF) has increased from Rs. 8.6409 (Ex-Div) on June 30, 2013 to Rs. 8.9652 on September 30, 2013, thus showing a growth of 3.75%. The Benchmark (KSE-30 Index) return for the same period was 2.30%. Thus, the Fund has outperformed its Benchmark by 1.45% during the period under review. Since inception (January 22, 2007), the unit price of the Fund has shown a growth of 121.93% as compared to 23.80% increase in its Benchmark. Thus, the Fund has outperformed its Benchmark by 98.13% 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.1,082 million, 3.65% lower compared to June 30, 2013.

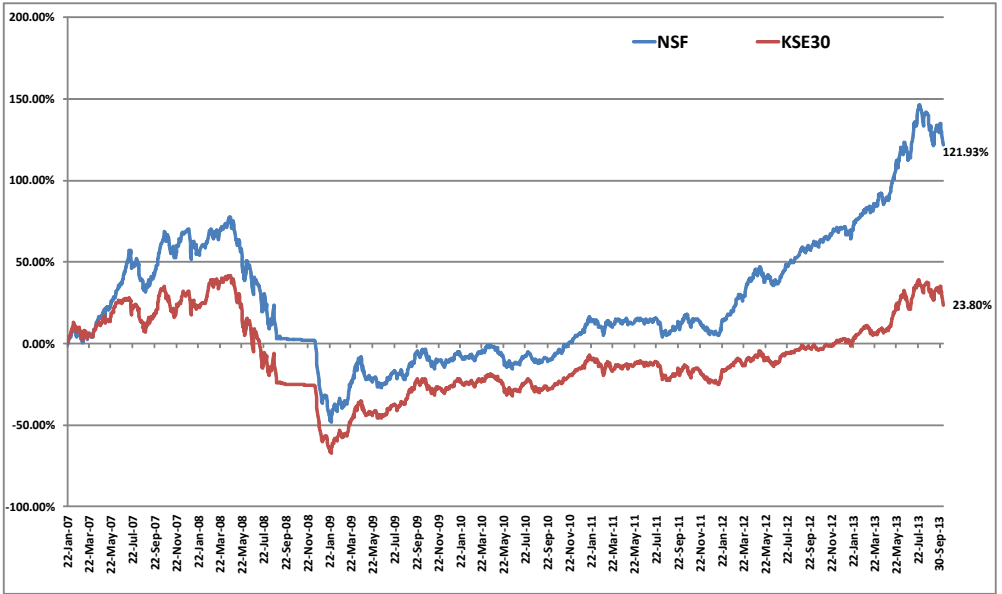
During 1QFY14, the stock market initially generated strong performance with a return of 11.0% in July as the euphoria of first democratic transfer of political power continued. However, realization of a tough IMF program, depreciating PKR, and rising interest rates led to 7.1% erosion in gains, thus the overall return during the quarter stood at 3.9%. Banking, Fixed Line Telecommunication, and Gas Water and Multi-utilities sectors performed better than the market. Oil & Gas, 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.

The Fund has earned total income of Rs.57.38 million during the period. After deducting expenses of Rs.12.16 million, the net income is Rs.45.22 million. The asset allocation of the Fund as on September 30, 2013 is as follows:



NAFA STOCK FUND

NSF 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 STOCK FUND

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

		Un-Audited September 30, 2013	Audited June 30, 2013
		-----Rupees in '000-----	
ASSETS	Note		
Balances with banks		277,414	340,201
Investments	4	812,963	806,787
Dividend and profit receivable	5	9,761	536
Receivable against Sale of investments		8,897	-
Deposits, prepayments and other receivables		5,779	2,740
Total assets		1,114,814	1,150,264
LIABILITIES			
Payable to the Management Company		4,045	2,617
Payable to the Trustee		173	207
Payable to the Securities and Exchange Commission of Pakistan		286	1,147
Payable against Redemption of Units		4,418	-
Accrued expenses and other liabilities	6	24,162	23,612
Total liabilities		33,084	27,583
NET ASSETS		1,081,730	1,122,681
UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)		1,081,730	1,122,681
CONTINGENCIES AND COMMITMENTS	7		
		-----Number of units-----	
Number of units in issue		120,658,599	103,730,074
		-----Rupees-----	
NET ASSET VALUE PER UNIT		8.9652	10.8231

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA STOCK 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			
Net gain on sale of investments		39,927	25,617
Income from Government Securities		-	89
Profit on bank deposits		3,585	813
Receivable against Sale of investments		13,557	25,777
Unrealised gain on re-measurement of investments at through profit or loss - net		313	143,844
Total income		<u>57,382</u>	<u>196,140</u>
EXPENSES			
Remuneration of the Management Company		6,036	6,666
Sales tax on Remuneration of the Management Company		966	1,066
Federal Excise Duty on remuneration of Management Company		966	
Remuneration of the Trustee		554	585
Annual fee - Securities and Exchange Commission of Pakistan		287	317
Securities transaction cost		2,041	1,893
Settlement and bank charges		221	81
Annual listing fee		10	10
Legal & Professional charges		-	24
Auditors' remuneration		123	128
Fund rating fee		30	28
Total Expenses		<u>11,234</u>	<u>10,798</u>
Net Income from operating activities		<u>46,148</u>	<u>185,342</u>
Provision for Workers' Welfare Fund	10	(923)	(3,708)
Net Income for the period before taxation		<u>45,225</u>	<u>181,634</u>
Taxation	8	-	-
Net income for the period after taxation		<u>45,225</u>	<u>181,634</u>
Earnings per unit	9		

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA STOCK 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 income for the period after taxation	45,225	181,634
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>45,225</u>	<u>181,634</u>

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA STOCK 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 / (accumulated loss) brought forward	58,709	(218,494)
Final distribution for the year ended June 30, 2013 23.98% (2012: 6.51%)		
- Bonus units	(252,665)	(80,880)
- Cash distribution	(378)	(15,959)
Element of income and capital gains included in prices of units issued less those in units redeemed - amount representing income that form part of the unit holders' fund	24,228	20,973
Income for the period	45,225	181,634
Accumulated loss carried forward	<u>(124,881)</u>	<u>(112,726)</u>

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA STOCK 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	1,122,681	1,090,426
Issue of 29,876,686 units (2012: 49,091,150 units)	287,640	311,544
Redemption of 39,557,619 units (2012:16,547,431 units)	(373,438)	(134,243)
Receivable against Sale of investments	(85,798)	177,301
Issue of 26,609,457 bonus units for the year ended June 30, 2013	252,665	80,880
Net 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	24,228	20,973
Unrealised gain on re-measurement of investments at profit or loss - net	313	143,844
Net gain on sale of investments	39,927	25,617
Other income (net of expenses)	4,985	12,173
	45,225	181,634
Final distribution for the year ended June 30, 2013 23.98% (2012: 6.51%)		
- Bonus units	(252,665)	(80,880)
- Cash distribution	(378)	(15,959)
	(253,043)	(96,839)
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	(24,228)	(20,973)
Net assets at the end of the period	1,081,730	1,433,402

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA STOCK 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		
Income for the period before taxation	45,225	181,634
Adjustments		
Unrealised gain on re-measurement of investments at Receivable against Sale of investments	(313)	(143,844)
	<u>44,912</u>	<u>37,790</u>
(Increase) in assets		
Receivable against sale of investments	(8,897)	-
Investments	(5,864)	(186,875)
Advances, deposits and prepayments	(3,039)	(1,014)
Dividend and profit receivable	(9,225)	(17,330)
	<u>(27,025)</u>	<u>(205,219)</u>
Increase / (decrease) in liabilities		
Payable to the Management Company	1,428	755
Payable to the Trustee	(34)	18
Payable to the Securities and Exchange Commission of Pakistan	(861)	(637)
Payable against purchase of investments	-	(54,342)
Accrued expenses and other liabilities	550	4,110
	<u>1,083</u>	<u>(50,096)</u>
Net cash generated from / (used in) operating activities	<u>18,971</u>	<u>(217,525)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Net receipts from issue of units	287,640	311,544
Net payments on redemption of units	(369,020)	(134,243)
Distributions made	(378)	(15,959)
Net cash used in financing activities	<u>(81,758)</u>	<u>161,342</u>
Net (decrease) / increase in cash and cash equivalents during the period	<u>(62,787)</u>	<u>(56,183)</u>
Cash and cash equivalents at the beginning of the period	340,201	77,043
Cash and cash equivalents at the end of the period	<u><u>277,414</u></u>	<u><u>20,860</u></u>

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA STOCK FUND

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2013 (UN-AUDITED)

1. LEGAL STATUS AND NATURE OF BUSINESS

NAFA Stock Fund (the Fund) was established under a Trust Deed executed between NBP Fullerton Asset Management Limited (NAFA) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on December 06, 2006 and was approved 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 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 a member of Mutual Funds Association of Pakistan (MUFAP).

The Fund is an open-ended mutual fund classified as an equity scheme by the Management Company 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 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 a performance ranking of 3-Star (long term) and 4- star (short term) to the Fund based on the performance of the Fund for the year ended June 30, 2012.

Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the 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, 2007 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulation 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 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'.

The directors of the asset management company declare that condensed interim financial statements give a true and fair view of the fund

3 SUMMARY OF ACCOUNTING POLICIES

The principal 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 annual audited financial statements for the year ended June 30, 2013.

4 INVESTMENTS

Note	Un-audited September 30, 2013	Audited June 30, 2013
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At fair value through profit or loss - held for trading		
Investments in shares of listed companies	4.1	
	<u>812,963</u>	<u>806,787</u>
	<u>812,963</u>	<u>806,787</u>

Rupees in '000

NAFA STOCK FUND

4.1 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 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 investee company held
-----Number of shares -----					(Rupees in '000)				
SHARES OF LISTED COMPANIES - Fully paid ordinary shares of Rs.10 each unless stated otherwise									
OIL AND GAS									
Oil & Gas Development Company Limited	190,581	105,500	-	147,500	148,581	34,919	3.23%	4.30%	0.00%
Pakistan Oilfields Limited	24,580	157,900	-	84,950	97,530	41,814	3.87%	5.14%	0.04%
Pakistan Petroleum Limited	188,429	253,800	52,946	234,500	49,685	49,685	4.59%	6.11%	0.00%
Pakistan State Oil Company Limited	351,561	-	-	351,200	361	94	0.01%	0.01%	0.00%
CHEMICALS									
Engro Corporation Limited	201,285	439,000	-	543,300	96,985	13,169	1.22%	1.62%	0.02%
Fafirma Fertilizer Company Limited	-	1,214,000	-	425,000	789,000	20,514	1.90%	2.52%	0.04%
Sitara Chemical Industries Limited	294,621	-	-	294,621	-	-	0.00%	0.00%	0.00%
CONSTRUCTION AND MATERIALS									
Attock Cement Pakistan Limited	5,499	-	15	5,400	114	15	0.00%	0.00%	0.00%
D.G. Khan Cement Company Limited	285,600	381,500	-	666,500	600	41	0.00%	0.01%	0.00%
Fecto Cement Limited	40,000	-	-	40,000	-	-	0.00%	0.00%	0.00%
Kohat Cement Limited	586,000	152,500	-	485,000	253,500	23,466	2.17%	2.89%	0.20%
Lucky Cement Limited	191,433	85,000	-	196,100	80,333	18,580	1.72%	2.29%	0.02%
Cheerat Cement Company Limited	1,338,653	185,000	-	1,314,500	209,153	10,345	0.96%	1.27%	0.22%
Maple Leaf Cement Limited	-	422,000	-	421,000	1,000	21	0.00%	0.00%	0.00%
Pioneer Cement Company Limited	-	1,342,000	-	780,000	562,000	16,073	1.49%	1.98%	0.25%
Thatta Cement Company Limited	1,250,000	-	-	-	1,250,000	31,613	2.92%	3.89%	1.25%
GENERAL INDUSTRIALS									
Thal Limited *	291,390	-	-	20,000	271,390	32,646	3.02%	4.02%	0.33%
Ghani Glass Limited	2,733	-	-	2,733	-	167	0.02%	0.02%	0.00%
Cheerat Packing Limited	20,187	-	-	20,187	-	843	0.08%	0.10%	0.07%
MACPAC Films Limited	5,500	-	-	5,500	-	147	0.01%	0.02%	0.01%
INDUSTRIAL METALS AND MINING									
International Industries Limited	709	-	-	-	709	30	0.00%	0.00%	0.00%
ENGINEERING									
K.S.B Pumps Limited	36,000	-	-	30,000	6,000	472	0.04%	0.06%	0.05%
Millat Tractors Limited	36	-	4	-	40	19	0.00%	0.00%	0.00%
PERSONAL GOODS									
Azgard Nine Limited (Non-voting)	806,400	-	-	-	806,400	5,645	0.52%	0.69%	14.60%
Nishat Mills Limited	92,000	568,000	-	183,300	476,700	44,176	4.08%	5.43%	0.14%
Nishat (Chunian) Limited	330,500	628,500	-	249,000	710,000	39,959	3.69%	4.92%	0.39%
FIXED LINE TELECOMMUNICATION									
Pakistan Telecommunication Company Limited	400	2,535,000	-	878,000	1,657,400	43,358	4.01%	5.33%	0.04%
ELECTRICITY									
The Hub Power Company Limited	932,066	1,028,500	-	1,302,500	658,066	41,938	3.88%	5.16%	0.06%
Kof Adu Power Company Limited	-	979,500	-	88,000	891,500	56,860	5.26%	6.99%	0.10%
Nishat Chunian Power Limited	672,000	-	-	456,000	216,000	7,767	0.72%	0.96%	0.06%
Nishat Power Limited	96,500	879,000	-	38,000	937,500	28,875	2.67%	3.55%	0.26%
COMMERCIAL BANKS									
Allied Bank Limited	73	-	-	-	73	6	0.00%	0.00%	0.00%
Bank Alfalah Limited	847	4,092,500	-	765,000	3,328,347	69,696	6.44%	8.57%	0.25%
Bank Al-Habib Limited	1,070,000	1,118,500	-	733,000	1,455,500	52,791	4.88%	6.49%	0.14%
Meezan Bank Limited	1,989,751	-	-	157,000	1,832,751	68,013	6.29%	8.37%	0.18%
National Bank of Pakistan	484	950,000	-	215,000	735,484	36,252	3.35%	4.46%	0.03%
United Bank Limited	21,963	295,000	-	316,963	-	-	0.00%	0.00%	0.00%
FINANCIAL SERVICES									
NEXT Capital Limited	272,500	-	-	-	272,500	1,035	0.10%	0.13%	1.36%
INDUSTRIAL TRANSPORTATION									
Pakistan National Shipping Corporation	813,000	-	-	449,500	363,500	21,130	1.95%	2.60%	0.28%
NON-LIFE INSURANCE									
TPL Direct Insurance Limited	87,626	-	-	-	87,626	789	0.07%	0.10%	0.19%
Balance Carried Forward						812,963	75.15%	100.00%	
Carrying value as at September 30, 2013						812,651			

* The face value of each share held of Thal Limited is Rs.5.

Investments include shares with market value of Rs 128,089 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 Securities and Exchange Commission of Pakistan.

NAFA STOCK FUND

	Un-audited September 30, 2013	Audited June 30, 2013
	(Rupees in '000)	
5 DIVIDEND AND PROFIT RECEIVABLE		
Profit on savings deposits	447	-
Dividend receivable on equity securities	9,314	536
	<u>9,761</u>	<u>536</u>
6 ACCRUED EXPENSES AND OTHER LIABILITIES		
Auditors' remuneration	453	330
Settlement charges	13	28
Bank charges	135	35
Provision for Workers' Welfare Fund (WWF)	22,363	21,439
Others	1,198	1,780
	<u>24,162</u>	<u>23,612</u>
	Un-audited September 30, 2013	Audited June 30, 2013
	(Rupees in '000)	
7 Contingencies and Commitments		
Contingencies and Commitments	-	-

8 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 year as the management company has distributed more than 90 percent of the Fund's accounting income for the year as reduced by capital gains (whether realised or unrealised) to its unit holders.

9 EARNINGS PER UNIT

Earnings per unit (EPU) 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) / Pension Funds 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 (SHC), challenging the applicability of WWF to the CISs / pension funds.

A clarification was issued by the Ministry of Labour and Manpower (the Ministry) on July 8, 2010 which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However on December 14, 2010 the Ministry filed its response against the Constitutional Petition requesting the Court to dismiss the same. This response was contradictory to the earlier clarification issued by the Ministry. Show cause notices were then issued by the Federal Board of Revenue (FBR) to several mutual funds (CISs) / pension funds for the collection of WWF. In respect of such show cause notices, certain mutual funds (CISs) / pension funds were granted stay by the Honorable SHC on the basis of the pending Constitutional Petition as referred to above.

NAFA STOCK FUND

In March 2013, a three member bench of the Sindh High Court in its judgement on various Constitutional Petitions challenging the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, held that WWF is a tax and consequently, the amendments introduced in the Workers' Welfare Fund Ordinance, 1971 through the Finance Act, 2006 and 2008 respectively (Money Bills) do not suffer from any constitutional or legal infirmity. This judgement was in contrast to the July 2011 single member bench decision of the Honorable Lahore High Court which had held such amendments as unlawful and unconstitutional for the reason that they were made through the money bills. For the CISs and pension funds, the issue of chargeability or otherwise of WWF levy to the CISs / pension funds is currently pending before the Honorable SHC. .

In view of the pending decision, the Management Company of the Fund, as a matter of abundant caution, has continued to maintain the provision for WWF amounting to Rs. 22.363 million (2013: Rs. 21.439 million) in these financial statements. Had the same not been made the net asset value per unit /return of the Fund would have been higher by Re. 0.1853 per unit.

11 TRANSACTIONS WITH CONNECTED PERSONS

- 11.1 Connected persons include NBP Fullerton Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan and Alexandra Fund Management Pte. Limited being the sponsors, NAFA provident Trust Fund being the employee contribution plan of the Management Company, 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 is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.
- 11.4 Remuneration payable to the Trustee is determined in accordance with the provisions of the NBFC regulation and the Trust Deed.

	Un-audited Quarter Ended September 30, 2013	Un-audited Quarter Ended September 30, 2012
	(Rupees in '000)	
11.5 Details of the transactions with connected persons are as follows:		
NBP Fullerton Asset Management Limited - Management Company		
Management fee expense for the period	6,036	6,666
Front End Load	1,245	37
Sales tax on management fee	966	1,066
Federal Excise Duty on remuneration of Management Company	966	-
National Bank of Pakistan - Sponsor		
Cash Distribution	-	4,883
950,000 shares purchased	50,792	-
215,000 shares sold	10,597	-
Alexandra Fund Management Pte. Limited - Sponsor		
Bonus units issued 2,279,614 units (September 30, 2012: 876,664 units)	-	-

NAFA STOCK FUND

	Un-audited Quarter Ended September 30, 2013	Un-audited Quarter Ended September 30, 2012
(Rupees in '000)		
Employees of the Management Company		
Units issued / transferred In 1,727,970 units (September 30, 2012: 1,057,059 units)	16,418	8,591
Units redeemed / transferred out 1,475,731 units (September 30, 2012: 571,532 units)	14,080	4,677
Bonus units issued 47,583 units (September 30, 2012: 14,527 units)	-	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	554	585
CDS Charges	64	55
NAFA Provident Fund Trust - Provident Fund		
Units Issued / Transferred in 50,924 units (September 30, 2012: 568,879 units)	597	4,623
Units redeemed / transferred out 45,701 units (September 30 2012: 218,348 units)	417	1,808
Bonus units issued 12,861 units (September 30, 2012 61,094 units)	-	-
NBP Employee Pension Fund		
Bonus units issued 8,545,465 units (September 30, 2012: 2,567,288 units)	-	-
Taurus Securities Limited		
Brokerage	226	108
International Industries Ltd. - Employees Provident Fund		
Units Issued / Transferred in Nil units (September 30, 2012: 1,803,113 units)	-	14,685
Units redeemed / transferred out Nil units (September 30 2012: 978,160 units)	-	8,102
Bonus units issued Nil units (September 30, 2012 288,853 units)	-	-
International Industries Ltd - Employees Gratuity Fund		
Units Issued / Transferred in Nil units (September 30, 2012: 4,637,702 units)	-	37,717
Units redeemed / transferred out Nil units (September 30 2012: 1,222,345 units)	-	10,125
Bonus units issued Nil units (September 30, 2012 370,228 units)	-	-
International Steels Ltd - Employees Gratuity Fund		
Units Issued / Transferred in 56,050 units (September 30, 2012: 425,824 units)	622	3,462
Units redeemed / transferred out 45,601 units (September 30 2012: 112,232 units)	419	930
Bonus units issued 14,155 units (September 30, 2012 33,995 units)	-	-
International Steels Ltd - Employees Provident Fund		
Units Issued / Transferred in Nil units (September 30, 2012: 515,347 units)	-	4,196
Units redeemed / transferred out Nil units (September 30 2012: 284,231 units)	-	2,354
Bonus units issued Nil units (September 30, 2012 83,012 units)	-	-
Summit Bank Limited		
Bank profit	75	-

NAFA STOCK FUND

	Un-audited September 30, 2013	Audited June 30, 2013
	(Rupees in '000)	
11.6 Amounts outstanding as at period end		
NBP Fullerton Asset Management Limited - Management Company		
Management Fee Payable	1,815	2,006
Front-end Load Payable	1,314	69
Sales tax payable on management fee	290	352
Federal Excise Duty on management fee	626	190
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	233	815
Ordinary shares held	36,252	20
Alexandra Fund Management Pte. Limited - Sponsor		
Investment held by the Sponsor in the Fund 11,306,142 units (June 30, 2013: 9,026,528 units)	101,362	97,695
Employees of the Management Company		
Investment held in the Fund 458,999 units (June 30, 2013 :146,897 units)	4,115	1,590
Summit Bank Limited (Common Directorship)		
Bank Balance	1,225	5,474
Central Depository Company of Pakistan Limited - Trustee		
Trustee Fee payable	173	182
CDS charges payable	13	24
Security Deposit	100	100
NAFA Provident Fund Trust - Provident Fund		
Investment held in the Fund 18,084 units (June 30, 2013: Nil units)	162	-
NBP Employees Pension Fund		
Investment held in the Fund 42,382,728 units (June 30, 2013: 33,287,263 units)	379,970	366,224
International Steels Ltd. - Employees Gratuity Fund		
Investment held in the Fund 24,603 units (June 30, 2012: Nil units)	221	-
The Hub Power Company Limited (Common Directorship)		
Ordinary shares held	-	57,462
Taurus Securities Limited (Subsidiary of parent Company)		
Brokerage payable	59	48

12 DATE OF AUTHORISATION FOR ISSUE

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

13 GENERAL

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

13.2 The bifurcation of undistributed income into realised and unrealised income at the beginning and end of the period 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



NBP Fullerton
Asset Management Ltd.

A Subsidiary of
National Bank of Pakistan

Your investments & "NAFA" grow together



Joint - Venture Partners

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