

**AM1**  
Rated by PACRA



NBP Fullerton  
Asset Management Ltd.  
A Subsidiary of  
National Bank of Pakistan

## NAFA ASSET ALLOCATION FUND

**QUARTERLY**  
**REPORT** September 30  
**2017**



*Your investments & "NAFA" grow together*




**FULLERTON FUND  
MANAGEMENT**

*Joint - Venture Partners*

# NAFA ASSET ALLOCATION FUND

## 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 ASSET ALLOCATION FUND

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# NAFA ASSET ALLOCATION FUND

## FUND'S INFORMATION

### Management Company

NBP Fullerton Asset Management Limited – Management Company

### Board of Directors of the Management Company

Mr. Mudassir Husain Khan	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Tariq Jamali	Director
Mr. Abdul Hadi Palekar	Director
Mr. Kamal Amir Chinoy	Director
Mr. Shehryar Faruque	Director
Dr. Foo Chiah Shiung (Kelvin Foo)	Director
Mr. Lui Mang Yin (Martin Lui)	Director
Mr Humayun Bashir	Director

### Company Secretary & COO

Mr. Muhammad Murtaza Ali

### Chief Financial Officer

Mr. Khalid Mehmood

### Audit & Risk Committee

Mr. Shehryar Faruque	Chairman
Mr. Tariq Jamali	Member
Dr. Foo Chiah Shiung (Kelvin Foo)	Member

### Human Resource and Remuneration Committee

Mr. Kamal Amir Chinoy	Chairman
Mr. Abdul Hadi Palekar	Member
Mr. Lui Mang Yin (Martin Lui)	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  
Bank Alfalah Limited  
Bank Al-Habib Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
MCB Bank Limited  
United Bank Limited  
National Bank of Pakistan  
Summit Bank Limited  
JS Bank Limited  
The Bank of Punjab  
Zarai Taraqiati Bank Limited  
Bankislami Pakistan Limited  
Dubai Islamic Bank Pakistan Limited

# NAFA ASSET ALLOCATION FUND

## **Auditors**

Deloitte Yousuf Adil  
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](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, I-9/3 Islamabad.  
UAN: 051-111-111-632  
Phone: 051-2514987  
Fax: 051-4859031

## **Peshawar Office:**

Opposite Gul Haji Plaza, 2nd Floor  
National Bank Building  
University Road Peshawar,  
UAN: 091-111 111 632 (nfa)  
Fax: 091-5703202

## **Multan Office:**

NBP City Branch, Hussain-a-Gahi, Multan.  
Phone No: 061-4502204  
Fax No: 061-4502203

# NAFA ASSET ALLOCATION FUND

## DIRECTORS' REPORT

The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the unaudited financial statements of **NAFA Asset Allocation Fund (NAAF)** for the quarter ended September 30, 2017.

### Fund's Performance

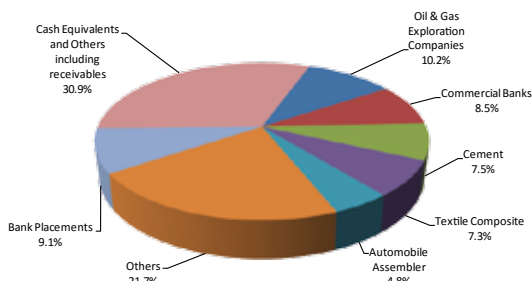
During the first quarter, the unit price of NAFA Asset Allocation Fund (NAAF) has decreased from Rs. 16.9877 (Ex-Div) on June 30, 2017 to Rs. 15.7984 on September 30, 2017, thus showing a decrease of 7.0%. The Benchmark, daily weighted return of KSE-30 Total Return Index & 6-month KIBOR based on Fund's actual allocation, decreased by 5.4%. Thus, the Fund has underperformed its Benchmark by 1.6% during the period under review. Since inception the NAV of the Fund has increased from Rs. 4.7573 (Ex-Div) on August 20, 2010 to Rs. 15.7984 on September 30, 2017, thus showing an increase of 232.1%. During the said period, the Benchmark increased by 106.3%, translating into outperformance of 125.8%. This performance is net of management fee and all other expenses. The Fund size of NAAF at the end of the period stood at Rs.3,299 million, 0.3% higher compared to the previous quarter.

The market started FY18 on a frail note as non-materialization of highly anticipated net foreign inflows in June, post up-gradation of PSX into MSCI Emerging Index from Frontier Market, sapped investor's sentiments. Deteriorating Balance of Payment (BoP) position and its associated impact on other macro-economic indicators dampened investors' confidence in the market. Adding to the investor worries was elevated political incertitude. The growing tensions in the Pak-US relations also impacted the stock market. Resultantly, the benchmark KSE 100 Index declined by 8.9% during the period under review. Looking at the sector-wise performance, Oil & Gas Exploration, Oil & Gas Marketing Companies, Fertilizer, Power Generation & Distribution, and Banking sectors fared better than the market. Cement sector was a major index drag with under-performance of around 18.6%.

After sizeable net outflow of USD652mn in FY17, foreigners continued to remain net sellers during 1QFY18, as they offloaded equity stakes worth USD90mn. Other than foreigners, Mutual Funds during the quarter also remained net sellers with a net outflow of USD38mn. Their counterparts were Insurance Companies and Banks/DFIs with net inflow of USD49mn and USD34mn, respectively.

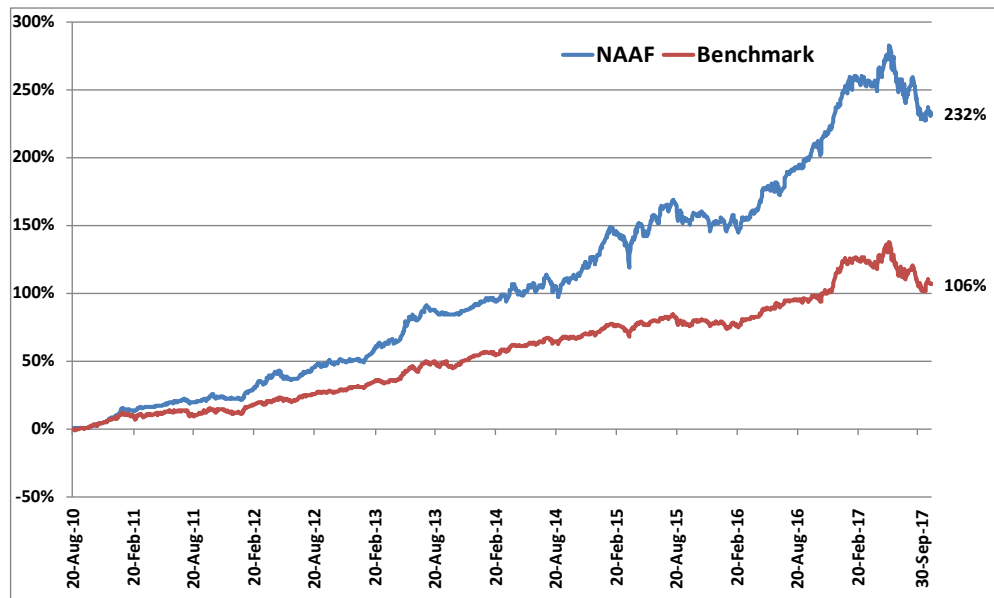
During the period, State Bank of Pakistan (SBP) maintained the policy rate at 5.75%. SBP cited that macroeconomic environment remains conducive to growth without impacting headline inflation. Average CPI inflation eased to 3.4% in Jul-Sep FY18 compared to 3.9% during the same period last year. Given potential risks to inflation and interest rates from deteriorating Balance of Payment (BoP) position, investors' preference tilted towards short-term government securities as indicated by heavy participation in 03 month T-bills. During the quarter, T-bill yields remained almost unchanged however, PIB yields increased by 45 bps, 56 bps and 13 bps for the 3 year, 5 year and 10 year tenors, respectively. With pickup in private sector investment activity we have seen increased issuance of corporate debt securities. Trading activity in corporate TFCs/Sukuks increased slightly with a cumulative trade value of around Rs. 2.5 billion as compared to Rs. 1.5 billion during 1QFY17 with Banking sector making up the lion's share.

The Fund has incurred loss of Rs.221.93 million during the period. After accounting for expenses of Rs.26.39 million, the net loss is Rs.248.32 million. The asset allocation of the Fund as on September 30, 2017 is as follows:



# NAFA ASSET ALLOCATION FUND

NAAF 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 27, 2017

Place: Karachi.

# NAFA ASSET ALLOCATION FUND

## ڈائریکٹر رپورٹ

این پی فلٹن ایسٹ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NAFA ایسٹ ایلوکیشن فنڈ (NAAF) کے غیر آڈٹ شدہ مالیاتی گوشوارے برائے تین سہ ماہی 30 ستمبر 2017 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

### فنڈ کی کارکردگی

اس سہ ماہی کے دوران، NAFA ایسٹ ایلوکیشن فنڈ (NAAF) کی اکائی کی قیمت 30 جون 2017 کو 16.9877 سے گر کر 30 ستمبر 2017 کو 15.7984 ہو گئی، جو 7.0 فیصد کی نشاندہی کرتا ہے۔ بینچ مارک کاروبار اور اوزانی منافع KSE-30 ٹوٹل ریٹرن انڈیکس اور 6 ماہی KIBOR پر فنڈ کی اصل تخصیص میں 5.4 فیصد کی ہوئی۔ جائزہ مدت کے دوران، فنڈ کی کارکردگی بینچ مارک سے 1.6 فیصد کم رہی۔ 20 اگست 2010 میں فنڈ کی ابتداء سے NAV 4.7573 (Ex-Div) سے بڑھ کر 30 ستمبر 2017 کو 15.7984 ملین ہو گیا جو 232.1 فیصد اضافے کی نشاندہی کرتا ہے۔ مدت کے دوران، بینچ مارک میں 106.3 فیصد اضافہ ہوا، جبکہ 125.8 فیصد کے ساتھ فنڈ کی شاندار کارکردگی کی عکاس ہے۔ یہ کارکردگی انتظامیہ کے معاوضہ اور دیگر تمام اخراجات نکالنے کے بعد ہے۔ اس مدت کے اختتام پر فنڈ کا حجم 3,299 ملین رہا، جو کہ گزشتہ سہ ماہی کے مقابلے میں 0.3 فیصد زیادہ ہے۔

مالی سال 2018 میں مارکیٹ ایک نازک موڑ سے شروع ہوئی جس کی وجہ سے متوقع بیرونی ترسیلات کی عدم حصولی ہے جس نے فرنٹیر مارکیٹ میں PSX کی MSCI ایمرجنگ انڈیکس میں اپ گریڈیشن کے باوجود سرمایہ کاروں کے جذبات مجروح کئے۔ توازن ادائیگی کے بگڑتی ہوئی صورتحال اور کئی معاشی اعداد و شمار کے متعلق اثرات نے مارکیٹ میں سرمایہ داروں کے اعتماد پر برا اثر ڈالا۔ غیر مستحکم سیاسی صورتحال نے سرمایہ کاروں کی پریشانی میں مزید اضافہ کر دیا۔ پاک-امریکہ تعلقات میں تناؤ کی وجہ سے بھی اسٹاک مارکیٹ متاثر ہوئی۔ جس کے نتیجے میں بینچ مارک KSE-100 زیر جائزہ مدت کے دوران 8.9 فیصد گر گیا۔ اگر ہم صنعت و کارکردگی کا جائزہ لیں تو تیل و گیس کی تلاش، گیس و تیل کی کمپنیاں، کھاد، توانائی پیدا کرنے اور تقسیم کرنے والے اداروں اور بینکنگ سیکٹر کی کارکردگی بہتر رہی۔ البتہ سینٹریکل کے انڈیکس میں شدید پینڈی کار رجحان رہا جس میں 18.4 فیصد کمی دیکھی گئی۔

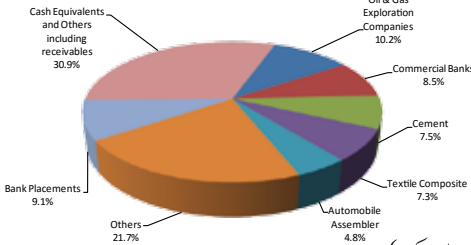
مالی سال 2017 میں یو ایس ڈالر 652 ملین کا بھاری مقدار میں بیرونی بھاؤ ہوا، غیر ملکیوں نے خصوصی طور پر مالی سال 2018 کی پہلی سہ ماہی میں یو ایس ڈالر 90 ملین کے ایکویٹی سرمایہ کو مارکیٹ سے باہر نکالا۔ غیر ملکیوں کے علاوہ، میوچل فنڈ نے بھی اس سہ ماہی میں یو ایس ڈالر 38 ملین کا سرمایہ بھی باہر نکالا۔ جبکہ اس کے برخلاف انشورنس کمپنیاں اور بینک/ڈی ایف آئیز نے بالترتیب یو ایس ڈالر 49 ملین اور یو ایس ڈالر 34 ملین کی سرمایہ کاری کی۔

اس مدت کے دوران، اسٹیٹ بینک آف پاکستان نے اپنے پالیسی نرخ 5.75% پر برقرار رکھے۔ SBP نے کلی معاشی معاملات کو ترقی کے لئے موزوں قرار دیا اس بات کی پرواہ کئے بغیر کہ افراط زر کے کیا اثرات مرتب ہونگے۔ جولائی سے ستمبر مالی سال 2018 کے دوران درمیانی CPI افراط زر میں قدرے کمی آئی جو کہ 3.4 فیصد رہی جبکہ پچھلے سال اسی مدت کے دوران 3.9 فیصد تھی۔ توازن ادائیگی کی بگڑتی ہوئی صورتحال کے پیش نظر افراط زر اور سودی نرخوں میں متوقع اضافے کی وجہ سے 3 ماہ کی مدت کی قلیل المیعاد حکومتی تمسکات کی طرف سرمایہ داروں کا رجحان رہا جس کی نشاندہی سہ ماہی T-Bills میں بھاری سرمایہ کاری سے ہوتی ہے۔ اس سہ ماہی کے دوران T-Bills پر منافع تقریباً غیر متزلزل رہا تاہم PIB کی تین سالہ، پانچ سالہ اور 10 سالہ مدتی اسکیموں کے منافع میں بالترتیب 45 پی ایس، 56 پی ایس اور 13 پی ایس اضافہ ہوا۔ پرائیویٹ سیکٹر میں سرمایہ کاری کی سرگرمیوں میں اضافہ کی وجہ سے کارپوریٹ قرضہ کی تمسکات میں اضافہ دیکھنے میں آیا۔ ٹریڈنگ کی سرگرمیوں کی وجہ سے کارپوریٹ TFCs/سکوک میں معمولی اضافہ ہوا جس کے باعث 2.5 بلین روپے مالیت کے مجموعی سودے ہوئے جبکہ مالی سال 2017 کی پہلی سہ ماہی میں 1.5 بلین تھے۔ مذکورہ بالا سہ ماہی میں بینکنگ سیکٹر کا ایک بہت بڑا حصہ ہے۔

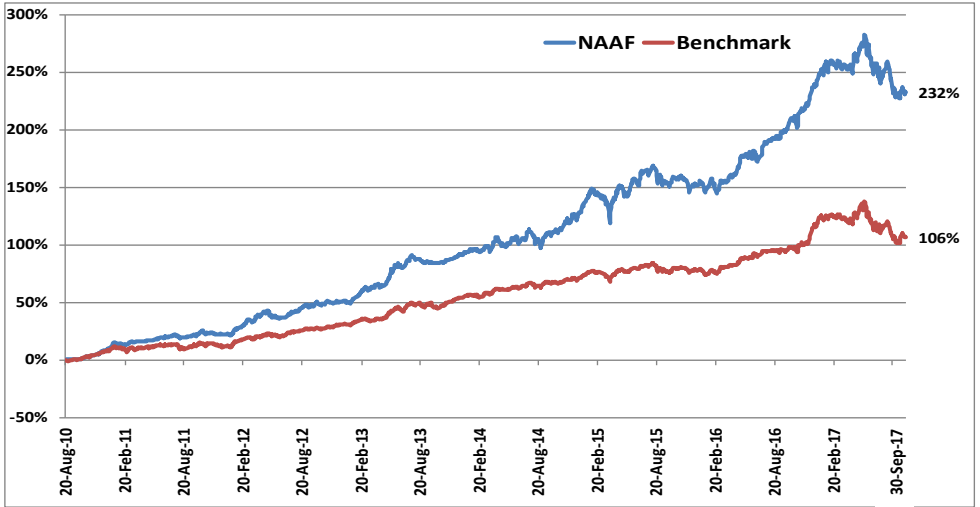


# NAFA ASSET ALLOCATION FUND

فند کو اس مدت کے دوران 221.93 ملین کا خسارہ ہوا۔ 26.39 ملین روپے کے اخراجات منہا کرنے کے بعد خالص خسارہ 248.32 ملین ہو گیا۔ 30 ستمبر 2017 کو اثاثوں کی تخصیص درج ذیل تھی:



بچارک کے مقابلے میں NAAF کی کارکردگی (اپنے قیام سے اب تک)



اعتراف

اس موقع پر بورڈ اپنے تمام یونٹ ہولڈرز کا شکریہ ادا کرتے ہیں جنہوں نے انتظامی کمپنی پر اپنے بھروسے اور اعتماد کا اظہار کیا اور ہمیں اپنی خدمت کا موقع دیا۔ بورڈ اپنی خالص ستائش سکیورٹیز اینڈ اینڈریج کمیشن آف پاکستان اور اسٹیٹ بینک کو ان کی سرپرستی اور رہنمائی پر پیش کرتا ہے۔

بورڈ بخوشی اس بات کا اعتراف کرتا ہے کہ ملازمین اور ٹرسٹیز نے انتھک محنت، جدوجہد اور لگن سے کام کیا۔

از طرف بورڈ

این بی پی فلٹرن ایسیٹ مینجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

تاریخ: اکتوبر 27، 2017

بمقام کراچی

# NAFA ASSET ALLOCATION FUND

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2017

	Note	(Un- Audited) September 30' 2017	Audited June 30, 2017
(Rupees in '000)			
<b>ASSETS</b>			
Balances with banks		1,419,722	1,018,260
Investments	4	1,981,114	2,365,015
Mark-up accrued and dividend receivable	5	14,259	6,101
Deposits, prepayments and other receivables		3,302	3,348
<b>Total assets</b>		<b>3,418,397</b>	<b>3,392,724</b>
<b>LIABILITIES</b>			
Payable to NBP Fullerton Asset Management Limited - Management Company		24,696	17,876
Payable to Central Depository Company of Pakistan Limited - Trustee		433	434
Payable to the Securities and Exchange Commission of Pakistan		802	2,199
Accrued expenses and other liabilities	6	93,309	82,097
<b>Total liabilities</b>		<b>119,240</b>	<b>102,606</b>
<b>NET ASSETS</b>		<b><u>3,299,157</u></b>	<b><u>3,290,118</u></b>
<b>UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)</b>		<b><u>3,299,157</u></b>	<b><u>3,290,118</u></b>
<b>CONTINGENCIES AND COMMITMENTS</b>	7		
		-----Number of units-----	
<b>NUMBER OF UNITS IN ISSUE</b>		<b><u>208,828,870</u></b>	<b><u>193,005,748</u></b>
		------(Rupees)-----	
<b>NET ASSET VALUE PER UNIT</b>		<b><u>15.7984</u></b>	<b><u>17.0467</u></b>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# NAFA ASSET ALLOCATION FUND

## CONDENSED INTERIM INCOME STATEMENT (Un Audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2017

	Note	Quarter Ended September 30' 2017 (Rupees in '000)	Quarter Ended September 30, 2016
<b>INCOME</b>			
Capital (loss) / gain on sale of investments - net		(13,222)	15,130
Income from Pakistan Investment Bonds		-	2
Return / marup on:			
- bank balances and term deposits		16,815	8,135
- government securities		5,310	
Dividend income		15,669	9,641
Net unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss'		(246,498)	102,714
<b>Total (loss) / income</b>		<b>(221,926)</b>	<b>135,622</b>
<b>EXPENSES</b>			
Remuneration of NBP Fullerton Asset Management Limited - Management Company		16,889	6,812
Sindh Sales Tax on remuneration of the Management Company		2,196	886
Reimbursement of operational expenses to the Management Company		844	341
Selling and marketing expenses charged by the Management Company	12	3,378	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee		1,097	593
Sindh Sales Tax on remuneration of Trustee		143	77
Annual fee - Securities and Exchange Commission of Pakistan		802	324
Auditors' remuneration		232	230
Annual listing fee		7	14
Printing charges		20	46
Legal and professional charges		14	46
Securities transaction cost		563	217
Mutual fund rating fee		46	46
Settlement and bank charges		160	183
<b>Total Expenses</b>		<b>26,391</b>	<b>9,815</b>
<b>Net (loss) / income from operating activities</b>		<b>(248,317)</b>	<b>125,807</b>
Element of income and capital gains included in the prices of units issued less those in units redeemed		-	12,435
Provision for Sindh Workers' Welfare Fund	8	-	-
<b>Net (loss) / income for the period before taxation</b>		<b>(248,317)</b>	<b>138,242</b>
Taxation	9	-	-
<b>Net (loss) / income for the period after taxation</b>		<b>(248,317)</b>	<b>138,242</b>
<b>Allocation of Net income for the period:</b>			
Income already paid on units redeemed		(190)	-
Accounting income available for distribution carried to distribution account:			
-Relating to capital gains		-	-
-Excluding capital gains		-	-
<b>Accounting (loss) / Income available for Distribution</b>		<b>(248,507)</b>	<b>138,242</b>
<b>Earnings Per Unit</b>	10		

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

**For NBP Fullerton Asset Management Limited**  
**(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director

# NAFA ASSET ALLOCATION FUND

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un Audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2017

	Quarter Ended September 30' 2017	Quarter Ended September 30, 2016
	(Rupees in '000)	
Accounting (loss) / Income available for Distribution	(248,507)	138,242
Other comprehensive income for the period	-	-
<b>Total comprehensive (loss) / income for the period</b>	<u>(248,507)</u>	<u>138,242</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

**For NBP Fullerton Asset Management Limited**  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# NAFA ASSET ALLOCATION FUND

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (Un Audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2017

Note	Quarter Ended September 30' 2017 (Rupees in '000)	Quarter Ended September 30, 2016
Net assets at the beginning of the period	3,290,118	1,174,657
Issue of 40,752,580 units (2016: 20,261,300 units)	680,226	319,299
Redemption of 24,929,458 units (2016: 6,480,408 units)	(411,362)	(102,409)
	268,864	216,890
Accounting (loss) / income for the period	(248,507)	138,242
Income already paid on units redeemed	190	-
Final distribution made during the period		
Final distribution for the year ended June 30, 2017 :		
Cash distribution @ Rs. 0.0552 per unit declared on September 15, 2017	(11,508)	-
Element of (income) and capital (gains) included in the prices of units issued less those in units redeemed	-	(12,435)
Net assets as at the end of the period	<u>3,299,157</u>	<u>1,517,354</u>
Net Assets value per unit as at beginning of the period	<u>17.0467</u>	<u>14.8297</u>
Net Assets value per unit as at end of the period	<u>15.7984</u>	<u>16.3173</u>
Distribution during the period:		
Undistributed income brought forward comprises of:		
- Realised Gain	692,762	537,461
- Unrealised Gain	328,124	55,525
	<u>1,020,886</u>	<u>592,986</u>
Accounting (loss) / income for the period	(248,507)	138,242
Final distribution made during the period		
Final distribution for the year ended June 30, 2017 :		
Cash distribution @ Rs. 0.0552 per unit declared on September 15, 2017	(11,508)	-
Undistributed income carried forward	<u>760,871</u>	<u>731,228</u>
Undistributed income carried forward comprises of:		
- Realised Gain	1,007,369	628,514
- Unrealised Gain	(246,498)	102,714
	<u>760,871</u>	<u>731,228</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# NAFA ASSET ALLOCATION FUND

## CONDENSED INTERIM CASH FLOW STATEMENT (Un Audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2017

	Quarter Ended September 30' 2017	Quarter Ended September 30, 2016
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (loss) / income for the period before taxation	(248,317)	138,242
<b>Adjustments for non-cash charges and other items:</b>		
Net unrealised diminution / (appreciation) in fair value of investments classified as 'at fair value through profit or loss'	246,498	(102,714)
Net element of (income) included in prices of units issued less those in units redeemed.	-	(12,435)
	(1,819)	23,093
<b>Decrease / (Increase) in assets</b>		
Investments	137,403	(61,296)
Receivable against sale of investments	-	(2,993)
Dividend and profit receivable	(8,158)	(7,931)
Deposits, prepayments and other receivable	46	(22)
	129,291	(72,242)
<b>Increase / (decrease) in liabilities</b>		
Payable to the Management Company	6,820	1,406
Payable to the Central Depository Company of Pakistan Limited - Trustee	(1)	56
Payable to the Securities and Exchange Commission of Pakistan	(1,397)	(1,078)
Accrued expenses and other liabilities	11,212	(45,633)
	16,634	(45,249)
<b>Net cash generated from / (used in) operating activities</b>	144,106	(94,398)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issue of units	680,226	319,299
Payments on redemption of units	(411,362)	(102,409)
Distributions paid	(11,508)	-
<b>Net cash generated from financing activities</b>	257,356	216,890
<b>Net increase in cash and cash equivalents during period</b>	401,462	122,492
Cash and cash equivalents at the beginning of the period	1,018,260	479,335
<b>Cash and cash equivalents at the end of the period</b>	1,419,722	601,827

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

**For NBP Fullerton Asset Management Limited**  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# NAFA ASSET ALLOCATION FUND

## NOTES TO AND FORMING PART OF THE CONDENSED FINANCIAL FINANCIAL STATEMENTS (Un Audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2017

### 1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Asset Allocation Fund (the Fund) was established under a Trust Deed executed between NBP Fullerton Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on June 29, 2010 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on July 14, 2010 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the 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 Fund is an open-ended mutual fund and classified as "asset allocation scheme" by the Management Company and is listed on the Pakistan Stock Exchange (formerly Lahore Stock Exchange). Units are offered for public subscription on a continuous basis. The units of the Fund are transferable and can be redeemed by surrendering them to the Fund.

The investment objective of the Fund is to generate income by investing in debt and money market securities and to generate capital appreciation by investing in equity and equity related securities.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM1' to the Management Company and has assigned performance ranking of "4 star" to the Fund.

Title of the assets of the Fund is held in the name of CDC as trustee of the Fund.

### 2 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the 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, provisions of and directives issued under the Companies Ordinance, 1984, Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). Whenever the requirements of the NBFC Rules, the NBFC Regulations or provisions of and directives issued under the Companies Ordinance, 1984 differ with the requirements of IFRS, the requirements of the NBFC Rules, the NBFC Regulations or the provisions of and directives issued under the Companies Ordinance, 1984 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 condensed financial statements for the quarter ended September 30, 2017 are same as those applied in the preparation of annual audited financial statements for the year ended June 30, 2017 except for element of income. Pursuant to SRO 756(I)/2017, management has changed its accounting policy whereby element of income / loss and capital gains / losses in prices of units issued less those in units redeemed during the year, previously transferred to the 'income statement' has now been taken to unit holders' fund. The above change has been applied from July 01, 2017 as clarified by MUFAP, therefore the comparative information have not been restated.

# NAFA ASSET ALLOCATION FUND

## 4 INVESTMENTS

Note Un-audited As at September 30, 2017 Audited As at June 30, 2017  
(Rupees in '000)

### Financial assets at fair value through profit or loss - held for trading

Listed equity securities	4.1	1,981,114	2,060,320
Term deposits	4.3	-	304,695
		<u>1,981,114</u>	<u>2,365,015</u>

### 4.1 Listed equity securities

All shares have a nominal face value of Rs. 10 each except for shares of Thal Limited and K-Electric which have a face value of Rs. 3.5 each respectively.

Name of the investee company	Number of shares					Market Value as at September 30, 2017	Market value as a percentage of		
	As at July 01, 2017	Purchases during the period	Bonus / Right Issue	Sales during the period	As at Sep 30, 2017		Net assets	Market value of total investments	Paid up capital of the investee company
						Rupees in '000		%	
<b>OIL AND GAS MARKETING COMPANIES</b>									
Attock Petroleum Limited	24,250	-	-	-	24,250	15,174	0.46	0.77	0.01
Pakistan State Oil Company Limited	116,720	22,000	-	-	138,720	61,281	1.86	3.09	0.15
Hascol Petroleum Limited	1,354	-	-	-	1,354	380	0.01	0.02	0.00
Shell Pakistan Limited	110,900	-	-	-	110,900	46,119	1.40	2.33	0.01
Sui Northern Gas Pipelines Limited	-	169,700	-	-	169,700	22,716	0.69	1.15	0.12
<b>OIL AND GAS EXPLORATION COMPANIES</b>									
Oil and Gas Development Company Limited	341,300	72,000	-	-	413,300	61,433	1.86	3.10	0.02
Pakistan Oilfields Limited	139,650	58,000	-	-	197,650	105,158	3.19	5.31	0.01
Pakistan Petroleum Limited	391,961	39,000	-	-	430,961	75,285	2.28	3.80	0.01
Mari Petroleum Company Limited	62,250	4,200	-	4,200	62,250	93,687	2.84	4.73	0.01
<b>REFINERY</b>									
Attock Refinery Limited	39,200	-	-	20,500	18,700	7,727	0.23	0.39	0.05
<b>FERTILIZER</b>									
Engro Corporation Limited	244,900	48,200	-	-	293,100	88,836	2.69	4.48	0.00
Engro Fertilizers Limited	452,500	177,000	-	127,000	502,500	31,612	0.96	1.60	0.08
Fauji Fertilizer Bin Qasim Limited	326,500	-	-	326,500	-	-	-	-	-
<b>CHEMICALS</b>									
Engro Polymer and Chemicals Limited	1,357,000	-	-	660,000	697,000	23,287	0.71	1.18	0.08
<b>FOOD AND PERSONAL CARE PRODUCTS</b>									
Ratan Maize Products Company Limited	1,640	-	-	-	1,640	11,970	0.36	0.60	0.11
Al-Shaheer Corporation Limited	92,000	54,500	-	-	146,500	4,632	0.14	0.23	0.07
<b>ENGINEERING</b>									
International Steels Limited	258,500	-	-	-	258,500	31,312	0.95	1.58	0.14
International Industries Limited	139,000	-	-	-	139,000	40,338	1.22	2.04	0.01
Amreli Steels Limited	250,000	59,300	-	-	309,300	31,539	0.96	1.59	0.00
Mughal Iron And Steel Industries Limited	250,000	-	-	-	250,000	14,305	0.43	0.72	0.06
<b>CEMENT</b>									
D.G. Khan Cement Company Limited	381,900	52,200	-	38,600	395,500	58,083	1.76	2.93	0.04
Lucky Cement Limited	100,500	-	-	-	100,500	56,801	1.72	2.87	0.00
Maple Leaf Cement Factory Limited	136,500	-	-	136,100	400	34	0.00	0.00	0.02
Maple Leaf Cement Factory Limited Rights	-	-	50	-	50	1	0.00	0.00	0.00
Attock Cement Pakistan Limited	183,701	-	-	-	183,701	37,106	1.12	1.87	0.05
Pioneer Cement Limited	265,400	-	-	-	265,400	23,870	0.72	1.20	0.06
Cherat Cement Company Limited	216,900	232,500	-	-	449,400	53,919	1.63	2.72	0.08
Fauji Cement Company Limited	327,000	78,000	-	-	405,000	13,171	0.40	0.66	0.00
Kohat Cement Company Limited	-	36,500	-	-	36,500	5,474	0.17	0.28	0.01
<b>TRANSPORT</b>									
Pakistan National Shipping Corporation	78,700	-	-	-	78,700	10,216	0.31	0.52	0.07
<b>TEXTILE COMPOSITE</b>									
Nishat Mills Limited	471,700	-	-	47,000	424,700	61,624	1.87	3.11	0.08
Gul Ahmed Textile Mills Limited	854,800	-	-	-	854,800	33,542	1.02	1.69	0.01
Crescent Textile Mills Limited	182,500	-	-	-	182,500	7,205	0.22	0.36	0.00
Nishat (Chunian) Limited	619,000	693,000	-	-	1,312,000	71,530	2.17	3.61	0.00
Dawood Lawrencepur Limited	73,000	-	-	-	73,000	14,239	0.43	0.72	0.01
Kohinoor Textile Mills Limited	553,888	49,900	-	-	603,788	53,423	1.62	2.70	0.02
Kohinoor Textile Mills Limited Rights	-	-	36,227	-	36,227	815	0.02	0.04	0.01
<b>POWER GENERATION AND DISTRIBUTION</b>									
The Hub Power Company Limited	338,700	186,000	-	61,000	463,700	51,846	1.57	2.62	0.01
Kot Addu Power Company Limited	310,000	-	-	144,000	166,000	12,623	0.38	0.64	0.00
Saif Power Limited	129,500	-	-	-	129,500	3,916	0.12	0.20	0.00
K-Electric Limited	2,642,000	1,850,000	-	1,596,500	2,895,500	20,384	0.62	1.03	0.01



# NAFA ASSET ALLOCATION FUND

Name of the investee company	Number of shares					Market Value as at September 30, 2017	Market value as a percentage of		
	As at July 01, 2017	Purchases during the period	Bonus / Right Issue	Sales during the period	As at Sep 30, 2017		Net assets	Market value of total investments	Paid up capital of the investee company
Rupees in '000						----- % -----			
<b>COMMERCIAL BANKS</b>									
Bank Alfalah Limited	-	440,000	-	-	440,000	18,665	0.57	0.94	0.01
Allied Bank Limited	550,701	44,500	-	-	595,201	52,074	1.58	2.63	0.08
Bank Al Habib Limited	529,150	-	-	204,500	324,650	18,700	0.57	0.94	0.04
MCB Bank Limited	247,300	15,500	-	25,000	237,800	49,700	1.51	2.51	0.00
United Bank Limited	293,903	23,100	-	-	317,003	60,284	1.83	3.04	0.01
Faysal Bank Limited	29,838	998,000	-	-	1,027,838	23,024	0.70	1.16	0.00
Thal Limited	65,200	-	-	22,800	42,400	23,367	0.71	1.18	0.00
<b>TECHNOLOGY AND COMMUNICATION</b>									
Systems Limited	259,500	-	-	-	259,500	20,122	0.61	1.02	0.01
<b>GLASS AND CERAMICS</b>									
Tariq Glass Industries Limited	452,000	800	-	-	452,800	47,607	1.44	2.40	0.08
Shabbir Tiles and Ceramics Limited	2,128,500	-	-	10,500	2,118,000	27,725	0.84	1.40	0.09
<b>CABLE AND ELECTRIC GOODS</b>									
Pak Elektron Limited	391,375	32,000	-	63,000	360,375	27,370	0.83	1.38	0.00
<b>PHARMACEUTICALS</b>									
Abbott Laboratories Pakistan Limited	12,000	-	-	2,100	9,900	7,811	0.24	0.39	0.01
Ferozsons Laboratories Limited	18,050	-	-	-	18,050	5,436	0.16	0.27	0.00
<b>SYNTHETIC AND RAYON</b>									
Synthetic Products Enterprises Limited	-	20,000	-	-	20,000	1,320	0.04	0.07	0.12
<b>Total as at Sep 30, 2017</b>						<b>1,981,114</b>	<b>60.05</b>	<b>100.00</b>	
<b>Carrying Value as at Sep 30, 2017</b>						<b>2,227,612</b>			

- 4.2 The above investments include securities with market value aggregating to Rs.86.415 million (June 30, 2017: 66.833) 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.

	Un-audited As at September 30, 2017	Audited As at June 30, 2017
(Rupees in '000)		
<b>5 MARK-UP ACCRUED AND DIVIDEND RECEIVABLE</b>		
Mark-up accrued on bank balances and term deposits	1,157	430
Mark-up accrued on government securities	6	6
Dividend receivable	13,096	5,665
	<u>14,259</u>	<u>6,101</u>
<b>6 ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
Auditors' remuneration	676	444
Federal Excise Duty on remuneration of the Management Company	16,000	16,000
Provision for Sindh Workers' Welfare Fund	18,468	18,468
Brokerage charges	745	182
Settlement charges	-	69
Printing charges	112	92
Withholding tax	38,774	35,739
Capital gain tax	71	1,778
Legal and professional charges	38	24
Payable against redemption of units	1,109	1,647
Dividend payable	16,856	7,281
Fund Rating fee	136	120
Others	324	253
	<u>93,309</u>	<u>82,097</u>

# NAFA ASSET ALLOCATION FUND

## 7 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at September 30, 2017 and June 30, 2017.

## 8 PROVISION FOR WORKERS' WELFARE FUND

As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF.

In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP on January 12, 2017 recommended all its members that as a matter of abundant caution the provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e. starting from May 21, 2015).

Had the provision for SWWF not been recorded in the financial statements of the Fund, the net asset value of the Fund as at June 30, 2017 would have been higher by Re 0.0884 per unit.

## 9 TAXATION

The income of the Fund is exempt from income tax as per clause 99 of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend. The management intends to distribute 90 percent of the Fund's net accounting income earned by the year end as cash dividend to the unit holders. Accordingly, no provision in respect of taxation has been made in this condensed interim financial information.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

## 10 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.

## 11 TOTAL EXPENSE RATIO

Total Expense Ratio (all the expenses incurred during the period divided by Average net assets value for the period) is 3.12 % per annum including 0.37 % representing government levies on collective investment scheme such as sales tax, sindh worker's welfare fund and SECP fee for the period.

## 12 SELLING AND MARKETING EXPENSES

In pursuance to Regulation 60(3)(V), selling and marketing expense is being charged to the fund having compliance with the conditions laid down by the regulator.

## 13 TRANSACTIONS WITH CONNECTED PERSONS

- 13.1 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, other collective investment schemes managed by the Management Company and directors and officers of the Management Company.

# NAFA ASSET ALLOCATION FUND

- 13.2 The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 13.3 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.
- 13.4 Remuneration payable to the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

	Un-audited Quarter ended September 30, 2017	Un-audited Quarter ended September 30, 2016
	------(Rupees in '000)-----	
13.5 Details of transactions with connected persons are as follows:		
<b>NBP Fullerton Asset Management Limited - Management Company</b>		
Remuneration for the year / period	16,889	6,812
Sindh sales tax on remuneration	2,196	886
Reimbursement of operational expenses to the Management Company	844	341
Front-end load	3,155	717
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration for the period	1,097	593
Sindh Sale Tax on Remuneration CDC Trustee	143	77
CDS charges	30	14
<b>Employees of the Management Company</b>		
Units Issued/ transfer in of 12,662 units (2016: 16,016 units)	210	250
Units Redeemed / transfer out 10,705 of units (2016: 30,634 units)	180	490
Dividend reinvest of 233 units (2016: Nil units)	4	-
<b>Muhammad Murtaza Ali - Chief Operating Officer &amp; Company Secretary</b>		
Units Redeemed / transfer out of Nil units (2016:46,996 units)	-	741
Dividend reinvest of Nil units (2016: Nil units)	-	-
<b>Khalid Mehmood - Chief Financial Officer</b>		
Dividend reinvest of 201 units (2016: Nil units)	3	-
	Un Audited September 30, 2017	Audited June 30, 2017
	------(Rupees in '000)-----	

## 13.6 Amounts outstanding as at period end

<b>NBP Fullerton Asset Management Limited - Management Company</b>		
Remuneration of the Management Company	5,422	6,031
Sindh Sales Tax on remuneration of the Management Company	705	784
Operational expenses	3,159	2,315
Selling and Marketing expenses	7,810	4,432
Sales load	3,422	514
Sindh Sales tax and Federal Excise Duty on sales load	4,178	3,800
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration of the Trustee	354	384
Sindh sales tax on remuneration of the Trustee	46	50
CDS charges	33	20
Security deposit	100	100
<b>National Bank of Pakistan (Parent of the Management Company)</b>		
Bank balances	5,912	12,469

# NAFA ASSET ALLOCATION FUND

	Un Audited September 30, 2017 ------(Rupees in '000)-----	Audited June 30, 2017
<b>International Industries Limited (Common Directorship with the Management Company)</b>		
Ordinary shares held Nil units (2017: 139,000 shares)	-	51,231
<b>International Steels Limited (Common Directorship with the Management Company)</b>		
Ordinary shares held Nil units (2017: 258,500 shares)	-	33,060
<b>Cherat Packaging Limited (Common Directorship with the Management Company)</b>		
Ordinary shares held Nil units (2017: 3,572 shares)	-	849
<b>Gul Ahmed Textile Mills Limited (Common Directorship with the Management Company)</b>		
Ordinary shares held Nil units (2017: 854,000)	-	35,030
<b>Summit Bank Limited (Common Directorship with the Management Company)</b>		
Bank balances	3,137	4,245
<b>Askari Bank Limited (Common Directorship with the Management Company)</b>		
Bank balances	1059	1,072
Markup accrued on bank balances	23	8
<b>BankIslami Pakistan Limited (Common Directorship with the Management Company)</b>		
Bank balances	994	990
Markup accrued on bank balances	4	12
<b>Aamir Sattar (Director of the Management Company)</b>		
Investment held in the Fund Nil units (2017: 99,025 units)	-	1,688
<b>Company Secretary / Chief Operating Officer of the Management Company</b>		
Investment held in the Fund Nil units (2017 : 1 unit)	-	1
<b>Khalid Mehmood (Chief Financial Officer of the Management Company)</b>		
Investment held in the Fund 66,164 units (2017: 65,963 units)	1,045	1,124
<b>Employees of the Management Company</b>		
Investment held in the Fund 78,308 units (June 30, 2017: 76,119 units)	1,237	1,298
<b>Byco Petroleum Pakistan Limited - Employee Provident Fund (Portfolio managed by the Management Company)</b>		
Investment held in the Fund 1,180,651 units (2017: 1,177,580 units)	18,652	20,074
<b>Gul Ahmed Textile Mills Limited Employees Provident Fund (Portfolio managed by the Management Company)</b>		
Investment held in the Fund 1,813,502 units (2017: 1,807,219 units)	28,650	30,807
<b>Aamir Sattar (Director of the Management Company)</b>		
Investment held in the Fund Nil units (2017: 99,025 units)	-	1,688
<b>Humayun Bashir (Director of the Management Company)</b>		
Investment held in the Fund 993,007 units (2017: 989,995 units )	15,688	16,876
<b>Nausherwan Adil (Director of the Management Company)</b>		
Investment held in the Fund Nil units (2017: 88,269 units)	-	1,505
<b>Service Provident Fund Trust (Portfolio managed by the Management Company)</b>		
Investment held in the Fund 15,639,202 units (2017: 13,239,287 units)	247,074	225,686

# NAFA ASSET ALLOCATION FUND

14 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on October 27, 2017.

15 GENERAL

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

**For NBP Fullerton Asset Management Limited  
(Management Company)**

**Chief Financial Officer**

**Chief Executive Officer**

**Director**



NBP Fullerton  
Asset Management Ltd.

A Subsidiary of  
National Bank of Pakistan

## Head Office

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