

**AM1**  
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NBP Fullerton  
Asset Management Ltd.  
A Subsidiary of  
National Bank of Pakistan

## NAFA ASSET ALLOCATION FUND

# ANNUAL REPORT 2017



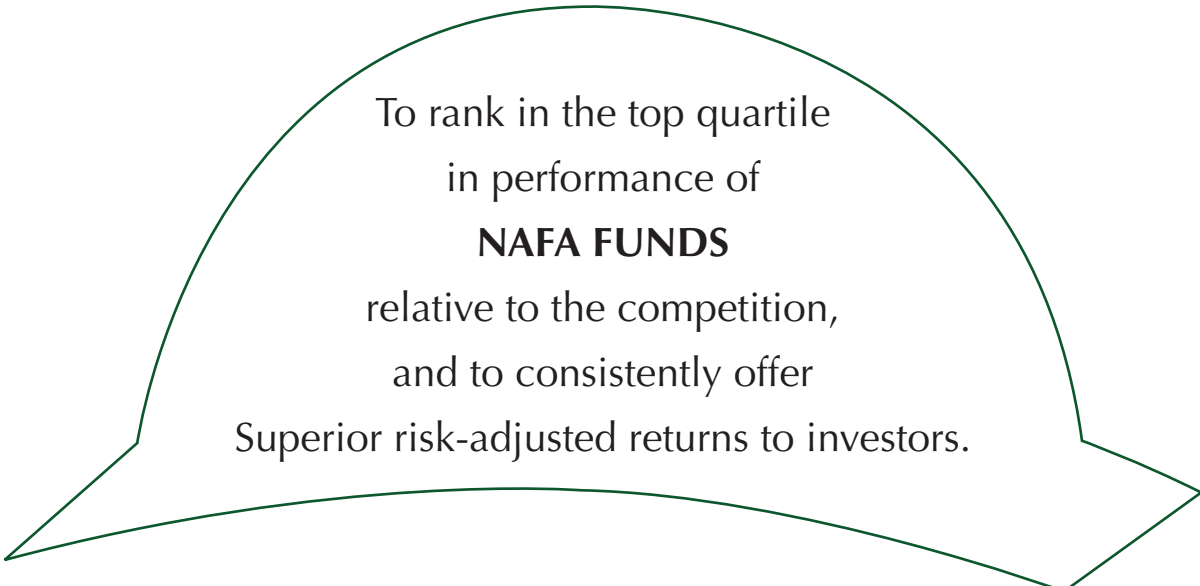
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**FULLERTON FUND  
MANAGEMENT**

*Joint - Venture Partners*

## 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

## 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
Dr. Foo Chiah Shiung (Kelvin Foo)	Director
Mr. Lui Mang Yin (Martin Lui)	Director
Mr. Kamal Amir Chinoy	Director
Mr. Shehryar Faruque	Director
Mr. Tariq Jamali	Director
Mr. Abdul Hadi Palekar	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
Dr. Foo Chiah Shiung (Kelvin Foo)	Member
Mr. Tariq Jamali	Member

### Human Resource and Remuneration Committee

Mr. Kamal Amir Chinoy	Chairman
Mr. Lui Mang Yin (Martin Lui)	Member
Mr. Abdul Hadi Palekar	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 Taraqiyati 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

## Contents

DIRECTORS' REPORT	05
TRUSTEE REPORT TO THE UNIT HOLDERS	10
STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE	11
FUND MANAGER REPORT	14
REVIEW REPORT TO THE UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE	17
INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS	18
STATEMENT OF ASSETS AND LIABILITIES	19
INCOME STATEMENT	20
STATEMENT OF COMPREHENSIVE INCOME	21
DISTRIBUTION STATEMENT	22
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND	23
CASH FLOW STATEMENT	24
NOTES TO THE FINANCIAL STATEMENTS	25
PERFORMANCE TABLE	48
PROXY ISSUED BY THE FUND	49

# Board of Directors



Dr. Amjad Waheed, CFA  
Chief Executive Officer



Mr. Mudassir Husain Khan  
Chairman



Mr. Kamal Amir Chinoy  
Director



Mr. Lui Mang Yin (Martin Lui)  
Director



Mr. Tariq Jamali  
Director



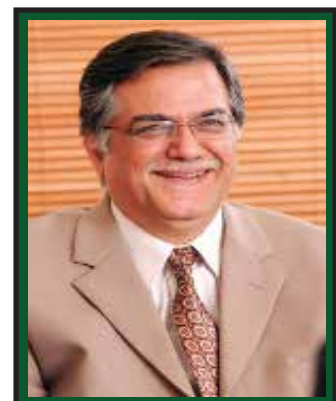
Mr. Shehryar Faruque  
Director



Dr. Foo Chiah Shiung (Kelvin Foo)  
Director



Mr. Abdul Hadi Palekar  
Director



Mr. Humayun Bashir  
Director

# Senior Management



**Dr. Amjad Waheed, CFA**  
**Chief Executive Officer**



**Mr. Sajjad Anwar, CFA**  
**Chief Investment Officer**



**Mr. M. Murtaza Ali**  
**Chief Operating Officer**  
**& Company Secretary**



**Mr. Khalid Mehmood**  
**Chief Financial Officer**



**Mr. Samiuddin Ahmed**  
**Country Head Corporate**  
**Marketing**



**Mr. Ozair Khan**  
**Chief Technology Officer**



**Mr. Hassan Raza, CFA**  
**Head of Research**



**Mr. Muhammad Ali, CFA, FRM**  
**Head of Fixed Income**



**Mr. Taha Khan Javed, CFA**  
**Head of Equity**



**Syed Ali Azhar Hasani**  
**Head of Internal Audit**



**Mr. Salman Ahmed**  
**Head of Risk Management**



**Mr. Raheel Rehman, ACA**  
**Senior Manager Compliance**



**Mr. Shahbaz Umer**  
**Head of Human Resource &**  
**Administration**

# NAFA ASSET ALLOCATION FUND

## DIRECTORS' REPORT

The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the Seventh Annual Report of **NAFA Asset Allocation Fund** for the year ended June 30, 2017.

### **Fund's Performance**

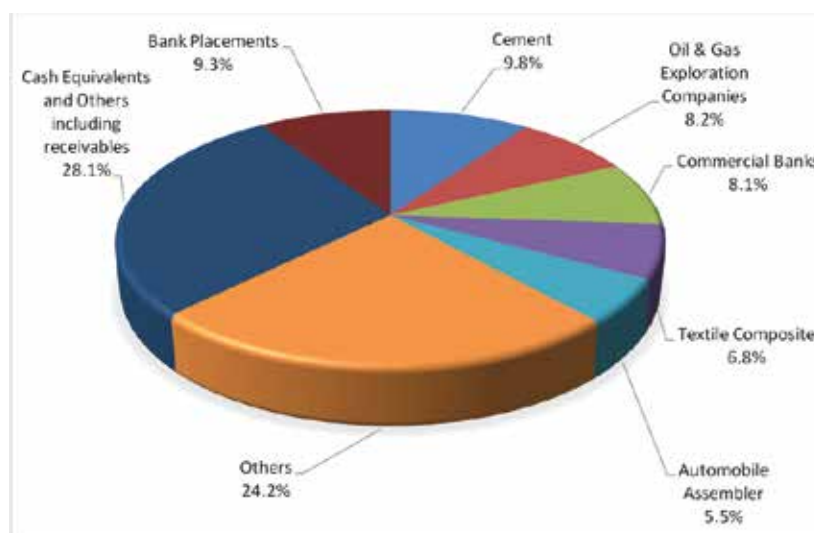
Fiscal Year 2016-17 can be characterized as a tale of two halves where the market surged by a hefty 26.5% during 1HFY17 while in the later half the market declined by 2.6% amid lot of volatility. FY17 started on a positive note as investors remained upbeat on various positive developments: (i) supportive investment backdrop with rising economic growth, controlled inflation & interest rates, healthy corporate earnings growth and attractive stock market valuations; (ii) Pakistan's re-classification to MSCI Emerging Market Index effective June 2017; (iii) CPEC related investment activity gaining traction; and (iv) equity related mutual funds attracting hefty inflows on account of paltry yields on fixed income avenues. The optimism of the first half of the fiscal year began to fade on the back of many negatives : (i) rising domestic political uncertainty with the start of court proceeding against the Prime Minister in the Panama Leaks Case; (ii) renewed decline in the global oil prices that weighed in on the index heavy Oil & Gas and Banking sectors; (iii) SECP's drive to curb in-house badla financing sparking concern in the market; and (iv) rising risks to the Balance of Payment (BoP) position from widening trade and current account deficits. A big disappointment for investors was absence of meaningful net foreign portfolio inflows during PSX reclassification into MSCI Emerging Market Index. Foreign investors remained net sellers throughout the year, offloading equity stakes worth USD652mn in FY17 that was mainly absorbed by Mutual Funds and Insurance Companies.

Helped by the lower food prices, inflation as measured by the CPI averaged 4.2% for FY17. During the year, State Bank of Pakistan (SBP) maintained the policy rate at 5.75%. SBP cited improving economic prospects amid investment activity in the context of CPEC gathering pace; but also highlighted its concerns on surge in imports, which along with a marginal decline in exports and workers' remittances widened the current account deficit. SBP's prudent monetary policy stance translated into low and stable market interest rates; encouraging the private sector to undertake capacity expansions. Sovereign yield curve slightly steepened as the short end of the curve inched up by 5-10 basis points whereas long-term yields increased by 40-60 basis points.

Trading activity in corporate TFCs / Sukuks slightly improved with cumulative trade value of Rs 9.1 billion in FY17 compared to Rs 7.7 billion last year. The trades remained skewed towards high quality debt issues, mainly concentrated towards the Banking sector with 71% contribution. Dearth of primary issuance and rising demand kept the yield spread tightened in the secondary market.

During the fiscal year, NAFA Asset Allocation Fund posted 29.90% return versus the benchmark return of 14.25%. Thus the Fund outperformed by 15.65% during the year. The Fund was overweight in key stocks in Oil & Gas Marketing Companies, Engineering, Chemicals, Automobile Assemblers, Paper & Board, and Automobile Parts & Accessories sectors that outperformed the market and underweight in key stocks in Power Generation & Distribution Companies, Food & Personal Care Product, and Fertilizer sectors that underperformed the market, which contributed to the outperformance. Since its launch (August 20, 2010), the Fund has risen by 257.09%, versus the benchmark return of 118.05%, thus to date out-performance is 139.04%. This outperformance is net of management fee and all other expenses.

NAFA Asset Allocation Fund has earned a total income of Rs.843.03 million during the year. After deducting total expenses of Rs.86.64 million, the net income is Rs.756.39 million. During the year, the unit price of NAFA Asset Allocation Fund has increased from Rs.13.1234 (Ex-Div) on June 30, 2016 to Rs.17.0467 on June 30, 2017. The resultant per unit gain is Rs.3.9233 i.e. 29.90%. The asset allocation of NAFA Asset Allocation Fund as on June 30, 2017 is as follows:





# NAFA ASSET ALLOCATION FUND

## Income Distribution

The Board of Directors of the Management Company has approved cash dividend of 14.56% of opening ex-NAV (21.60% of the par value) during the year. Further, the Board has also approved final cash dividend of 0.37% of the opening ex-NAV (0.55% of the par value), subsequent to the year end.

## Taxation

As the above cash dividend is more than 90% of the income earned during the year, excluding realized and unrealized capital gains on investments, the Fund is not subject to tax under Clause 99 of the Part I of the Second Schedule of the Income Tax Ordinance, 2001.

## Auditors

The present auditors, Messer Deloitte Yousuf Adil & Co., Chartered Accountants, retire and, being eligible, offer themselves for re-appointment for the year ending June 30, 2018.

## Directors' Statement in Compliance with Code of Corporate Governance

1. The financial statements, prepared by the management company, present fairly the state of affairs of the Fund, the result of its operations, cash flows and statement of movement in unit holders' funds.
2. Proper books of account of the Fund have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Fund's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
8. A performance table/ key financial data is given in this annual report.
9. Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements.
10. The Board of Directors of the Management Company held four meetings during the current financial year. The attendance of all directors is disclosed in the note 24 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 21 to these financial statements.
12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 20 to these financial statements.

# NAFA ASSET ALLOCATION FUND

## Acknowledgement

The Board takes this opportunity to thank its valued unit-holders for their confidence and trust in the Management Company, and providing the opportunity to serve them. It also offers its sincere gratitude to the Securities & Exchange Commission of Pakistan and State Bank of Pakistan for their patronage and guidance.

The Board also wishes to place on record its appreciation for the hard work, dedication and commitment shown by the staff and the Trustee.

On behalf of the Board of  
NBP Fullerton Asset Management Limited

Chief Executive

Director

Date: September 15, 2017

Place: Karachi.

# NAFA ASSET ALLOCATION FUND

## ڈائریکٹرز رپورٹ

این بی پی فلٹرن ایسیٹ منیجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NAFA ایسیٹ ایلوکیشن فنڈ (NAAF) کی ساتویں سالانہ رپورٹ برائے سال ختمہ 30 جون 2017ء پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

### فنڈ کی کارکردگی

مالی سال 2016-17 کو دو ششماہیوں میں منقسم کیا جاسکتا ہے۔ سال 17 کی پہلی ششماہی میں مارکیٹ میں %26.5 کا شاندار اضافہ ہوا جب کہ دوسری ششماہی میں نسبتاً اتار چڑھاؤ کے ساتھ مارکیٹ گر کر %2.6 پر آگئی۔ مالی سال 17 کا آغاز بڑے مثبت انداز میں ہوا جس میں سرمایہ کار سرگرم رہے جس کی وجہ مختلف مثبت پیش رفت تھی جیسے (i) معاشی نمو میں اضافہ کی بدولت سرمایہ کاری کے لئے موافق پس منظر، افراط زر اور سود کی شرح پر کنٹرول، کارپوریٹ کی آمدنی میں بڑا اضافہ اور اسٹاک مارکیٹ کی پرکشش قدر و قیمت (ii) MSCI ایمرجنگ مارکیٹ انڈیکس میں جون 2017ء میں پاکستان کی دوبارہ درجہ بندی؛ (iii) چین پاکستان اقتصادی راہداری (CPEC) سے متعلق سرمایہ کاری کی سرگرمیوں میں تیزی کا رجحان اور (iv) حصص پر مبنی میوچل فنڈز کے پرکشش ہونے کے سبب داخلی بہاؤ میں نمایاں اضافہ جس کی وجہ فکسڈ انکم ذرائع میں معمولی آمدنی کا حصول تھا۔ بعد ازاں مالی سال کی پہلی ششماہی کے مثبت رجحانات مختلف منفی وجوہات کی بنا پر معدوم پڑنے لگیں۔ جیسے (i) پانامہ لیکس کیس میں وزیر اعظم کے خلاف عدالتی کارروائی کے آغاز سے ملک میں سیاسی غیر یقینی کیفیت (ii) عالمی سطح پر تیل کی قیمتوں میں دوبارہ کمی جس سے آئل اور گیس اور بینکنگ کے شعبہ جات کے انڈیکس پر دباؤ پڑا (iii) سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی جانب سے ان ہاؤس بدلہ فنانسنگ میں رکاوٹ ڈالنے سے مارکیٹ میں تشویش پائی گئی اور (iv) تجارت اور کرنٹ اکاؤنٹ میں بڑھتے ہوئے خسارے کے سبب توازن ادا بیگی (BoP) میں بڑھتے ہوئے خدشات۔ سرمایہ کاروں کو اس وقت بہت مایوسی ہوئی جب MSCI ایمرجنگ مارکیٹ انڈیکس میں پاکستان اسٹاک ایکسچینج (PSX) کی دوبارہ درجہ بندی کے باوجود با مقصد خالص بیرون ملک زرمبادلہ نہ حاصل ہو پایا۔ پورے سال میں بیرونی سرمایہ کار خالص فروخت کنندہ رہے اور مالی سال 17 کے دوران 652 ملین یو ایس ڈالر کی ایکویٹی فروخت ہوئی جو زیادہ تر میوچل فنڈز اور بیمہ کمپنیوں میں جذب ہو گئی۔

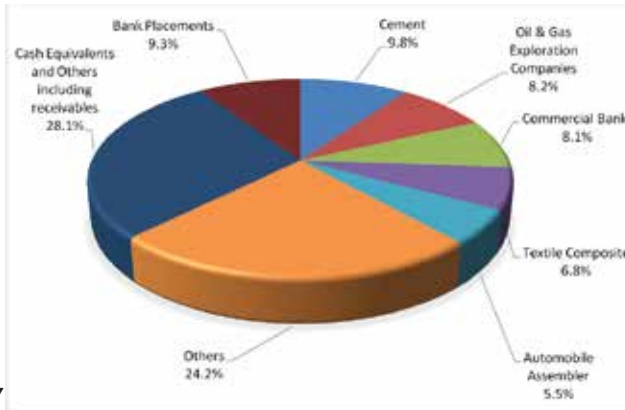
اشیائے خورد و نوش کی قیمتوں میں کمی کے سبب CPL کے مطابق مالی سال 2017 میں افراط زر اوسطاً %4.2 رہا۔ سال کے دوران اسٹیٹ بینک آف پاکستان (SBP) نے پالیسی کی شرح %5.75 برقرار رکھی۔ SBP نے چین پاکستان اقتصادی راہداری (CPEC) کے تناظر میں منصوبوں کیلئے سرمایہ کاری کی کارروائیوں میں تیزی آنے کو معاشی صورتحال میں بہتری کا سبب قرار دیا؛ تاہم درآمدات میں اضافہ پر اپنے تحفظات کا اظہار کیا، جس کے ساتھ برآمدات میں بیرون ملک سے رقوم کی ترسیل میں کمی سے کرنٹ اکاؤنٹ کا خسارہ بڑھ گیا۔ SBP کی دانشمندانہ مانیٹری پالیسی کے نتیجے میں شرح سود میں استحکام اور کمی دیکھنے میں آئی؛ جس سے نجی شعبہ کو اپنی گنجائش بڑھانے میں حوصلہ افزائی ہوئی۔ قلیل حکومتی منافع میں 10-5 بنیادی پوائنٹس کے ساتھ بہتری آئی۔ جب کہ طویل مدت کے منافع میں 60-40 بنیادی پوائنٹس کا اضافہ ہوا۔

کارپوریٹ TFCs/Sukuks کی تجارتی سرگرمیوں میں کچھ بہتری آئی و مالی سال 17 میں ان کی مجموعی تجارتی قدر 9.1 بلین روپے رہی جو کہ گزشتہ سال 7.7 بلین روپے تھی۔ تجارت کا جھکاؤ اعلیٰ سطح کے قرضہ جات کی جانب رہا جس میں خاص طور پر بینکنگ کے شعبہ کا حصہ %71 تھا۔ ابتدائی اجراء کی قلت اور طلب میں اضافہ سے ثانوی مارکیٹ میں منافع کی صورتحال اوسط رہی۔

مالی سال میں NAFA ایسیٹ ایلوکیشن فنڈ نے آمدنی میں %29.90 کا اضافہ پوسٹ کیا جب کہ آمدنی میں اضافہ کی مقررہ شرح %14.25 تھی۔ اس طرح فنڈ نے سال کے دوران میں %15.65 کی اضافی کارکردگی کا مظاہرہ کیا۔ فنڈ نے آئل اور گیس کی مارکیٹنگ کمپنیوں، انجینئرنگ، کیمیکلز، آٹوموبائل اسمبلرز، پیپر اینڈ بورڈ اور آٹوموبائل پارٹس اینڈ ایسیسریز کے شعبوں میں اضافی تناسب رکھنے کی بنا پر بہتر کارکردگی دکھائی۔ جہاں اور جزیشن اینڈ ڈسٹری بیوشن کمپنیوں، فوڈ اینڈ پروسسنگ کیئر پروڈکٹس اور فریٹلائزرز سیکٹرز میں نسبتاً کم تناسب رکھنے کی بنا پر کارکردگی معمول سے کم رہی اور اس کا اثر اضافی کارکردگی کے نتائج پر پڑا۔ اپنے قیام (20 اگست 2010) سے اب تک فنڈ اپنے بیچ مارک منافع کے مقابلے میں %118.05 سے بڑھ کر %257.09 ہو گیا، لہذا اب تک %139.04 کی بہتر کارکردگی دکھائی۔ یہ کارکردگی منیجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

NAFA ایسیٹ ایلوکیشن فنڈ (NAAF) نے اس سال کے دوران 843.03 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 86.64 بلین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 756.39 بلین روپے رہی۔ اس سال کے دوران NAFA ایسیٹ ایلوکیشن فنڈ (NAAF) کے یونٹ کی قیمت 30 جون 2016 کو 13.1234 روپے (Ex-Div) سے بڑھ کر 30 جون 2017 کو 17.0467 روپے ہو چکی ہے۔ اس کے نتیجے میں فی یونٹ منافع 3.9233 روپے یعنی %29.90 ہے۔

فنڈ کی ایسیٹ ایلوکیشن 30 جون 2017 کو برطابق ذیل ہے:



# NAFA ASSET ALLOCATION FUND

## آمدنی کی تقسیم

منجنت کمپنی کے بورڈ آف ڈائریکٹرز نے سال کے لیے NAV-ex کی اوپننگ کا 14.56% (بنیادی قدر کا 21.60%) کیش ڈیویڈنڈ منظور کیا ہے۔ مزید برآں سال کے اختتام کے بعد بورڈ آف ڈائریکٹرز نے NAV-ex کی اوپننگ کا 0.37% (بنیادی قدر کا 0.55%) حتمی کیش ڈیویڈنڈ کی منظوری دی ہے۔

## ٹیکسیشن

درج بالا نقد منافع، سال کے دوران میں حاصل ہونے والی آمدنی میں سے سرمایہ کاری پر حاصل ہونے والے محصول شدہ اور غیر محصول شدہ کیپیٹل گین منہا کرنے کے بعد 90% ہے، اس لئے فنڈ پر آگم ٹیکس آرڈیننس 2001 کے سیکنڈ شیڈول کے پارٹ 1 کی شق 99 کے تحت ٹیکس لاگو نہیں ہے۔

## آڈیٹرز

موجودہ آڈیٹرز میسرز ڈی لوائٹ یوسف عادل اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور اہل ہونے کی بناء پر انہوں نے خود کو 30 جون 2018 کو ختم ہونے والے سال میں دوبارہ تقرر کیلئے پیش کیا ہے۔

## کوڈ آف کارپوریٹ گورننس کی پیروی میں ڈائریکٹرز اسٹیٹمنٹ

1- منجنت کمپنی کی طرف سے تیار کردہ مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلوز اور یونٹ ہولڈرز فنڈ میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔

2- فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔

3- مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے۔ شاریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔

4- ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی معیاروں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، کی پیروی کی گئی ہے۔

5- انٹرنل کنٹرول کا نظام مستحکم اور موثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔

6- فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔

7- لسٹنگ ریگولیشنز میں تفصیلاً درج کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔

8- پرفارمنس ٹیبل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہے۔

9- ٹیکسوں، ڈیویڈنڈز، ڈیویڈنڈز اور چارجز کی مد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔

10- اس مدت کے دوران منجنت کمپنی کے بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 24 میں ظاہر کی گئی ہے۔

11- یونٹ ہولڈنگ کا تفصیلی پیٹرن مالیاتی گوشواروں کے نوٹ 21 میں ظاہر کیا گیا ہے۔

12- ڈائریکٹرز، CEO، CFO، کمپنی سیکرٹری اور ان کی بیویوں اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے یونٹس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 20 میں ظاہر کی گئی ہے۔

## اعتراف

بورڈ اس موقع کا فائدہ اٹھاتے ہوئے منجنت کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر یونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سیکورٹیز اینڈ ایکسچینج کمیشن

آف پاکستان اور اسٹیٹ بینک آف پاکستان سے بھی ان کی سرپرستی اور رہنمائی کے لیے پُر خلوص اظہارِ تشکر کرتا ہے۔

بورڈ اپنے اسٹاف اور ٹرسٹی کی طرف سے محنت، لگن اور عزم کے مظاہرے پر اپنا خراجِ تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

NBP فلٹرن ایسیٹ منجنت لمیٹڈ

## ڈائریکٹر

## چیف ایگزیکٹو

بتاریخ

15 ستمبر 2017ء

مقام: کراچی

# NAFA ASSET ALLOCATION FUND

## TRUSTEE REPORT TO THE UNIT HOLDERS NAFA ASSET ALLOCATION FUND

### Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of NAFA Asset Allocation 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 year ended June 30, 2017 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.

**Aftab Ahmed Diwan**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi, September 26, 2017

# NAFA ASSET ALLOCATION FUND

## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2017

This statement is being presented by the Board of Directors (the Board) of NBP Fullerton Asset Management Limited (the Company), the Management Company of **NAFA Asset Allocation Fund** (the Fund) to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 5.19 of the Rule Book of the Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

NBP Fullerton Asset Management Limited, the Management Company, is not listed and hence, the CCG is not applicable to it. However, the Fund being listed on Pakistan Stock Exchange comes under the ambit of the CCG. The Fund, being a unit trust scheme, does not have its own Board. The Board of Directors of the Management Company manages the affairs of the Fund and appoints the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and the Company Secretary of the Management Company and other necessary personnel to manage its affairs.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors on its Board. The Company, being an un-listed company, does not have any minority interest. As at June 30, 2017, the Board included:

Category	Names
Independent Directors	1. Mr. Kamal Amir Chinoy 2. Mr. Shehryar Faruque 3. Mr. Humayun Bashir
Executive Directors	Dr. Amjad Waheed (Chief Executive Officer)
Non- Executive Directors	1. Mr. Nausherwan Adil (Chairman) 2. Mr. Aamir Sattar 3. Mr. Abdul Hadi Palekar 4. Mr. Lui Mang Yin 5. Dr. Kelvin Foo

The independent directors meet the criteria of independence under clause 5.19.1(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director of more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Two casual vacancies were occurred on the board on November 21, 2016 and March 17, 2017 which were filled up on the same dates.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

# NAFA ASSET ALLOCATION FUND

6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Fund. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive have been taken by the Board. There is no other executive-director of the Company besides Chief Executive Officer (CEO).
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The directors are conversant of the relevant laws applicable to the Company, its policies and provisions of memorandum and articles of association and are aware of their duties and responsibilities. As of 30 June 2017, four directors of the Company had acquired the director's training certificate as required under the CCG. The Company plans to arrange a Director's Training Program in future, for the remaining directors.
10. The Board has approved the appointment of Head of Internal Audit of the Company with remuneration and terms and conditions of employment. There has been no new appointment of the Company Secretary and Chief Financial Officer (CFO) during the year.
11. The Directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the units of the Fund other than that disclosed in note 20 to the financial statements "Transactions with Connected Persons".
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises of three members, of whom all are non-executive directors and the chairman of the committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Fund and as required by the CCG. The committee has formed the terms of reference for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises of three members. All the members are non-executive directors and the chairman of the committee is an independent director.

# NAFA ASSET ALLOCATION FUND

18. The Board has set up an effective internal audit function headed by the Head of Internal Audit who is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Management Company.
19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim / final results, and business decisions was determined and intimated to directors, employees and stock exchange except for 60th and 61st meeting of the Board of Directors.
22. Material / price sensitive information has been disseminated amongst all market participants at once through stock exchange.
23. We confirm that all other material principles enshrined in the CCG have been complied with expect the following:
  - the mechanism was required to put in place for an annual evaluation of the Board within two years of coming into effect of the Code i.e. April 2014. The mechanism is in place and the Company is in the process of completion of annual evaluation of the Board.
  - the Company has not complied with the requirements relating to maintenance of register of persons employed having access to inside information nor any senior management officer has been designated by the Company responsible for maintaining proper record including basis for inclusion or exclusion of names of persons from the said list.

For and behalf of the Board

September 15, 2017  
Karachi

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**Dr. Amjad Waheed, CFA**  
Chief Executive Officer



# NAFA ASSET ALLOCATION FUND

## FUND MANAGER REPORT

NAFA Asset Allocation Fund (NAAF) is an Open-ended Asset Allocation Fund.

### Investment Objective of the Fund

Objective of NAAF 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.

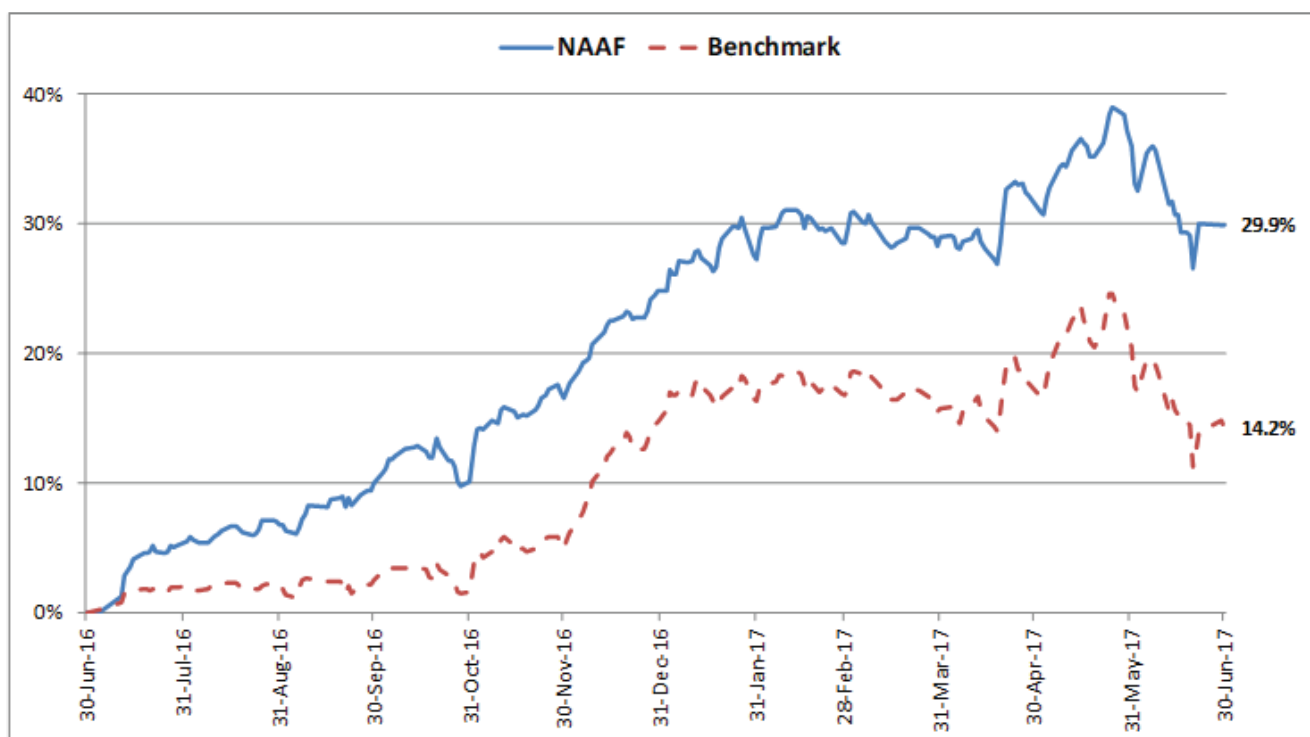
### Benchmark

Daily weighted return of KSE-30 Total Return Index & 6-month KIBOR based on Fund's actual allocation, effective from September 01, 2016. Previously 1/3 of average 3-month bank deposit rate; 1/3 of 6-month KIBOR; 1/3 of KSE-30 Index Total Return.

### Fund Performance Review

This is the seventh annual report of the Fund. During the year under review, the return on NAFA Asset Allocation Fund was 29.90% as against its benchmark return of 14.25%. Thus the Fund outperformed by 15.65% during the year. Since its inception on August 21, 2010, the NAV of NAAF has risen by 257.09% while the benchmark has increased by 118.05%, thus to date out-performance is 139.04%. The out-performance of the Fund is net of management fee and all other expenses. Thus, NAAF has met its investment objective. During the year, the fund size of NAAF increased by 180% to Rs.3,290mn.

NAAF outperformed during the year on the back of timely asset allocation and better than market performance of its key holdings in the Oil & Gas Marketing Companies, Engineering, Chemicals, Automobile Assemblers, Paper & Board, and Automobile Parts & Accessories sectors. Moreover, contribution to the Fund's performance also came from its underweight position in select companies of Power Generation & Distribution Companies, Food & Personal Care Product, and Fertilizer sectors that lagged the market. The chart below shows the performance of NAAF against the Benchmark for the year.



# NAFA ASSET ALLOCATION FUND

At the start of the year, NAAF was around 66.8% invested in equities. During the year, we altered the allocation of the Fund based on our view on the relative performance of different asset classes. Towards the end of the year, the allocation in equities was around 62.6%.

Fiscal Year 2016-17 can be characterized as a tale of two halves where the market surged by hefty 26.5% during 1HFY17 while in the later half the market surrendered return of 2.6% amid lot of volatility. FY17 started on a positive note as investors remained upbeat on various positive developments: (i) supportive investment backdrop with rising economic growth, controlled inflation & interest rates, healthy corporate earnings growth and attractive stock market valuations; (ii) Pakistan's re-classification to MSCI Emerging Market Index effective June 2017; (iii) CPEC related investment activity gaining traction; and (iv) equity related mutual funds attracting hefty inflows on account of paltry yields on fixed income avenues. The optimism of the first half began to fade on the back of many negatives : (i) rising domestic political uncertainty with the start of court proceeding against the Prime Minister in the Panama Leaks Case; (ii) renewed decline in the global oil prices that weighed in on the index heavy Oil & Gas and Banking sectors; (iii) SECP's drive to curb in-house badla financing sparking panic in the market; and (iv) rising risks to the Balance of Payment (BoP) position from widening trade and current account deficits. A big disappointment for investors was absence of meaningful net foreign portfolio inflows during PSX reclassification into MCSI Emerging Market index. Foreign investors remained net sellers throughout the year, offloading equity stakes worth USD652mn in FY17 that was mainly absorbed by Mutual Funds and Insurance Companies.

Helped by the lower food prices, inflation as measured by the CPI averaged 4.2% for FY17. During the year, State Bank of Pakistan (SBP) maintained the policy rate at 5.75%. SBP cited improving economic prospects amid investment activity in the context of CPEC gathering pace; but also highlighted its concerns on surge in imports, which along with a marginal decline in exports and workers' remittances widened the current account deficit. SBP's prudent monetary policy stance translated into low and stable market interest rates; encouraging the private sector to undertake capacity expansions. Sovereign yield curve slightly steepened as short end of the curve inched up by 5-10 basis points whereas long-term yields increased by 40-60 basis points.

Trading activity in corporate TFCs / Sukuks slightly improved with cumulative trade value of Rs 9.1 billion in FY17 compared to Rs 7.7 billion last year. The trades remained skewed towards high quality debt issues, which mainly concentrated towards the Banking sector with 71% contribution. Dearth of primary issuance and rising demand kept the yield spread tightened in the secondary market.

During the year, the provision for Workers' Welfare Fund held by the fund till June 30, 2015 has been reversed on January 12, 2017. Further, the provision in respect of Sindh Workers' Welfare Fund has been made on a prudent basis with effect from May 21, 2015. For further details, refer note 16 to the financial statements.

During the period there has been no significant change in the state of affairs of the Fund, other than stated above. During the year there were no circumstances that materially affected any interests of the unit holders. The Fund does not have any soft commission arrangement with any broker in the industry.

## Asset Allocation of the Fund (% of NAV)

Particulars	30-Jun-17	30-Jun-16
Equities / Stocks	62.58%	66.76%
TDR	9.26%	4.34%
Cash Equivalents	32.01%	36.55%
PIBs	-	0.01%
Other Net Liabilities	-3.85%	-7.66%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

# NAFA ASSET ALLOCATION FUND

## Distribution for the Financial Year 2017

Interim Period/Quarter	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit (Rs.)	Ex- Div. Price (Rs.)
Interim	21.60	19.2067	17.0467
Final	0.55	15.9407	15.8855

## Unit Holding Pattern of NAFA Asset Allocation Fund as on June 30, 2017

Size of Unit Holding (Units)	# of Unit Holders
1-1000	167
1001-5000	176
5001-10000	163
10001-50000	421
50001-100000	183
100001-500000	183
500001-1000000	31
1000001-5000000	25
5000001-10000000	4
10000001-100000000	2
	1355

## Sindh Workers' Welfare Fund (SWWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs. 18.468 m. If the same were not made the NAV per unit/FY17 return of scheme would be higher by Rs 0.0957/0.65%. For details investors are advised to read note 16 of the Financial Statement of the Scheme for the year ended June 30, 2017.

# NAFA ASSET ALLOCATION FUND

## REVIEW REPORT TO THE UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of the NBP Fullerton Asset Management Limited, the Management Company of **NAFA Asset Allocation Fund** (the Fund) for the year ended June 30, 2017, to comply with the requirement of the Pakistan Stock Exchange Limited, where the Fund is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Director's statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

The Code requires the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of related party transactions of the Fund distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Fund's compliance, in all material respects, with the best practices contained in the Code as applicable to the Fund for the year ended June 30, 2017.

Further, we highlight below instances of non-compliances with the requirements of the Code as reflected in the paragraph references where these are stated in the Statement of Compliance:

Paragraph reference	Description
21	As per the Code, there should be announcement of 'closed period' prior to the announcement of interim / final results and any business decisions, however a 'closed period' was not announced before 60th and 61st board meeting.
23	No register is maintained enlisting persons employed under contract or otherwise who have access to inside information.
23	A mechanism for an evaluation of the Board's own performance is in place. However, the Management Company is in the process of completion of the annual evaluation of the Board.

Deloitte Yousuf Adil  
Chartered Accountants  
Date: September 22, 2017  
Place: Karachi

# NAFA ASSET ALLOCATION FUND

## INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **NAFA Asset Allocation Fund** (the Fund), which comprise the statement of assets and liabilities as at June 30, 2017, and the related income statement, statement of comprehensive income, cash flow statement, distribution statement and statement of movements in unit holders' funds for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management Company's Responsibility for the Financial Statements

NBP Fullerton Asset Management Limited (the Management Company) is responsible for the preparation and fair presentation of these financial statements in accordance with the approved accounting standards as applicable in Pakistan, and for such internal control as the Management Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management Company, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at June 30, 2017, and of its financial performance, its cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

### Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non- Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non- Banking Finance Companies and Notified Entities Regulations, 2008.

**Deloitte Yousuf Adil**  
Chartered Accountants

**Engagement Partner:**  
Naresh Kumar

**Date:** September 22, 2017  
**Place:** Karachi

# NAFA ASSET ALLOCATION FUND

## STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2017

	Note	2017	2016
		-----Rupees in '000-----	
<b>ASSETS</b>			
Balance with banks	4	1,018,260	479,335
Investments	5	2,365,015	784,190
Mark-up accrued and dividend receivable	6	6,101	1,919
Deposits, prepayments and other receivables	7	3,348	2,956
<b>Total assets</b>		3,392,724	1,268,400
<b>LIABILITIES</b>			
Payable to NBP Fullerton Asset Management Limited - Management Company	8	17,876	7,356
Payable to Central Depository Company of Pakistan Limited - Trustee	9	434	214
Payable to the Securities and Exchange Commission of Pakistan	10	2,199	1,401
Accrued expenses and other liabilities	11	82,097	84,772
<b>Total liabilities</b>		102,606	93,743
<b>NET ASSETS</b>		<u>3,290,118</u>	<u>1,174,657</u>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<u>3,290,118</u>	<u>1,174,657</u>
Contingencies and commitments	12		
		-----Number of units-----	
Number of units in issue	13	<u>193,005,748</u>	<u>79,209,685</u>
		-----Rupees-----	
Net asset value per unit	14	<u>17.0467</u>	<u>14.8297</u>

The annexed note from 1 to 30 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# NAFA ASSET ALLOCATION FUND

## INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 -----Rupees in '000-----	2016
<b>INCOME</b>			
Return / mark-up on;			
- bank balances and term deposits		48,834	43,810
- government securities		4	6
Net gain on sale of investments		52,374	5,633
Dividend income		63,926	44,481
Net unrealized gain on re-measurement of investments at fair value through profit or loss - held for trading	5.3	328,124	55,525
<b>Total income</b>		<u>493,262</u>	<u>149,455</u>
<b>EXPENSES</b>			
Remuneration of NBP Fullerton Asset Management Limited - Management Company	8.1	46,294	29,486
Sindh Sales Tax on remuneration of the Management Company	8.2	6,018	4,789
Federal Excise Duty on remuneration of the Management Company	11.1	-	4,717
Reimbursement of operational expenses to the Management Company	8.3	2,315	761
Selling and marketing expenses charged by the Management Company	8.4	4,432	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	3,315	2,474
Sindh Sales Tax on remuneration of the Trustee	9.2	431	346
Annual fee to the Securities and Exchange Commission of Pakistan	10.1	2,199	1,401
Securities transaction cost		1,491	1,635
Settlement and bank charges		908	942
Auditors' remuneration	15	537	660
Fund rating fee		90	170
Legal and professional charges		59	25
Annual listing fee		55	40
Printing charges		32	110
<b>Total expenses</b>		<u>68,176</u>	<u>47,556</u>
<b>Net income from operating activities</b>		<u>425,086</u>	<u>101,899</u>
Net element of income / (loss) and capital gain / (losses) included in prices of units issued less those in units redeemed		331,133	(26,109)
Reversal of provision of Workers' Welfare Fund	16	18,637	-
Provision for Sindh Workers' Welfare Fund	16	(18,468)	-
<b>Net income for the year before taxation</b>		<u>756,388</u>	<u>75,790</u>
Taxation	17	-	-
<b>Net income for the year after taxation</b>		<u>756,388</u>	<u>75,790</u>
<b>Earnings per unit</b>	18		

The annexed note from 1 to 30 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

# NAFA ASSET ALLOCATION FUND

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016
	-----Rupees in '000-----	
Net income for the year after taxation	756,388	75,790
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<u>756,388</u>	<u>75,790</u>

The annexed note from 1 to 30 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



# NAFA ASSET ALLOCATION FUND

## DISTRIBUTION STATEMENT FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016
	-----Rupees in '000-----	
<b>Undistributed income brought forward comprising of:</b>		
- realised income	537,461	380,144
- unrealised income	55,525	234,597
	592,986	614,741
Net income for the year	756,388	75,790
Final distribution for the year ended June 30, 2015:		
- cash distribution @ Rs. 0.1860 per unit declared on July 16, 2015	-	(26,041)
Final distribution for the year ended June 30, 2016:		
- cash distribution @ Rs. 1.0725 per unit declared on June 30, 2016	-	(71,504)
Interim distribution for the year ended June 30, 2017:		
- cash distribution @ Rs. 2.1599 per unit declared on June 21, 2017	(328,488)	-
<b>Undistributed income carried forward</b>	1,020,886	592,986
<b>Undistributed income carried forward comprising of:</b>		
- realised income	692,762	537,461
- unrealised income	328,124	55,525
	1,020,886	592,986

The annexed note from 1 to 30 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# NAFA ASSET ALLOCATION FUND

## STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE YEAR ENDED JUNE 30, 2017

	2017 -----Rupees in '000-----	2016 -----Rupees-----
Net assets at the beginning of the year	1,174,657	2,073,497
Issuance of 322,578,223 units (2016: 204,304,497 units)	5,943,201	3,172,893
Redemption of 208,782,160 units (2016: 263,682,844 units)	(3,924,507)	(4,076,087)
	2,018,694	(903,194)
Net element of income / (loss) and capital gain / (losses) included in prices of units issued less those in units redeemed	(331,133)	26,109
Total comprehensive income for the year	756,388	75,790
<b>Distributions during the year</b>		
Final distribution for the year ended June 30, 2015: - cash distribution @ Rs. 0.1860 per unit declared on July 16, 2015	-	(26,041)
Final distribution for the year ended June 30, 2016: - cash distribution @ Rs. 1.0725 per unit declared on June 30, 2016	-	(71,504)
Interim distribution for the year ended June 30, 2017: - cash distribution @ Rs. 2.1599 per unit declared on June 21, 2017	(328,488)	-
	(328,488)	(97,545)
Net assets at the end of the year	<u>3,290,118</u>	<u>1,174,657</u>
	-----Rupees-----	
Net asset value per unit at the beginning of the year	14.8297	14.9616
Net asset value per unit at the end of the year	<u>17.0467</u>	<u>14.8297</u>

The annexed note from 1 to 30 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# NAFA ASSET ALLOCATION FUND

## CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 -----Rupees in '000-----	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income for the year before taxation		756,388	75,790
<b>Adjustments:</b>			
Return / mark-up on;			
- bank balances and term deposits		(48,834)	(43,810)
- government securities		(4)	(6)
Dividend income		(63,926)	(44,481)
Net unrealized gain on re-measurement of investments at fair value through profit or loss - held for trading		(328,124)	(55,525)
Net element of income / (loss) and capital gain / (losses) included in prices of units issued less those in units redeemed		(331,133)	26,109
Reversal of provision of Workers' Welfare Fund		(18,637)	-
Provision for Sindh Workers' Welfare Fund		18,468	-
		(772,190)	(117,713)
		(15,802)	(41,923)
<b>(Increase) / decrease in assets</b>			
Investments - net		(1,002,701)	872,596
Deposits, prepayments and other receivables		(411)	(84)
		(1,003,112)	872,512
<b>Increase / (decrease) in liabilities</b>			
Payable to the Management Company		10,520	(2,692)
Payable to the Trustee		220	(60)
Payable to the Securities and Exchange Commission of Pakistan		798	(628)
Accrued expenses and other liabilities		27,645	13,267
		39,183	9,887
Mark-up on bank balances and term deposits received		48,856	44,701
Mark-up on government securities received		4	3
Dividend received		59,722	48,412
<b>Net cash (used in) / generated from operating activities</b>		(871,149)	933,592
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net cash generated from investing activities		-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Amounts received on issuance of units		5,943,220	3,175,648
Amounts paid on redemption of units		(3,961,670)	(4,207,786)
Distributions paid		(321,476)	(97,545)
<b>Net cash generated from / (used in) financing activities</b>		1,660,074	(1,129,683)
<b>Net increase / (decrease) in cash and cash equivalents during the year</b>		788,925	(196,091)
Cash and cash equivalents at the beginning of the year		479,335	675,426
Cash and cash equivalents at the end of the year	4.4	1,268,260	479,335

The annexed note from 1 to 30 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# NAFA ASSET ALLOCATION FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 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 categorised as "asset allocation scheme" and its units are listed on Pakistan Stock Exchange Limited. Units of the Fund 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 a trustee of the Fund.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

These 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.

During the year, the Companies Act, 2017 was enacted on May 30, 2017 and came into force at once. Subsequently, SECP has notified through Circular No. 17 of July 20, 2017 that companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

#### 2.2 Basis of measurement

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

#### 2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Fund.

#### 2.4 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2017

##### 2.4.1

The following standards, amendments and interpretations are effective for the year ended June 30, 2017. These standards, interpretations and the amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

# NAFA ASSET ALLOCATION FUND

	<b>Effective from accounting period beginning on or after:</b>
Amendments to IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures' - Investment Entities: Applying the consolidation exception	January 01, 2016
Amendments to IFRS 11 'Joint Arrangements' - Accounting for acquisitions of interests in joint operations	January 01, 2016
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure initiative	January 01, 2016
Amendments to IAS 16 'Property Plant and Equipment' and IAS 38 'Intangible Assets' - Clarification of acceptable methods of depreciation and amortization	January 01, 2016
Amendments to IAS 16 'Property Plant and Equipment' and IAS 41 'Agriculture' - Measurement of bearer plants	January 01, 2016
Amendments to IAS 27 'Separate Financial Statements' - Equity method in separate financial statements	January 01, 2016

Certain annual improvements have also been made to a number of IFRSs.

## 2.4.2 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

	<b>Effective from accounting period beginning on or after:</b>
Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions	January 01, 2018
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.
Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative	January 01, 2017
Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses	January 01, 2017
Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property	January 01, 2018. Earlier application is permitted.
IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018. Earlier application is permitted.
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty	January 01, 2019

Certain annual improvements have also been made to a number of IFRSs.

# NAFA ASSET ALLOCATION FUND

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers
- IFRS 16 – Leases
- IFRS 17 – Insurance Contracts

## 2.5 Amendment in the NBFC Regulations subsequent to the year end

Subsequent to the year end on August 03, 2017, the SECP has made certain amendments in the NBFC Regulations, 2008 via SRO 756 (I)/2017. The definition of element of income has been inserted via said amendment which defines element of income as difference between net assets value on the issuance or redemption date, as the case may be, of units and the net asset value at the beginning of the relevant accounting period. The said amendment also excludes element of income from accounting income for the purpose of distribution under regulation 63 of the NBFC Regulations. The said SRO also contains amendments relating to consequential changes in the income statement and statement of movement in unitholders' fund. The Management Company is in the process of assessing the impact of the said changes with the view that these changes will be effective for the period following the date of the said SRO.

## 2.6 Critical accounting judgments and estimates

The preparation of financial statements in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise its judgment in the process of applying Fund's accounting policies. Estimates, judgments and assumptions are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from those estimates.

In the process of applying Fund's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

- a) classification of financial assets (note 3.2.1)
- b) impairment of financial assets (note 3.2.5)
- c) provisions (note 3.6)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below and have been consistently applied to all the years presented unless otherwise stated.

### 3.1 Cash and cash equivalents

Cash comprises current and saving accounts with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to insignificant change in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

### 3.2 Financial assets

#### 3.2.1 Classification

The management of the Fund determines appropriate classification of investments at the time of purchase and classifies these investments at fair value through profit or loss - held-for-trading, loans and receivables or available-for-sale.

#### a) Investments at fair value through profit or loss - held for trading

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in market prices, interest rate movements or are financial assets included in a portfolio in which a pattern of short term profit making exists.

#### b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

#### c) Available for sale

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (i) loans and receivables, (ii) held to maturity investments or (iii) financial assets at fair value through profit and loss.

# NAFA ASSET ALLOCATION FUND

## 3.2.2 Regular Way Contracts

All regular purchases / sales of investments are recognized on the trade date i.e. the date that the Fund commits to purchase / sell the investments. Purchases / sales of investments require delivery of securities within the time frame established by the stock exchange regulations.

## 3.2.3 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss - held for trading. Financial assets carried at fair value through profit or loss - held for trading are initially recognised at fair value and transaction costs are recognised in the income statement.

## 3.2.4 Subsequent measurement

### a) Financial assets 'at fair value through profit or loss - held for trading' and 'available for sale'

#### 1) Debt securities (other than government securities)

The investment of the Fund in debt securities is valued on the basis of rates determined by the Mutual Fund Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its circular no. 1 of 2009 dated January 6, 2009 and circular no. 33 of 2012 dated October 24, 2012. In the determination of the rates MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

#### 2) Government securities

The investment of the Fund in government securities is valued on the basis of rates announced by the Financial Markets Association of Pakistan.

#### 3) Equity securities

The investment of the Fund in equity securities are valued on the basis of closing quoted market prices available at the stock exchange.

Net gains and losses arising from changes in the fair value of financial assets carried 'at fair value through profit or loss - held for trading' are taken to the 'income statement'.

Net gains and losses arising from changes in fair value of 'available for sale' financial assets are taken to the 'statement of comprehensive income' until these are derecognised or impaired. At this time, the cumulative gain or loss previously recognised directly in the 'statement of comprehensive income' is transferred to the 'income statement'.

### b) Loans and receivables

Subsequent to initial recognition, financial assets classified as 'loans and receivables' are carried at amortised cost using the effective interest method. Gains or losses are also recognised in the 'income statement' when financial assets carried at amortised cost are derecognised or impaired, and through the amortisation process.

## 3.2.5 Impairment of financial assets

The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever, the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the 'income statement'.

### a) Debt securities

Provision for non-performing debt securities is made on the basis of time based criteria as prescribed under circular no. 33 of 2012 dated October 24, 2012 issued by the SECP. Impairment losses recognised on debt securities can be reversed through the 'income statement'.

As allowed under circular no. 13 of 2009 dated May 4, 2009 issued by the SECP, the management may also make provision against debt securities over and above the minimum provision requirement prescribed in the aforesaid circular, in accordance with the provisioning policy approved by the Board of Directors and disseminated by the Management Company on its website.

### b) Equity securities

For equity securities classified as 'available for sale', a significant or prolonged decline in the fair value of the security below its cost is considered, among other indicators, as an indicator that the security is impaired. If any such evidence exists for 'available for sale' financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in 'income statement', is reclassified from other comprehensive income and recognized in the income statement. However, the decrease in impairment loss on equity securities are not reversed through the income statement.

# NAFA ASSET ALLOCATION FUND

## c) Loans and receivables

For financial assets classified as 'loans and receivables', a provision for impairment is established when there is an objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The amount of the provision is the difference between the assets carrying value and present value of estimated future cash outflows, discounted at the original effective interest rate.

### 3.2.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

### 3.2.7 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the 'statement of assets and liabilities' when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

## 3.3 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

## 3.4 Issuance and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that date. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable. Sales load collected, if any, is payable to the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

## 3.5 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

An equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed is determined based on the income earned and on unrealised gain / (loss) arising during an accounting year on available for sale securities. The element of income / (loss) and capital gains / (losses) included in the prices of units issued less those redeemed is apportioned between the income statement and the distribution statement in proportion of the relative change in net assets for the year of available for sale investments and other net assets.

## 3.6 Provisions

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

## 3.7 Revenue recognition

- Realised capital gains / (losses) arising on sale of investments are included in the 'income statement' on the date at which the transaction takes place.
- Unrealised gains / (losses) arising on revaluation of investments classified as financial assets 'at fair value through profit or loss - held for trading' are included in the 'income statement' in the period in which they arise.
- Dividend income is recognised when the right to receive the dividend is established.
- Markup / return on government securities, term finance certificate, sukuks, commercial papers, clean placements, bank balances and term deposits are recognized on a time proportionate basis using the effective interest method.

## 3.8 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 ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed among the unit holders (excluding distribution made by issuance of bonus units).

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.



# NAFA ASSET ALLOCATION FUND

## 3.9 Proposed distributions

Distributions declared subsequent to the year end are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared..

## 3.10 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.

4 BALANCES WITH BANKS	Note	2017	2016
		-----Rupees in '000-----	
Current accounts		16,715	6,685
Savings accounts	4.1 and 4.3	1,001,545	421,673
Term deposits with original maturity of three months or less	4.2	-	50,977
		<u>1,018,260</u>	<u>479,335</u>

4.1 These saving accounts carry markup at rates ranging from 5.2% to 6.25% per annum (2016: 4.50% to 7.45% per annum).

4.2 This represents short term deposit having original maturity period of less than three months. These carry mark-up rate of 6.75% per annum (2016: 7.35% per annum) and will mature on September 29, 2017.

4.3 These have been adjusted with cheques of Rs. 61.648 million issued on account of redemption of units and cheques of Rs. 13.673 million received on account of issuance of units as at year end.

4.4 Cash and cash equivalents	Note	2017	2016
		-----Rupees in '000-----	
Current accounts		16,715	6,685
Savings accounts		1,001,545	421,673
Term deposits having original maturity of three months or less		250,000	50,977
		<u>1,268,260</u>	<u>479,335</u>

## 5 INVESTMENTS

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

Listed equity securities	5.1	2,060,320	784,127
Government securities		-	63
Term deposits	5.5	304,695	-
		<u>2,365,015</u>	<u>784,190</u>

### 5.1 Listed equity securities

Name of the investee company and Sector	Number of shares					Market value as at June 30, 2017	Market value as a percentage of		
	As at July 01, 2016	Purchased during the year	Bonus / Right shares	Sales during the year	As at June 30, 2017		Net assets	Total investments	Holding as a percentage of paid up capital of the investee company

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

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.

#### OIL AND GAS MARKETING COMPANIES

Attock Petroleum Limited	15,200	9,050	-	-	24,250	15,191	0.46	0.64	0.0002
Pakistan State Oil Company Limited	65,020	61,700	-	10,000	116,720	45,211	1.37	1.91	0.0430
Hascol Petroleum Limited (Refer 5.1.2)	1,354	-	-	-	1,354	462	0.01	0.02	0.0011
Shell Pakistan Limited	2,500	109,300	-	900	110,900	63,809	1.94	2.70	0.1036
							<u>3.78</u>	<u>5.27</u>	

#### OIL AND GAS EXPLORATION COMPANIES

Oil and Gas Development Company Limited	211,000	177,800	-	47,500	341,300	48,017	1.46	2.03	0.0079
Pakistan Oilfields Limited	99,150	53,500	-	13,000	139,650	63,981	1.94	2.71	0.0590
Pakistan Petroleum Limited	250,860	216,600	-	75,500	391,960	58,065	1.76	2.46	0.0199
Mari Petroleum Company Limited	36,900	25,690	-	340	62,250	98,084	2.98	4.15	0.0028
							<u>8.14</u>	<u>11.35</u>	

#### REFINERY

Attock Refinery Limited	47,600	-	-	8,400	39,200	14,997	0.46	0.63	0.0123
							<u>0.46</u>	<u>0.63</u>	

# NAFA ASSET ALLOCATION FUND

Name of the investee company and Sector	Number of shares					Market value as at June 30, 2017	Market value as a percentage of		
	As at July 01, 2016	Purchased during the year	Bonus / Right shares	Sales during the year	As at June 30, 2017		Net assets	Total investments	Holding as a percentage of paid up capital of the investee company
<b>FERTILIZER</b>						Rupees in '000	----- % -----		
Engro Corporation Limited	48,000	221,900	-	25,000	244,900	79,815	2.43	3.37	0.0468
Engro Fertilizers Limited	466,500	50,000	-	64,000	452,500	24,996	0.76	1.06	0.0339
Fauji Fertilizer Bin Qasim Limited	166,500	442,500	-	282,500	326,500	13,987	0.43	0.59	0.0350
							<b>3.62</b>	<b>5.02</b>	
<b>CHEMICALS</b>									
Engro Polymer and Chemicals Limited	-	1,605,000	-	248,000	1,357,000	49,531	1.51	2.09	0.2045
							<b>1.51</b>	<b>2.09</b>	
<b>FOOD AND PERSONAL CARE PRODUCTS</b>									
Rafan Maize Products Company Limited	-	1,640	-	-	1,640	11,234	0.34	0.48	0.0178
Al Shaheer Corporation Limited	-	92,000	-	-	92,000	3,690	0.11	0.16	0.3595
							<b>0.45</b>	<b>0.64</b>	
<b>ENGINEERING</b>									
International Steels Limited	841,000	27,000	-	609,500	258,500	33,060	1.00	1.40	0.0594
International Industries Limited	450,000	-	-	311,000	139,000	51,231	1.56	2.17	0.1159
Amreli Steels Limited	-	250,000	-	-	250,000	30,738	0.93	1.30	0.0842
Mughal Iron And Steel Industries Limited	155,000	-	125,000	30,000	250,000	20,183	0.61	0.85	0.0994
							<b>4.10</b>	<b>5.72</b>	
<b>CEMENT</b>									
D.G. Khan Cement Company Limited	139,700	288,200	-	46,000	381,900	81,406	2.47	3.44	0.0872
Lucky Cement Limited	47,800	59,100	-	6,400	100,500	84,044	2.55	3.55	0.0311
Maple Leaf Cement Factory Limited	165,500	-	-	29,000	136,500	15,201	0.46	0.64	0.0259
Attock Cement Pakistan Limited	63,700	120,000	-	-	183,700	55,601	1.69	2.35	0.1604
Pioneer Cement Limited	192,000	96,500	-	23,100	265,400	34,502	1.05	1.46	0.1168
Cherat Cement Company Limited	-	216,900	-	-	216,900	38,777	1.18	1.64	0.1228
Fauji Cement Company Limited	-	327,000	-	-	327,000	13,417	0.41	0.57	0.0237
							<b>9.81</b>	<b>13.65</b>	
<b>TRANSPORT</b>									
Pakistan National Shipping Corporation	78,700	-	-	-	78,700	9,908	0.30	0.42	0.0596
							<b>0.30</b>	<b>0.42</b>	
<b>TEXTILE COMPOSITE</b>									
Nishat Mills Limited	319,400	261,500	-	109,200	471,700	74,849	2.27	3.16	0.1342
Gul Ahmed Textile Mills Limited	-	753,000	101,800	-	854,800	35,030	1.06	1.48	0.2398
Crescent Textile Mills Limited	-	556,000	-	373,500	182,500	6,835	0.21	0.29	0.2281
Nishat (Chunian) Limited	-	619,000	-	-	619,000	31,767	0.97	1.34	0.2577
Dawood Lawrencepur Limited	-	73,000	-	-	73,000	16,046	0.49	0.68	0.1236
Kohinoor Textile Mills Limited (Refer 5.1.2)	491,888	62,000	-	-	553,888	58,230	1.77	2.46	0.1962
							<b>6.77</b>	<b>9.41</b>	
<b>POWER GENERATION AND DISTRIBUTION</b>									
The Hub Power Company Limited	222,200	206,000	-	89,500	338,700	39,774	1.21	1.68	0.0293
Kot Addu Power Company Limited	310,000	-	-	-	310,000	22,326	0.68	0.94	0.0352
Saif Power Limited	129,500	-	-	-	129,500	3,908	0.12	0.17	0.0335
K-Electric Limited	-	3,836,000	-	1,194,000	2,642,000	18,230	0.55	0.77	0.0273
							<b>2.56</b>	<b>3.56</b>	
<b>COMMERCIAL BANKS</b>									
Allied Bank Limited	227,700	323,000	-	-	550,700	49,354	1.50	2.09	0.0134
Bank Al Habib Limited	529,150	-	-	-	529,150	30,029	0.91	1.27	0.0476
MCB Bank Limited	70,000	195,800	-	18,500	247,300	52,039	1.58	2.20	0.0222
United Bank Limited	79,003	214,900	-	-	293,903	69,220	2.10	2.93	0.0240
Faysal Bank Limited (Refer 5.1.2)	27,125	-	2,713	-	29,838	671	0.02	0.03	0.0023
Habib Bank Limited	67,067	193,400	-	20,000	240,467	64,719	1.97	2.74	0.0164
Bank Al-falah Limited	660,500	-	-	660,500	-	-	-	-	-
							<b>8.08</b>	<b>11.26</b>	
<b>PAPER AND BOARD</b>									
Century Paper and Board Mills Limited	-	352,500	-	-	352,500	34,563	1.05	1.46	0.2398
Cherat Packaging Limited	3,572	-	-	-	3,572	849	0.03	0.04	0.0121
							<b>1.08</b>	<b>1.50</b>	

# NAFA ASSET ALLOCATION FUND

Name of the investee company and Sector	Number of shares					Market value as at June 30, 2017	Market value as a percentage of		
	As at July 01, 2016	Purchased during the year	Bonus / Right shares	Sales during the year	As at June 30, 2017		Net assets	Total investments	Holding as a percentage of paid up capital of the investee company
Rupees in '000 ----- % -----									
<b>AUTOMOBILE ASSEMBLER</b>									
Millat Tractors Limited	-	59,500	-	2,000	57,500	79,030	2.40	3.34	0.1298
Indus Motor Company Limited	32,930	10,000	-	3,600	39,330	70,542	2.14	2.98	0.0500
Honda Atlas Cars Pakistan Limited	-	35,300	-	-	35,300	30,629	0.93	1.30	0.0247
							<u>5.47</u>	<u>7.62</u>	
<b>AUTOMOBILE PARTS AND ACCESSORIES</b>									
Baluchistan Wheels Limited	7,500	-	-	-	7,500	1,114	0.03	0.05	0.0562
Thal Limited	112,300	-	-	47,100	65,200	39,513	1.20	1.67	0.1609
							<u>1.23</u>	<u>1.72</u>	
<b>TECHNOLOGY AND COMMUNICATION</b>									
Systems Limited	-	259,500	-	-	259,500	19,680	0.60	0.83	0.2321
							<u>0.60</u>	<u>0.83</u>	
<b>GLASS AND CERAMICS</b>									
Tariq Glass Industries Limited	528,000	-	-	76,000	452,000	50,064	1.52	2.12	0.6153
Shabbir Tiles and Ceramics Limited	-	2,128,500	-	-	2,128,500	40,803	1.24	1.73	1.3011
							<u>2.76</u>	<u>3.85</u>	
<b>CABLE AND ELECTRIC GOODS</b>									
Pak Elektron Limited	216,375	265,000	-	90,000	391,375	43,176	1.31	1.83	0.0786
							<u>1.31</u>	<u>1.83</u>	
<b>PHARMACEUTICALS</b>									
Abbott Laboratories Pakistan Limited	-	12,000	-	-	12,000	11,215	0.34	0.47	0.0002
Ferozsons Laboratories Limited	-	18,050	-	-	18,050	6,977	0.21	0.30	0.0598
							<u>0.55</u>	<u>0.77</u>	
<b>Total as at June 30, 2017</b>	<b>7,578,194</b>	<b>14,885,330</b>	<b>229,513</b>	<b>4,514,040</b>	<b>18,178,997</b>	<b>2,060,320</b>	<b>62.58</b>	<b>87.14</b>	
<b>Carrying value before mark to market as at June 30, 2017</b>						<b>1,732,196</b>			

5.1.1 Investments include shares with market value of Rs. 66.833 million (2016: Rs. 62.931 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.

5.2 Government securities - at fair value through profit or loss - held for trading

Issue date	Face value					Market value as at June 30, 2017	Investment as a percentage of	
	Tenor	As at July 1, 2016	Purchases during the year	Sold / matured during the year	As at June 30, 2017		Net assets	Total investments
-----Rupees in '000----- % -----								
<b>Pakistan investment bond</b>								
19 July, 2012	10 years	50	4,150	4,150	-	-	-	-

5.3 Net unrealised gain on re-measurement of investments at fair value through profit or loss - held for trading

Note 2017 2016  
----- (Rupees in '000) -----

Market value of investments	5.1 & 5.2	2,060,320	784,190
Less: carrying value of investments before mark to market	5.1 & 5.2	(1,732,196)	(728,665)
		<u>328,124</u>	<u>55,525</u>

# NAFA ASSET ALLOCATION FUND

5.4 This represents gross bonus shares as per Fund's entitlement declared by the investee company. The Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of five percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the company declaring bonus shares which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Funds Association of Pakistan, has filed a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the mutual funds based on the premise of exemption given to mutual funds under clause 47B and 99 of Second Schedule of Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case. Accordingly, the investee company(s) has withheld the shares equivalent to five percent of bonus announcement and not yet deposited in CDC account of department of Income Tax. Management is of the view that the decision will be in the favor and accordingly has recorded the bonus shares on gross basis.

5.5 This represents long term deposit having original maturity period of more than three months. These carry mark-up rate of 6.75% per annum (2016: Nil) and will mature on September 27, 2017.

6	2017	2016
MARK-UP ACCRUED AND DIVIDEND RECEIVABLE	-----(Rupees in '000)----	
Mark-up accrued on bank balances and term deposits	430	452
Mark-up accrued on government securities	6	6
Dividend receivable	5,665	1,461
	<u>6,101</u>	<u>1,919</u>

## 7 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Security deposits with:

- National Clearing Company of Pakistan Limited	2,750	2,750
- Central Depository Company of Pakistan Limited	100	100

Advance tax	432	87
Receivable against issuance of units	-	19
Prepayments	66	-
	<u>3,348</u>	<u>2,956</u>

8	Note	2017	2016
PAYABLE TO NBP FULLERTON MANAGEMENT LIMITED - MANAGEMENT COMPANY		-----(Rupees in '000)----	
Remuneration of the Management Company	8.1	6,031	2,120
Sindh Sales Tax on remuneration of the Management Company	8.2	784	344
Operational expenses	8.3	2,315	761
Selling and marketing expenses	8.4	4,432	-
Sales load		514	333
Sindh Sales Tax and Federal Excise Duty on sales load		3,800	3,798
		<u>17,876</u>	<u>7,356</u>

8.1 Under the provisions of the NBFC Regulations, the Management Company of the Fund was entitled to a remuneration during the first five years of the Fund, of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such assets provided that Management Company may charge performance based or fixed fee or a combination of both which shall not exceed the limit prescribed in the NBFC Regulations and such fee structure shall be disclosed in the offering document.

On November 25, 2015, SECP had made certain amendments in the NBFC Regulations through S.R.O 1160(1)/2015. As per the provision of amended NBFC Regulations, the applicable rate has been changed to 2% of average annual net assets.

As on July 15, 2015, the Fund has completed its five years and accordingly the Management Company has charged its remuneration at the rate of two percent of the average annual net assets of the Fund from that date.

8.2 This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (2016: 14%) on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.

# NAFA ASSET ALLOCATION FUND

8.3 This represents reimbursement of certain expenses to the Management Company. As per regulation 60(3)(s) of the NBFC Regulations, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the scheme, maximum up to 0.1% of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged 0.1% of the average annual net assets, being the lower amount, to the Fund.

8.4 This represents selling and marketing expenses charged by the Management Company to the Fund. During the year, the SECP through circular No. 40 of 2016 dated December 30, 2016 prescribed certain conditions on Asset Management Companies (AMCs) for charging of selling and marketing expenses to certain collective investment schemes managed by them. Pursuant to the circular, AMCs are allowed to charge selling and marketing expenses initially for three years (effective from January 01, 2017 till December 31, 2019) on open end equity, asset allocation, and index funds maximum up to 0.4% of the average annual net assets of the Fund or actual expenses, whichever is lower. Accordingly, the Management Company has charged 0.4% per annum of the average annual net assets of the Fund with effect from March 01, 2017, being the lower amount.

9	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2017 ----- (Rupees in '000)-----	2016
	Remuneration of the Trustee	9.1	384	188
	Sindh Sales Tax on remuneration of the Trustee	9.2	50	26
			<u>434</u>	<u>214</u>

9.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net assets of the Fund. The remuneration is payable to the Trustee monthly in arrears.

Tariff structure applicable to the Fund as at June 30, 2017 is as follows:

Net Assets Value	Tariff per annum
Upto Rs. 1,000 million	Rs. 0.7 million or 0.20% per annum of net assets, whichever is higher
On an amount exceeding Rs. 1,000 million	Rs. 2.0 million plus 0.10% per annum of net assets exceeding Rs. 1,000 million.

9.2 The Sindh Provincial Government levied Sindh Sales Tax at the rate of 13% (2016: 14%) on the remuneration of the trustee through Sindh Sales Tax on Services Act, 2011.

## 10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

10.1 Under the provisions of the NBFC Regulations, a collective investment scheme categorized as "asset allocation scheme" is required to pay as annual fee to the Securities and Exchange Commission of Pakistan, an amount equal to 0.095 percent of the average annual net assets of the Fund. The fee is paid annually in arrears.

11	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2017 ----- (Rupees in '000)-----	2016
	Auditors' remuneration		444	479
	Federal Excise Duty on remuneration of the Management Company	11.1	16,000	16,000
	Provision for Workers' Welfare Fund	16	-	18,637
	Provision for Sindh Workers' Welfare Fund	16	18,468	-
	Brokerage charges		182	131
	Settlement charges		69	93
	Printing charges		92	136
	Withholding tax		35,739	8,774
	Capital gain tax		1,778	1,206
	Legal and professional charges		24	12
	Payable against redemption of units		1,647	38,810
	Dividend payable		7,281	269
	Rating fee		120	-
	Others		253	225
			<u>82,097</u>	<u>84,772</u>

11.1 As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan with the Sindh High Court (SHC).

# NAFA ASSET ALLOCATION FUND

While disposing the above petition, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from July 01, 2011. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for the decision.

Further, the Finance Act 2016, also introduced an amendment to the Federal Excise Act, 2005 whereby FED was withdrawn on services of different industries including Non-Banking Financial Institutions, which are already subject to provisional sales tax.

However, since the appeal is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, is carrying provision for FED aggregating to Rs. 16 million as at December 31, 2016.

Had the provision not been made, the net asset value per unit as at June 30, 2017 would have been higher by Rs.0.0829 per unit (2016: Rs. 0.2020 per unit).

11.2 The amount of FED accrued on remuneration of the Management Company will be paid via Management Company to the Taxation authority, if required.

## 12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2017 and June 30, 2016.

	2017	2016
	-----Number of units-----	
<b>13 NUMBER OF UNITS IN ISSUE</b>		
Total units in issue at the beginning of the year	79,209,685	138,588,032
Add: units issued during the year	322,578,223	204,304,497
Less: units redeemed during the year	(208,782,160)	(263,682,844)
Total units in issue at the end of the year	<u>193,005,748</u>	<u>79,209,685</u>

## 14 NET ASSET VALUE PER UNIT

The net asset value per unit as disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

	2017	2016
	-----Rupees in '000-----	
<b>15 AUDITORS' REMUNERATION</b>		
Annual audit fee	365	365
Half yearly review fee	146	146
Out of pocket expenses	26	149
	<u>537</u>	<u>660</u>
<b>16 WORKERS' WELFARE FUND AND SINDH WORKERS' WELFARE FUND</b>		

The Finance Act, 2008 introduced amendments to the Workers' Welfare Fund Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Peshawar High Court. The Honorable Supreme Court of Pakistan vide its judgment dated November 10, 2016, has upheld the view of Lahore High Court and decided that Workers' Welfare Fund (WWF) is not a tax and hence the amendments introduced through Finance Act, 2008 are ultra-vires to the Constitution. The Federal Board of Revenue has led Civil Review Petitions in respect of above judgment with the prayer that the judgment dated November 10, 2016 passed in the Civil Appeal may kindly be reviewed in the interest of justice.

Furthermore, the Sindh Revenue Board (SRB) had written to few mutual funds in January 2016 to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after December 31, 2013. MUFAP reviewed the issue and based on an opinion decided that SWWF is not applicable on mutual funds as they are not financial institutions as required by SWWF Act, 2014. The MUFAP wrote to the SRB that mutual funds are not establishments and are pass through vehicles hence, they do not have any worker and no SWWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, therefore SWWF is applicable on mutual funds. The MUFAP has taken up this matter before the Sindh Finance Ministry to exclude mutual funds from SWWF.

In view of the above developments regarding the applicability of WWF and SWWF on mutual funds, MUFAP has recommended the following to all its members on January 12, 2017:

- the entire provision against WWF held by the mutual funds till June 30, 2015, to be reversed on January 12, 2017; and
- the provision in respect of SWWF should be made on a prudent basis on January 12, 2017 with effect from the date of enactment of the Sindh Workers' Welfare Fund Act, 2014 (i.e. starting from May 21, 2015).

# NAFA ASSET ALLOCATION FUND

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on January 12, 2017 and the SECP vide its letter dated February 1, 2017 has advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the mutual funds.

As a result of the above recommendations of the MUFAP, the Fund on January 12, 2017, reversed the provision of WWF and recognized provision for SWWF from May 21, 2015.

Had the provision of SWWF not been made, the net asset value per unit as at June 30, 2017 would have been higher by Rs.0.0829 per unit.

## 17 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 ninety percent of its accounting income for the year, as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders (excluding distribution made by issuance of bonus units). Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 the Fund is required to distribute ninety percent of accounting income other than capital gains whether realised or unrealised to the unit holders. The Fund intends to distribute such accounting income for the year ended June 30, 2017 to its unit holders. Accordingly, no provision in respect of taxation has been made in these financial statements.

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

## 18 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.

## 19 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses incurred during the year divided by average net asset value for the year) is 3.73% per annum including 1.16% representing government levies on Collective Investment Schemes such as sales tax, provision for Sindh Worker's Welfare Fund and Securities and Exchange Commission of Pakistan fee for the year.

## 20 TRANSACTION WITH CONNECTED PERSONS AND RELATED PARTIES

20.1 Connected persons and related parties include NBP Fullerton Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan being the Parent of the Management Company and Alexandra Fund Management Pte. Limited being the sponsor of the Management Company. It also includes associated companies of Management Company due to common directorship, post-employment benefit funds of the Management Company, its parent and sponsor. It also includes subsidiaries and associated companies of the Parent of the Management Company and other collective investment schemes (CIS) managed by the Management Company, directors and key management personnel of the Management Company and any person or company beneficially owning directly or indirectly 10% or more of the units in issue / net assets of the Fund.

20.2 The transactions with connected persons and related parties are carried out in the normal course of business, at contracted rates and terms determined in accordance with the market norms.

20.3 Remuneration of the Management Company is determined in accordance with the provisions of the NBFC Regulations.

20.4 Remuneration of the Trustee is determined in accordance with the provisions of the Trust Deed.

20.5 Details of transactions with connected persons and related parties are as follows:

### NBP Fullerton Asset Management Limited (Management Company)

	2017	2016
	----- (Rupees in '000) -----	
Remuneration of the Management Company	46,294	29,486
Sindh Sales Tax on remuneration of the Management Company	6,018	4,789
Reimbursement of operational expenses to the Management Company	2,315	761
Sales load	9,571	7,540
Sindh Sales tax and Federal Excise Duty on sales load	1,308	2,505
Units Issued / transferred in 2,930,334 units (2016: Nil)	50,000	-
Units redeemed / transferred out 2,930,334 units (2016: Nil)	49,981	-

# NAFA ASSET ALLOCATION FUND

	2017	2016
	----- (Rupees in '000) -----	
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration of the Trustee	3,315	2,474
Sindh Sales Tax on remuneration of the Trustee	431	346
CDS charges	101	156
<b>Taurus Securities Limited (Subsidiary of the Parent of the Management Company)</b>		
Brokerage expense	84	135
<b>Summit Bank Limited (Common Directorship with the Management Company)</b>		
Mark-up on bank balances	17	58
<b>Askari Bank Limited (Common Directorship with the Management Company)</b>		
Mark-up on bank balances	121	-
<b>BankIslami Pakistan Limited (Common Directorship with the Management Company)</b>		
Mark-up on bank balances	73	-
<b>NAFA Employees Provident Fund (Provident Fund of the Management Company)</b>		
Units Issued / transferred in 982,584 units (2016: 1,520,461 units)	18,856	23,483
Units redeemed / transferred out 1,279,286 units (2016: 1,973,000 units)	24,624	31,073
Dividend re-invest Nil (2016: 8,990 units)	-	138
<b>Aamir Sattar (Director of the Management Company)</b>		
Dividend re-invest 10,247 units (2016: 6,326 units)	173	94
<b>Company Secretary / Chief Operating Officer of the Management Company</b>		
Units issued / transferred in 5,540 units (2016: Nil)	87	-
Units redeemed / transferred out 51,003 units (2016: Nil)	841	101
Dividend re-invest 1 unit (2016: 4,104 units)	-	62
<b>Humayun Bashir (Director of the Management Company)</b>		
Units issued / transferred in 249,795 units (2016: Nil)	5,000	-
Dividend re-invest 102,446 units (2016: Nil)	1,725	-
<b>Nausherwan Adil (Director of the Management Company)</b>		
Units issued / transferred in 79,363 units (2016: Nil)	1,500	-
Dividend re-invest 8,906 units (2016: Nil)	150	-
<b>Chief Financial Officer of the Management Company</b>		
Units issued / transferred in Nil (2016: 62,985 units)	-	995
Units redeemed / transferred out 7,948 units (2016: Nil)	160	-
Dividend re-invest 6,826 units (2016: 4,100 units)	115	61
<b>Employees of the Management Company</b>		
Units issued / transferred in 114,786 units (2016: 485,315 units)	2,020	7,313
Units redeemed / transferred out 147,270 units (2016: 437,846 units)	2,660	6,558
Dividend re-invest 7,659 units (2016: 6,675 units)	129	99
<b>International Industries Limited (Common Directorship with the Management Company)</b>		
Shares purchased Nil (2016: 169,000 shares)	-	11,962
Shares sold 311,000 (2016: 61,500 shares)	33,195	4,796
Dividend Income	1,673	1,153



# NAFA ASSET ALLOCATION FUND

	2017	2016
	----- (Rupees in '000) -----	
<b>International Steels Limited (Common Directorship with the Management Company)</b>		
Shares purchased 27,000 (2016: 841,000 shares)	3,136	23,611
Shares sold 609,500 (2016: Nil)	30,879	-
Dividend income	1,126	-
<b>Cherat Packaging Limited (Common Directorship with the Management Company)</b>		
Shares purchased Nil (2016: 42,500 shares)	-	10,677
Shares sold Nil (2016: 21,100 shares)	-	13,041
Dividend income	34	222
Subscription of right shares	-	444
<b>Cherat Cement Limited (Common Directorship with the Management Company)</b>		
Shares purchased 216,900 shares (2016: Nil)	39,112	-
Dividend income	-	-
<b>Gul Ahmed Textile Mills Limited (Common Directorship with the Management Company)</b>		
Shares purchased 753,000 (2016: Nil)	38,324	-
Dividend income	2,481	-
<b>Byco Oil Pakistan Limited - Employee Provident Fund (Portfolio managed by the Management Company)</b>		
Units issued / transferred in 165,714 units (2016: 1,202,158 units)	2,708	18,780
Units redeemed / transferred out 165,714 units (2016: 2,406,747 units)	3,304	36,356
Dividend re-invest Nil (2016: 20,441 units)	-	313
<b>Byco Petroleum Pakistan Limited - Employee Provident Fund (Portfolio managed by the Management Company)</b>		
Units issued / transferred in 4,222,570 units (2016: 3,725,033 units)	75,864	58,672
Units redeemed / transferred out 3,044,990 units (2016: 6,657,536 units)	57,454	103,873
Dividend re-invest Nil (2016: 35,186 units)	-	539
<b>Pakistan Cables Management Staff Pension Fund (Portfolio managed by the Management Company)</b>		
Units issued / transferred in 2,116,638 units (2016: Nil)	35,647	-
Units redeemed / transferred out 1,898,708 (2016: Nil)	35,643	-
<b>Service Provident Fund Trust (Portfolio managed by the Management Company)</b>		
Units issued / transferred in 13,239,287 units (2016: Nil)	244,195	-
<b>Telenor Pakistan (Private) Limited Employees Provident Fund (Portfolio managed by the Management Company)</b>		
Units issued / transferred in 2,090,759 units (2016: Nil)	40,121	-
Units redeemed / transferred out 2,090,759 (2016: Nil)	40,053	-
<b>Telenor Employees Gratuity Fund (Portfolio managed by the Management Company)</b>		
Units issued / transferred in (10,001,046 units (2016: Nil)	191,919	-
Units redeemed / transferred out 10,001,046 units (2016: Nil)	191,591	-
<b>IGI Life Insurance Limited (Portfolio managed by the Management Company)</b>		
Units issued / transferred in 1,397,257 units (2016: Nil)	26,813	-
Units redeemed / transferred out 1397,257 units (2016: Nil)	26,767	-
<b>Pakistan Centre For Philanthropy (Portfolio managed by the Management Company)</b>		
Units issued / transferred in 112,054 units (2016: Nil)	2,150	-
Units redeemed / transferred out 112,054 units (2016: Nil)	2,147	-
<b>Gul Ahmed Textile Mills Limited Employees Provident Fund (Portfolio managed by the Management Company)</b>		
Units issued / transferred in 3,761,224 units (2016: Nil)	71,006	-
Units redeemed / transferred out 1,954,005 units (2016: Nil)	33,344	-

# NAFA ASSET ALLOCATION FUND

	2017	2016
	----- (Rupees in '000) -----	
<b>20.6 Details of amounts outstanding as at year end with connected persons and related parties are as follows:</b>		
<b>NBP Fullerton Asset Management Limited (Management Company)</b>		
Remuneration of the Management Company	6,031	2,120
Sindh Sales Tax on remuneration of the Management Company	784	344
Operational expenses	2,315	761
Selling and Marketing expenses	4,432	-
Sales load	514	333
Sindh Sales tax and Federal Excise Duty on sales load	3,800	3,798
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration of the Trustee	384	188
Sindh sales tax on remuneration of the Trustee	50	26
CDS charges	20	93
Security deposit	100	100
<b>National Bank of Pakistan (Parent of the Management Company)</b>		
Bank balances	12,469	4,501
<b>International Industries Limited (Common Directorship with the Management Company)</b>		
Ordinary shares held 139,000 (2016: 450,000 shares)	51,231	36,392
<b>International Steels Limited (Common Directorship with the Management Company)</b>		
Ordinary shares held 258,500 (2016: 841,000 shares)	33,060	29,956
<b>Cherat Packaging Limited (Common Directorship with the Management Company)</b>		
Ordinary shares held 3,572 (2016: 3,572 shares)	849	1,221
<b>Gul Ahmed Textile Mills Limited (Common Directorship with the Management Company)</b>		
Ordinary shares held 854,000 (2016: Nil)	35,030	-
<b>Summit Bank Limited (Common Directorship with the Management Company)</b>		
Bank balances	4,245	2,646
<b>Askari Bank Limited (Common Directorship with the Management Company)</b>		
Bank balances	1,072	-
Markup accrued on bank balances	8	-
<b>BankIslami Pakistan Limited (Common Directorship with the Management Company)</b>		
Bank balances	990	-
Markup accrued on bank balances	12	-
<b>NBP Fullerton Asset Management Limited Employees Provident Fund (Provident Fund of the Management Company)</b>		
Investment held in the Fund Nil (2016: 296,702 units)	-	4,400
<b>Aamir Sattar (Director of the Management Company)</b>		
Investment held in the Fund 99,025 units (2016: 88,777 units)	1,688	1,317
<b>Company Secretary / Chief Operating Officer of the Management Company</b>		
Investment held in the Fund 1 unit (2016: 56,543 units)	-	839
<b>Chief Financial Officer of the Management Company</b>		
Investment held in the Fund 65,963 units (2016: 67,085 units)	1,124	995
<b>Employees of the Management Company</b>		
Investment held in the Fund 76,119 units (2016: 100,944 units)	1,298	1,497
<b>Taurus Securities Limited (Subsidiary of Parent of the Management Company)</b>		
Brokerage payable	-	8

# NAFA ASSET ALLOCATION FUND

	2017	2016
	-----Rupees in '000-----	
<b>Byco Petroleum Pakistan Limited - Employee Provident Fund</b> (Portfolio managed by the Management Company)		
Investment held in the Fund 1,177,580 units (2016: Nil)	20,074	-
<b>Gul Ahmed Textile Mills Limited Employees Provident Fund</b> (Portfolio managed by the Management Company)		
Investment held in the Fund 1,807,219 units (2016: Nil)	30,807	
<b>Aamir Sattar (Director of the Management Company)</b>		
Investment held in the Fund 99,025 units (2016: Nil)	1,688	-
<b>Humayun Bashir (Director of the Management Company)</b>		
Investment held in the Fund 989,995 units (2016: Nil)	16,876	-
<b>Nausherwan Adil (Director of the Management Company)</b>		
Investment held in the Fund 88,269 units (2016: 100,944 units)	1,505	-
<b>Service Provident Fund Trust</b> (Portfolio managed by the Management Company)		
Investment held in the Fund 13,239,287 units (2016: Nil)	225,686	-
<b>Net amount receivable / (payable) against transfer of units from / to:</b>		
NAFA Financial Sector Income Fund	-	(4,594)
NAFA Multi Asset Fund	-	11
NAFA Money Market Fund	-	7
NAFA Stock Fund	-	(8,069)
NAFA Savings Plus Fund	-	1
NAFA Islamic Asset Allocation Fund	-	(26,140)
NAFA Islamic Active Allocation Plan - III	-	(7)

## 21 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

Details of members of the investment committee of the Fund are as follows:

S.No.	Name	Qualification	Experience in years
1	Dr. Amjad Waheed	MBA, Doctorate in Business Administration, CFA	29
2	Mr. Sajjad Anwar	MBA Finance & CFA	17
3	Mr. Taha Khan Javed	MBA, MS, CFA & FRM	11
4	Mr. Hassan Raza	ACCA, BSC & CFA	6
5	Mr. Muhammad Ali Bhabha	MBA & CFA	22

21.1 Mr. Taha Khan Javed is the manager of the Fund. Other Funds being managed by the Fund manager are as follows:

- NAFA Islamic Asset Allocation Fund
- NAFA Money Market Fund
- NAFA Stock Fund
- NAFA Islamic Energy Fund
- NAFA Islamic Active Allocation Equity Fund

# NAFA ASSET ALLOCATION FUND

## 22 TRANSACTIONS WITH BROKERS

List of top ten brokers by percentage of commission charged during the year ended June 30, 2017

S. No.	Particulars	Percentage
1	Taurus Securities Limited	6.90%
2	BMA Capital Management Limited	6.38%
3	Fortune Securities (Private) Limited	6.00%
4	Arif Habib Securities Limited	4.95%
5	Alfalah Securities (Private) Limited	4.91%
6	Ismail Iqbal Securities (Private) Limited	4.78%
7	IGI Finex Securities Limited	4.28%
8	S.C. Securities Private Limited	4.14%
9	Next Capital Limited	3.92%
10	JS Global Capital Limited	3.80%

List of top ten brokers by percentage of commission charged during the year ended June 30, 2016

S. No.	Particulars	Percentage
1	Taurus Securities Limited	9.72%
2	Arif Habib Securities Limited	5.81%
3	Elixir Securities Pakistan (Private) Limited	4.95%
4	BMA Capital Management Limited	4.53%
5	Fortune Securities (Private) Limited	4.28%
6	Topline Securities (Private) Limited	4.20%
7	Concordia Securities (Private) Limited	4.02%
8	D.J.M Securities (Private) Limited	4.01%
9	Foundation Securities (Private) Limited	3.89%
10	KASB Securities Limited	3.54%

## 21 PATTERN OF UNIT HOLDING

----- As at June 30, 2017-----

Category	Number of unit holders	Net asset value of the amount invested	Percentage of investment
Rupees in '000			
Individuals	1,293	1,586,216	48.21%
Associated companies and directors	4	22,171	0.67%
Insurance companies	1	5,388	0.16%
Listed companies	2	315,202	9.58%
Banks / DFI's	1	12,236	0.37%
Retirement funds	37	1,030,311	31.32%
Others	17	318,594	9.68%
	1,355	3,290,118	100.0%

----- As at June 30, 2016-----

Category	Number of unit holders	Net asset value of the amount invested	Percentage of investment
Rupees in '000			
Individuals	1,002	884,412	75.29%
Associated companies and directors	1	4,400	0.37%
Insurance companies	1	14,528	1.24%
Retirement funds	13	110,000	9.36%
Others	11	161,317	13.73%
	1,028	1,174,657	100%

# NAFA ASSET ALLOCATION FUND

## 24 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 60th, 61st, 62nd and 63rd Board meetings were held on September 23, 2016, October 28, 2016, February 28, 2017 and April 28, 2017, respectively. Information in respect of attendance by directors in the meetings is given below:

Category	Number of meetings			Meeting not attended
	Held	Attended	Leave granted	
Mr. Nausherwan Adil	4	4	-	-
Mr. Aamir Sattar	4	4	-	-
Mr. Abdul Hadi Palekar	4	3	1	61st
Mr. Koh Boon San [note 24.1]	2*	2	-	-
Mr. Lui Mang Yin (Martin Lui)	4	4	-	-
Dr. Foo Chiah Shiung (Kelvin Foo) [note 24.2]	2*	1	1	63rd
Mr. Kamal Amir Chinoy	4	4	-	-
Mr. Shehryar Faruque	4	3	1	62nd
Mr. Saiyed Hashim Ishaque [note 24.3]	3*	3	-	-
Mr. Humayun Bashir [note 24.4]	1*	1	-	-
Dr. Amjad Waheed	4	4	-	-

24.1 Mr. Koh Boon San retired in Extra Ordinary General Meeting held on November 21, 2016.

24.2 Dr. Foo Chiah Shiung (Kelvin Foo) was appointed as director on the Board with effect from November 21, 2016.

24.3 Mr. Saiyed Hashim Ishaque was appointed as director on Board with effect from August 05, 2016 and resigned in Extra Ordinary General Meeting held on March 17, 2017.

24.4 Mr. Humayun Bashir was appointed as director on the Board with effect from March 17, 2017.

\* These directors were appointed and retired/ resigned during the year, therefore the number of meetings held in respect of these directors is less than the total number of meetings held during the year.

## 25 FINANCIAL INSTRUMENTS BY CATEGORY

-----June 30, 2017-----

Particulars	Loans and receivables	At fair value through profit or loss - held for trading	Available for sale	Total
-------------	-----------------------	---	--------------------	-------

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

### Financial assets

Balance with banks	1,018,260	-	-	1,018,260
Investments	-	2,365,015	-	2,365,015
Mark-up accrued and dividend receivable	6,101	-	-	6,101
Deposits and other receivables	2,850	-	-	2,850
	<u>1,027,211</u>	<u>2,365,015</u>	<u>-</u>	<u>3,392,226</u>

-----June 30, 2017-----

Particulars	At fair value through profit or loss	At amortised cost	Total
-------------	--------------------------------------	-------------------	-------

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

### Financial liabilities

Payable to the Management Company	-	17,876	17,876
Payable to the Trustee	-	434	434
Accrued expenses and other liabilities	-	26,112	26,112
Net assets attributable to redeemable units	-	3,290,118	3,290,118
	<u>-</u>	<u>3,334,540</u>	<u>3,334,540</u>

# NAFA ASSET ALLOCATION FUND

-----June 30, 2016-----

Particulars	Loans and receivables	At fair value through profit or loss - held for trading	Available for sale	Total
-------------	-----------------------	---	--------------------	-------

## Financial assets

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

Balance with banks		-	-	479,335
Investments	479,335	784,190	-	784,190
Mark-up accrued and dividend receivable	-	-	-	1,919
Deposits and other receivables	1,919	-	-	2,956
	<u>2,956</u>	<u>784,190</u>	<u>-</u>	<u>1,268,400</u>

-----June 30, 2016-----

Particulars	At fair value through profit or loss	At amortised cost	Total
-------------	--------------------------------------	-------------------	-------

## Financial liabilities

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

Payable to the Management Company	-	7,356	7,356
Payable to the Trustee	-	214	214
Accrued expenses and other liabilities	-	56,155	56,155
Net assets attributable to redeemable units	-	1,174,657	1,174,657
	<u>-</u>	<u>1,238,382</u>	<u>1,238,382</u>

## 26 FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

### 26.1 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices.

The Management Company manages the market risk by monitoring exposure on marketable securities by following regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risks: currency risk, interest rate risk and price risk.

#### 26.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund, at present is not exposed to currency risk as its operations are geographically restricted to Pakistan and all transactions are carried out in Pakistani Rupees.

#### 26.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

##### a) Sensitivity analysis for variable rate instruments

Presently, the Fund does not hold any variable rate instrument and is not exposed to cash flow interest rate risk except for balances in certain saving accounts and term deposits. In case of 100 basis points increase / decrease in KIBOR and bank profit rates with all other variables held constant, the net assets of the Fund would have been higher / lower by approximately Rs. 13.062 million (2016: Rs. 4.727million).

##### b) Sensitivity analysis for fixed rate instruments

Since the Fund does not have investment in fixed rate security, therefore, is not exposed to fair value interest rate risk.

Yield / interest rate sensitivity position for on balance sheet financial instruments based on the earlier of contractual repricing or maturity date and for off balance sheet instruments based on settlement date is as follows:

# NAFA ASSET ALLOCATION FUND

As at June 30, 2017

Particulars	Yield / profit rate	Total	Exposed to Yield/Interest rate risk			Not exposed to yield/ Interest rate risk
			Upto three months	More than three months and upto one year	More than one year	

------(Rupees in '000)-----

## On-balance sheet financial instruments

### Financial assets

	5.2 - 6.75	1,018,260	1,001,545	-	-	16,715
Balance with banks	6.75	2,365,015	250,000	54,695	-	2,060,320
Investments		6,101	-	-	-	6,101
Mark-up accrued and dividend receivable		2,850	-	-	-	2,850
Deposits and other receivables						
		3,392,226	1,251,545	54,695	-	2,085,986

### Financial liabilities

		17,876	-	-	-	17,876
Payable to the Management Company		434	-	-	-	434
Payable to the Trustee		26,112	-	-	-	26,112
Accrued expenses and other liabilities		3,290,118	-	-	-	3,290,118
Net assets attributable to redeemable units		3,334,540	-	-	-	3,334,540
		57,686	1,251,545	54,695	-	(1,248,554)

## On-balance sheet gap

	-	-	-	-	-	-
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## Off-balance sheet financial instruments

	-	-	-	-	-	-
--	---	---	---	---	---	---

## Off-balance sheet gap

As at June 30, 2016

Particulars	Yield / profit rate	Total	Exposed to Yield/Interest rate risk			Not exposed to yield/ Interest rate risk
			Upto three months	More than three months and upto one year	More than one year	

------(Rupees in '000)-----

## On-balance sheet financial instruments

### Financial assets

	4.50 - 10.10	479,335	472,650	-	-	6,685
Balance with banks	9.36 - 12.00	784,190	63	-	-	784,127
Investments		1,919	-	-	-	2,006
Mark-up accrued and dividend receivable		2,956	-	-	-	2,869
Deposits and other receivables						
		1,268,400	472,713	-	-	795,687

### Financial liabilities

		7,356	-	-	-	23,356
Payable to the Management Company		214	-	-	-	214
Payable to the Trustee		56,155	-	-	-	40,154
Accrued expenses and other liabilities		1,174,657	-	-	-	1,174,658
Net assets attributable to redeemable units		1,238,382	-	-	-	1,238,382
		30,018	472,713	-	-	(442,695)

## On-balance sheet gap

	-	-	-	-	-	-
--	---	---	---	---	---	---

## Off-balance sheet financial instruments

	-	-	-	-	-	-
--	---	---	---	---	---	---

## Off-balance sheet gap

# NAFA ASSET ALLOCATION FUND

## 26.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund is exposed to equity price risk because of the investments held by the Fund and classified in the 'statement of assets and liabilities' as financial asset 'at fair value through profit or loss - held for trading'. The Fund manages price risk by limiting individual equity securities to not more than ten percent of net assets attributable to holders of the Fund's assets. Moreover, the sector limits have also been restricted to twenty five percent. The equity investments are listed in the Pakistan Stock Exchange Limited. The Fund's policy requires that the overall market position is monitored on a daily basis by the Fund Manager and is reviewed on a regular basis by the investment committee as well as the Board of Directors.

In case of 5% increase / decrease in fair value on June 30, 2017, the net income for the year would increase / decrease by Rs. 103.016 million (2016: Rs.39.206 million) and net assets of the Fund would increase / decrease by the same amount. The sensitivity analysis is based on the Fund's equity security as at the statements of assets and liabilities date with all other variables held constant.

## 26.2 Credit risk

Credit risk represents the risk of a loss if counterparties fail to perform as contracted. Credit risk arises from balances with banks and financial institutions, credit exposure arising as a result of dividends receivable on equity securities, receivable against sale of investments and accrued mark-up on bank balances and advances, deposits and other receivables. The credit risk on liquid funds is limited because the counter parties are financial institutions with reasonably high credit ratings. Credit risk also arises from the inability of the relevant brokerage house or the counter party to fulfill their obligations. There is a possibility of default by participants or failure of the financial markets / stock exchanges, the depositories, the settlements or clearing system, etc. The settlement risk of default on equity securities is considered minimal due to inherent systematic measures taken therein. The Fund does not expect to incur material credit losses on its financial assets.

The analysis below summarises the credit quality of the Fund's financial assets:

<b>Bank balances by rating category</b>	<b>2017</b>
AAA	13.58%
AA+	81.81%
AA	0.34%
AA-	3.72%
A-1	0.05%
A1+	0.42%
A+	0.10%
<b>Term deposits receipts by rating category</b>	
AA-	100%

The maximum exposure to credit risk before any credit enhancement as at June 30, 2017 is as follows:

	June 30, 2017		June 30, 2016	
	Amount of financial assets	Maximum Exposure	Amount of financial assets	Maximum Exposure
Balances with banks	1,018,260	1,018,260	479,335	479,335
Investments	2,365,015	2,365,015	784,190	784,190
Mark-up accrued and dividend receivable	6,101	6,101	1,919	1,919
Deposits	2,850	2,850	2,850	2,850
	<b>3,392,226</b>	<b>3,392,226</b>	1,268,294	1,268,294

### Concentration of credit risk

The Fund mainly deals in equity securities which are primarily subject to price risk. The concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of other financial instruments comprise of bank balances and term deposits.





# NAFA ASSET ALLOCATION FUND

The following table presents the Fund's financial assets which are carried at fair value:

As at June 30, 2017 -----			
Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----			
<b>ASSETS</b>			
<b>At fair value through profit or loss</b>			
<b>- held for trading</b>			
Listed equity securities	2,060,320	-	2,060,320

As at June 30, 2016 -----			
Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----			
<b>ASSETS</b>			
<b>At fair value through profit or loss</b>			
<b>- held for trading</b>			
Listed equity securities	784,127	-	784,127
Government securities	-	63	63

There were no transfers between above levels during the year.

Underlying the definition of fair value is the presumption that the fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The Fund has not disclosed the fair values for other financial assets and financial liabilities, as these are either short term in nature or reprice periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

## 28 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to distributions and to payment of a proportionate share, based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown in the statement of movement in unit holders' fund.

The Fund has no restrictions on the issuance and redemption of units. There is no specific capital requirement which is applicable on the Fund.

The Fund's objectives when managing unit holders' fund are to safeguard its ability to continue as a going concern so that it can continue to provide returns to unit holders and to maintain a strong base of assets under management.

In accordance with the risk management policies stated in note 26, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption requests which would be augmented by short-term borrowings or disposal of investments where necessary.

## 29 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on September 15, 2017.

29.1 The Board of Directors of the Management Company in their meeting held on 15 September 2017 (2016: Nil), approved a final distribution of Rs. 11.50 million (Rs. 0.0552 per unit) for the year ended June 30, 2017. The financial statements of the Fund for the year ended June 30, 2017 do not include the effect of the final distribution which will be accounted for in the financial statements of the Fund for the year ending June 30, 2018.

## 30 GENERAL

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

30.2 Corresponding figures have been rearranged and reclassified to reflect more appropriate presentation of events and transactions for the purpose of comparison, which are as follows:

<u>Statement</u>	<u>Rupees in '000</u>	<u>Reclassified</u>	
		<u>From</u>	<u>To</u>
Statement of assets and liabilities	16,000	Payable to NBP Fullerton Management Limited- Management Company	Accrued expenses and other liabilities

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# NAFA ASSET ALLOCATION FUND

## Performance Table

Particulars	For the year ended June 30, 2017	For the year ended June 30, 2016	For the year ended June 30, 2015	For the year ended June 30, 2014	For the year ended June 30, 2013	For the year ended June 30, 2012
Net assets (Rs. '000')	3,290,118	1,174,657	2,073,497	1,916,901	1,151,057	488,550
Net Income (Rs. '000')	756,388	75,790	422,547	178,926	215,507	52,415
Net Asset Value per units (Rs.)	17.0467	14.8297	14.9616	12.0038	13.1818	11.3954
Offer price per unit	17.6246	15.4180	15.5604	12.4884	13.4454	11.6233
Redemption price per unit	17.0467	14.8297	14.9616	12.0038	13.1818	11.3954
Ex - Highest offer price per unit (Rs.)	18.7911	15.7944	15.5077	12.1460	10.5695	12.1411
Ex - Lowest offer price per unit (Rs.)	13.5968	13.7044	11.8422	13.7544	10.2678	13.4847
Ex - Highest redemption price per unit (Rs.)	18.1749	15.1918	14.9110	12.1360	10.1231	11.8980
Ex - Lowest redemption price per unit (Rs.)	13.1540	13.1814	11.3846	11.6023	9.6665	11.3748
Fiscal Year Opening Ex Nav	13.1234	13.7815	11.8596	10.5614	9.9885	9.9610
Total return of the fund	29.90%	7.61%	24.64%	13.66%	31.97%	14.40%
Capital growth	13.44%	0.35%	23.07%	5.09%	9.14%	-0.04%
Income distribution as % of Ex-NAV	16.46%	7.26%	1.57%	8.57%	22.83%	14.44%
Income distribution as % of Par Value	21.60%	10.73%	1.86%	9.05%	22.80%	14.38%
Interim distribution per unit	2.1599	1.0725	-	0.9052	0.4126	0.3595
Final distribution per unit	0.0552	-	0.1860	-	1.8674	1.0784
<b>Distribution dates</b>						
Interim	21-June-2017	30-June-2016	13-Feb-14 ,30-Apr-14 & 26-Jun-2014		26-Apr-13 & 26-Feb-13	17-Apr-12
Final	15-Sep-2017	-	14-July-2015	-	11-Jul-13	9-Jul-12
Average annual return (launch date 21-08-2010)						
(Since inception to June 30, 2017)	20.37%					
(Since inception to June 30, 2016)		18.82%				
(Since inception to June 30, 2015)			21.30%			
(Since inception to June 30, 2014)				20.42%		
(Since inception to June 30, 2013)					22.87%	
(Since inception to June 30, 2012)						18.25%
(Since inception to June 30, 2011)						

Portfolio Composition (Please see Fund Manager Report)

"Past performance is not necessarily indicative of future performance and that unit prices and investment return

# NAFA ASSET ALLOCATION FUND

## PROXY ISSUED BY THE FUND

The proxy voting policy of **NAFA Asset Allocation Fund**, duly approved by Board of Directors of the Management Company, is available on the website of NBP Fullerton Asset Management Limited i.e. [www.nafafunds.com](http://www.nafafunds.com). A detailed information regarding actual proxies voted by the Management Company in respect of the fund is also available without charge, upon request, to all unit holders.

The details of summarized proxies voted are as follows:








	<b>Resolutions</b>	<b>For</b>	<b>Against</b>	<b>Abstain</b>
<b>Number</b>	4	4	-	-
<b>(%ages)</b>	100%	100%	-	-



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