

**AM1**  
Rated by PACRA



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

## NAFA ASSET ALLOCATION FUND

**HALF YEARLY**  
**REPORT**  
**December 31, 2017**



*Your investments & "NAFA" grow together*




**NBP**

**FULLERTON FUND  
MANAGEMENT**

*Joint - Venture Partners*

# NAFA ASSET ALLOCATION FUND

## MISSION STATEMENT



To rank in the top quartile  
in performance of  
**NAFA FUNDS**  
relative to the competition,  
and to consistently offer  
Superior risk-adjusted returns to investors.

# NAFA ASSET ALLOCATION FUND

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# NAFA ASSET ALLOCATION FUND

## FUND'S INFORMATION

### Management Company

NBP Fullerton Asset Management Limited – Management Company

### Board of Directors of the Management Company

Mr. Mudassir Husain Khan	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Tariq Jamali	Director
Mr. Abdul Hadi Palekar	Director
Mr. Kamal Amir Chinoy	Director
Mr. Shehryar Faruque	Director
Dr. Foo Chiah Shiung (Kelvin Foo)	Director
Mr. Humayun Bashir	Director
Ms. Anupama Sawhney*	Director

*\* SECP's approval is in process*

### Company Secretary & COO

Mr. Muhammad Murtaza Ali

### Chief Financial Officer

Mr. Khalid Mehmood

### Audit & Risk Committee

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

### Human Resource and Remuneration Committee

Mr. Kamal Amir Chinoy	Chairman
Mr. Abdul Hadi Palekar	Member
Ms. Anupama Sawhney*	Member

### Trustee

Central Depository Company of Pakistan Limited (CDC)  
CDC House, 99-B, Block "B" S.M.C.H.S.,  
Main Shahra-e-Faisal, Karachi.

### Bankers to the Fund

Allied Bank Limited  
Askari Bank Limited  
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 Taraqati Bank Limited  
Bankislami Pakistan Limited  
Dubai Islamic Bank Pakistan Limited

# NAFA ASSET ALLOCATION FUND

## Auditors

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

## Legal Advisor

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

## Head Office:

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

## Lahore Office:

7-Noon Avenue, Canal Bank,  
Muslim Town, Lahore.  
UAN: 042-111-111-632  
Fax: 92-42-35861095

## Islamabad Office:

Plot No. 395, 396  
Industrial Area, I-9/3 Islamabad.  
UAN: 051-111-111-632  
Phone: 051-2514987  
Fax: 051-4859031

## Peshawar Office:

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

## Multan Office:

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

# NAFA ASSET ALLOCATION FUND

## DIRECTORS' REPORT

The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the reviewed financial statements of **NAFA Asset Allocation Fund (NAAF)** for the half year ended December 31, 2017.

### Fund's Performance

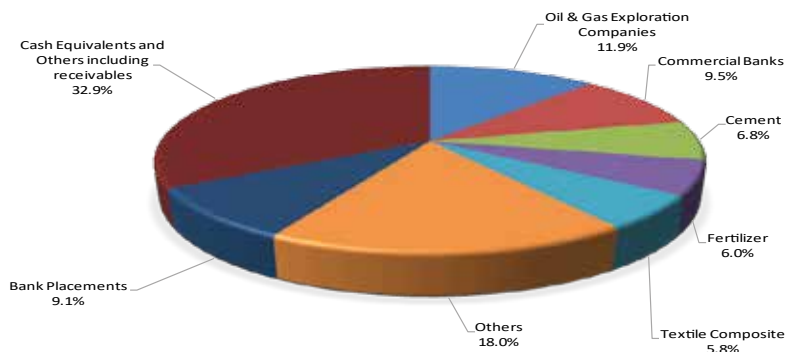
The size of NAFAs Asset Allocation Fund has decreased from Rs.3,290 million to Rs.3,083 million during the period, i.e. a decrease of 6%. During the period, the unit price of NAFAs Asset Allocation Fund has decreased from Rs. 16.9877 (Ex-Div) on June 30, 2017 to Rs. 15.3581 on December 31, 2017, thus showing a decrease of 9.59%. The Benchmark decrease during the same period was 6.89%. Thus, the Fund has underperformed its Benchmark by 2.70% during the period under review. Since inception the NAV of the Fund has increased from Rs. 4.7573 (Ex-Div) on August 20, 2010 to Rs. 15.3581 on December 31, 2017, thus showing an increase of 222.84%. During the said period, the Benchmark increased by 103.02%, translating into outperformance of 119.82%. This performance is net of management fee and all other expenses.

During 1HFY18, the stock market remained in a corrective mode. The euphoria surrounding the up-gradation of KSE-100 Index from MSCI Frontier Market to MSCI Emerging Market petered out and the ongoing heightened political noise took center stage. In addition to this, deteriorating external account position also weighed on investors' sentiments that resulted in a sizeable decline of 13% in the KSE-100 Index during the period under review. Political uncertainty, rising current account deficit, and tension in the US – Pakistan relationship were key reasons for the stock market decline.

To augment the precarious external account position the government issued international bond of USD2.5bn in addition to the measured PKR devaluation of around 5% against the US Dollar, which allayed the concerns of the market to some extent. Foreign investors remained net sellers during the period with net foreign portfolio outflow of USD155 million while Companies, Insurance, and Banks/DFIs remained net buyers in the market. In terms of sector performance, Oil & Gas Exploration, Fertilizer, Commercial Banks, and Textile sectors fared better compared with the market, while Cement, Refinery, Engineering, and Chemical sectors lagged behind.

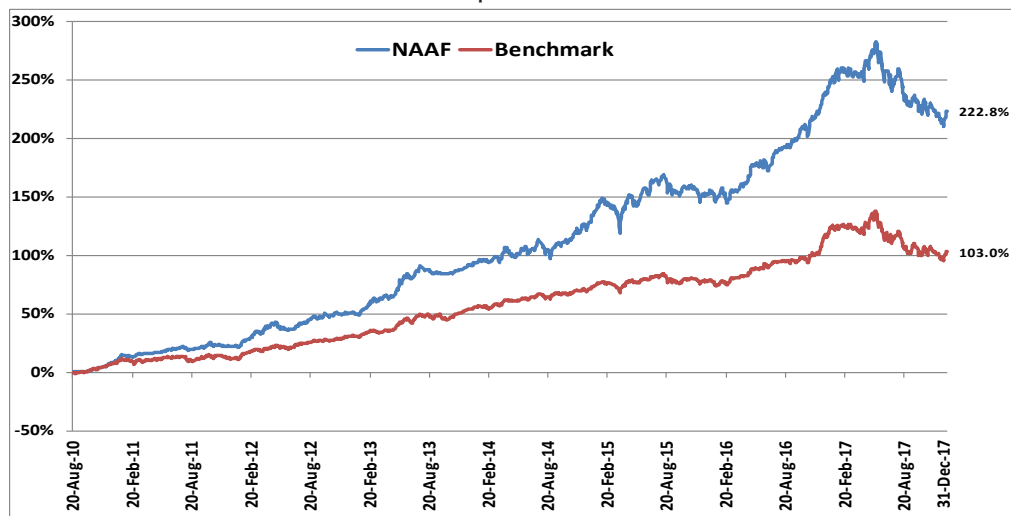
State Bank of Pakistan (SBP) pursued accommodative monetary policy stance and left the policy rate unchanged at 5.75% during the period under review. SBP cited the following reasons to support its policy: a) strong economic activity corroborated by pick up in industrial output; b) gains in production of major crops; c) growth in private sector credit off-take; d) improvement in export growth; e) notable increase in foreign direct investments; and f) CPEC related investment activity gathering pace. SBP also highlighted gathering risks to the external account emanating from expected increase in commodity/global oil prices, confluence of declining remittances and mounting external debt levels (that may imperil the near to medium-term sustainability of the BoP position). Owing to stable policy rate and significant liquidity injections by the SBP, sovereign yields remained flat during the period with investors' preference tilted towards short tenors considering upside risks to inflation and interest rates.

The Fund has incurred a loss of Rs.289.29 million during the period. After accounting for expenses of Rs.50.58 million, the net loss is Rs.399.87 million. The asset allocation of the Fund as on December 31, 2017 is as follows:



# NAFA ASSET ALLOCATION FUND

NAAF Performance versus Benchmark (Since Inception)



## Acknowledgement

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

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

On behalf of the Board of  
NBP Fullerton Asset Management Limited

Chief Executive

Director

Date: February 22, 2018

Place: Karachi.

# NAFA ASSET ALLOCATION FUND

## ڈائریکٹرز رپورٹ

NBP فلٹر ان ایسیٹ منیجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بصدِ مسرت 31 دسمبر 2017ء کو ختم ہونے والی ششماہی کے لیے NAFA ایسیٹ ایلوکیشن فنڈ (NAAF) کے جانچ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

### فنڈ کی کارکردگی

NAFA ایسیٹ ایلوکیشن فنڈ (NAAF) کا فنڈ سائز اس مدت کے دوران 3,290 ملین روپے سے کم ہو کر 3,083 ملین روپے ہو گیا ہے یعنی 6% کی کمی۔ اس مدت کے دوران NAFA ایسیٹ ایلوکیشن فنڈ (NAAF) کے یونٹ کی قیمت 30 جون 2017 کو 16.9877 روپے (Ex-Div) سے کم ہو کر 31 دسمبر 2017 کو 15.3581 روپے ہو چکی ہے اور اس طرح 9.59% کی کمی ہوئی۔ فنڈ کا بیج مارک اسی مدت میں کم ہو کر 8.9% ہو گیا تھا۔ لہذا فنڈ نے زیرِ جائزہ مدت کے دوران اپنے بیج مارک 2.70% سے خراب کارکردگی دکھائی۔ فنڈ کی NAV 20 اگست 2010 کو اپنے قیام کے وقت 4.7573 روپے (Ex-Div) سے بڑھ کر 31 دسمبر 2017 کو 15.3581 روپے (Ex-Div) ہو چکی ہے اور اس طرح 222.84% اضافہ ہوا ہے۔ اس مدت کے دوران بیج مارک میں 103.02% اضافہ ہوا ہے، جس کا نتیجہ فنڈ کی 119.82% بہتر کارکردگی کی صورت میں سامنے آیا ہے۔ یہ کارکردگی منیجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

مالیاتی سال 18 کی پہلی ششماہی میں مارکیٹ میں مندی کا رجحان برقرار رہا۔ KSE 100 انڈیکس کی MSCI فرینٹیر مارکیٹ سے MSCI ایئر جیگ مارکیٹ میں درجہ بندی کی خبر کا اثر مارکیٹ سے ختم ہو گیا اور اس کی جگہ زبردست سیاسی گرما گرمی نے مرکزی حیثیت اختیار کر لی۔ اس کے علاوہ بیرونی اکاؤنٹس کی بگڑتی ہوئی صورتحال سے سرمایہ کاروں پر دہشتی دباؤ پڑا جس کے نتیجے میں زیرِ جائزہ مدت میں KSE 100 انڈیکس نمایاں طور پر 13% نیچے آ گیا۔ سیاسی غیر یقینی کیفیت، بڑھتا ہوا کرنٹ اکاؤنٹ کا خسارہ اور امریکہ - پاکستان کے تعلقات میں کچھاؤ اشاک مارکیٹ میں انحطاط کی بنیادی وجوہات تھیں۔

بیرونی اکاؤنٹس کی غیر یقینی صورت حال کو تقویت دینے کیلئے امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں 5% کمی کی گئی اور ساتھ ہی حکومت نے 2.5 بلین امریکی ڈالر کے انٹرنیشنل بانڈ جاری کئے جس سے مارکیٹ میں کافی حد تک خدشات دور کرنے میں مدد ملی۔ اس عرصہ میں بیرونی سرمایہ کار بدستور خالص فروخت کنندہ رہے جس سے 155 بلین ڈالر کا سرمایہ بیرون ملک چلا گیا۔ جب کہ نیمہ کارہ کمپنیاں اور بینک DFIs خالص خریدار رہے۔ شعبہ جات کی کارکردگی کے لحاظ سے آئل اینڈ گیس ایکسلوریشن، فریلائزر، کمرشل بینکس اور ٹیکسٹائل بہتر رہے جبکہ سیمنٹ، ریفائنری، انجینئرنگ اور کیمیکل کے شعبہ جات کی کارکردگی نسبتاً اتر رہی۔

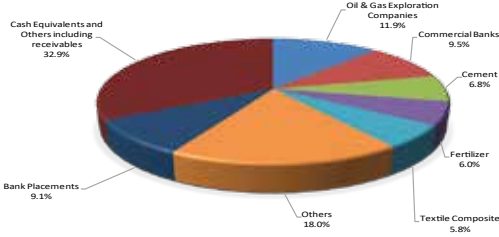
اسٹیٹ بینک آف پاکستان (SBP) نے مفاہمتی مانیٹری پالیسی جاری رکھی اور زیرِ جائزہ مدت کے دوران پالیسی کی شرح کو 5.75% برقرار رکھا۔ SBP نے اپنی پالیسی کی حمایت میں درج ذیل وجوہات بیان کیں: (ا) مضبوط معاشی سرگرمی، جس کی تصدیق صنعتی پیداوار میں اضافہ سے ہوتی ہے (ب) بڑی فصلوں کی بھرپور پیداوار (ج) نجی شعبہ کے قرضے جات میں اضافہ (د) برآمدات کے اضافے میں بہتری (ر) غیر ملکی براہ راست سرمایہ کاری میں نمایاں اضافہ اور (س) چین پاکستان اقتصادی راہداری (CPEC) سے متعلق سرمایہ کاری کی سرگرمیوں کا مسلسل فروغ۔ SBP نے بیرونی اکاؤنٹس کے بارے میں ان خدشات کی بھی نشاندہی کی جو کموٹیٹی / آئل کی قیمتوں میں عالمی سطح پر اضافہ اور اس کے ساتھ ساتھ زرمبادلہ کی ترسیلات میں کمی اور



# NAFA ASSET ALLOCATION FUND

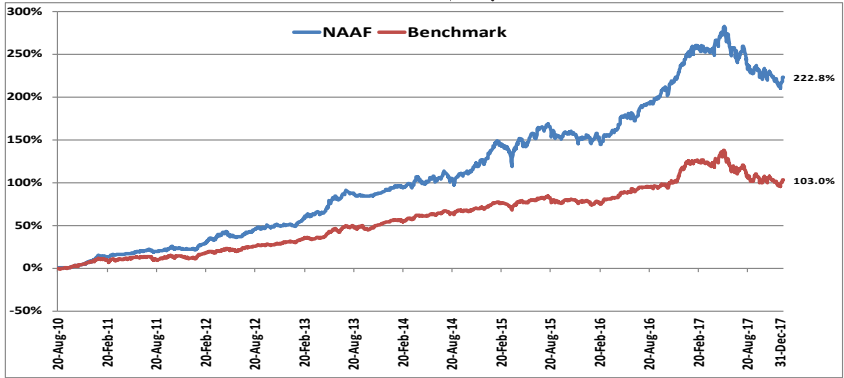
بیرونی قرضہ جات کے بڑھتے ہوئے حجم کے باعث پیدا ہو رہے ہیں (جس سے توازن ادائیگی کی مستقبل قریب سے وسط مدت کیلئے صورتحال غیر مستحکم ہو سکتی ہے)۔ چنانچہ مستحکم شرح پالیسی اور SBP کی جانب سے نمایاں طور پر لیکچو ڈیٹی داخل کرنے سے اس مدت میں بالائی نتائج میں کوئی کمی پیش نہیں ہوئی اور سرمایہ کاروں نے افراط زر اور شرح سود میں بڑھتے ہوئے خدشات کے پیش نظر قلیل المدت سرمایہ کاری کو ترجیح دی۔

فنانس نے اس مدت کے دوران 289.29 ملین روپے کا نقصان برداشت کیا۔ 50.58 ملین روپے کے اخراجات منہا کرنے کے بعد خالص نقصان 399.87 ملین روپے رہا۔



فنانس کی ایسیٹ ایلوکیشن 31 دسمبر 2017 کو بمطابق ذیل ہے:

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



## اظہار تشکر

بورڈ اس موقع کا فائدہ اٹھاتے ہوئے منجھٹ 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 اظہار تشکر کرتا ہے۔

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

مخائبہ بورڈ آف ڈائریکٹرز

NBP فلٹرن ایسیٹ منجھٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

بتاریخ

22 فروری 2018

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) 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 six months period ended December 31, 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, February 26, 2018

# NAFA ASSET ALLOCATION FUND

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

### Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **NAFA Asset Allocation Fund** (the Fund) as at December 31, 2017, and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the accounts for the half year ended December 31, 2017 (here-in-after referred to as the 'condensed interim financial information'). **NBP Fullerton Asset Management Limited** (the Management Company) is responsible for the preparation and presentation of this condensed interim financial information in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures in the condensed interim financial information for the quarter ended December 31, 2017 have not been reviewed by us, as we are required to review only the cumulative figures for the half year ended December 31, 2017.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2017 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

**Deloitte Yousuf Adil**  
Chartered Accountants

**Engagement Partner**  
Hena Sadiq

**Date:** February 22, 2018  
**Place:** Karachi

# NAFA ASSET ALLOCATION FUND

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2017

	Note	(Un-audited) December 31, 2017	(Audited) June 30, 2017
(Rupees in '000)			
<b>ASSETS</b>			
Bank balances	4	1,059,090	1,018,260
Investments	5	2,069,104	2,365,015
Mark-up accrued and dividend receivable		8,333	6,101
Deposits, prepayments and other receivables		3,546	3,348
<b>Total assets</b>		<b>3,140,073</b>	<b>3,392,724</b>
<b>LIABILITIES</b>			
Payable to NBP Fullerton Asset Management Limited - Management Company	6	18,941	17,876
Payable to Central Depository Company of Pakistan Limited - Trustee	7	386	434
Payable to the Securities and Exchange Commission of Pakistan	8	1,540	2,199
Accrued expenses and other liabilities	9	36,194	82,097
<b>Total liabilities</b>		<b>57,061</b>	<b>102,606</b>
<b>NET ASSETS</b>		<b>3,083,012</b>	<b>3,290,118</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>3,083,012</b>	<b>3,290,118</b>
Contingencies and commitments	10		
-----Number of units-----			
Number of units in issue		200,741,803	193,005,748
-----Rupees-----			
Net asset value per unit		15.3581	17.0467

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# NAFA ASSET ALLOCATION FUND

## CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2017

		Half year ended		Quarter ended	
		December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	Note	Rupees in '000			
INCOME					
Return / mark-up on;					
- bank balances and term deposits		35,035	18,080	18,220	9,945
- government securities		7,642	3	2,332	1
Net (loss)/ gain on sale of investments		(47,685)	29,247	(34,463)	14,117
Dividend income		59,342	28,388	43,673	18,747
Net unrealized (loss) / gain on re-measurement of investments at fair value through profit or loss - held for trading	5.3	(343,622)	305,436	(97,124)	202,722
<b>Total (loss) / income</b>		<b>(289,288)</b>	<b>381,154</b>	<b>(67,362)</b>	<b>245,532</b>
EXPENSES					
Remuneration of NBP Fullerton Asset Management Limited - Management Company	6.1	32,413	15,772	15,524	8,960
Sindh Sales Tax on remuneration of the Management Company	6.2	4,213	2,050	2,017	1,164
Reimbursement of operational expenses to the Management Company	6.3	1,621	789	777	448
Remuneration of Central Depository Company of Pakistan Limited - Trustee	7.1	2,125	1,293	1,028	700
Sindh Sales Tax on remuneration of the Trustee	7.2	276	168	133	91
Annual fee to the Securities and Exchange Commission of Pakistan	8.1	1,540	749	738	425
Securities transaction cost		939	683	376	466
Settlement and bank charges		468	528	308	299
Auditors' remuneration		346	344	114	68
Legal and professional charges		29	-	15	-
Fund rating fee		91	-	45	-
Selling and Marketing Expenses		6,483	-	3,105	-
Annual listing fee		13	28	6	14
Printing charges		22	46	2	-
<b>Total expenses</b>		<b>50,579</b>	<b>22,450</b>	<b>24,188</b>	<b>12,635</b>
<b>Net (loss) / income from operating activities</b>		<b>(339,867)</b>	<b>358,704</b>	<b>(91,550)</b>	<b>232,897</b>
Net element of income and capital gains included in prices of units issued less those in units redeemed		-	106,120	-	93,685
<b>Net (loss) / income for the period before taxation</b>		<b>(339,867)</b>	<b>464,824</b>	<b>(91,550)</b>	<b>326,582</b>
Taxation	11	-	-	-	-
<b>Net (loss) / income for the period after taxation</b>		<b>(339,867)</b>	<b>464,824</b>	<b>(91,550)</b>	<b>326,582</b>
Allocation of net loss for the period					
Net loss for the period after taxation		(339,867)		(91,550)	
Income already paid on units redeemed		-		-	
<b>Accounting income available for distribution:</b>		<b>(339,867)</b>		<b>(91,550)</b>	
Relating to capital gain		-		-	
Excluding capital gain		-		-	

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director

# NAFA ASSET ALLOCATION FUND

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2017

	Half year ended		Quarter ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	----- Rupees in '000 -----			
Net (loss) / income for the period after taxation	(339,867)	464,824	(91,550)	326,582
Other comprehensive income	-	-	-	-
<b>Total comprehensive (loss) / income for the period</b>	<u><u>(339,867)</u></u>	<u><u>464,824</u></u>	<u><u>(91,550)</u></u>	<u><u>326,582</u></u>

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# NAFA ASSET ALLOCATION FUND

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	Half year ended December 31,					
	2017			2016		
	(Rupees in '000)					
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
Net assets at beginning of the period	2,269,232	1,020,886	3,290,118	581,671	592,986	1,174,657
Issuance of 56,022,776 units ( 2016: 77,977,653 units)						
- Capital value	954,025	-	954,025			
- Element of loss	(42,971)	-	(42,971)			
Total proceeds on issuance of units	911,054	-	911,054	1,156,386	178,984	1,335,370
Redemption of 48,286,721 units (2016: 31,346,795 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(821,711)	-	(821,711)			
Element of income	54,926	-	54,926			
Total payments on redemption of units	(766,785)	-	(766,785)	(464,864)	(72,865)	(537,729)
Element of income and capital gains included in prices of units issued less those in units redeemed - net				-	(106,120)	(106,120)
Total comprehensive income for the period	-	(339,867)	(339,867)	-	464,824	464,824
Dividend distribution	-	(11,508)	(11,508)	-	-	-
	-			-		
<b>Net assets at end of the period</b>	<b>2,413,501</b>	<b>669,511</b>	<b>3,083,012</b>	<b>1,273,193</b>	<b>1,057,810</b>	<b>2,331,002</b>
Undistributed income brought forward						
- Realised		692,762			537,461	
- Unrealised		328,124			55,525	
		1,020,886			592,986	
Accounting income available for distribution						
- Relating to capital gain		-				
- Excluding capital gain		-				
Net (loss) / income for the period after taxation		(339,867)			464,824	
Distribution during the period		(11,508)			-	
<b>Undistributed income carried forward</b>		<b>669,511</b>			<b>1,057,810</b>	
Undistributed income carried forward						
- Realised		1,013,133			752,374	
- Unrealised		(343,622)			305,436	
		669,511			1,057,810	
		- (Rupees) -			- (Rupees) -	
Net assets value per unit at beginning of the period		17.0467			14.8297	
Net assets value per unit at end of the period		15.3581			18.5235	

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director

# NAFA ASSET ALLOCATION FUND

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

		Half year ended	
	Note	December 31, 2017	December 31, 2016
		-----Rupees in '000 -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net (loss) / income for the period before taxation		(339,867)	464,824
<b>Adjustments:</b>			
Return / mark-up on:			
- bank balances and term deposits		(35,035)	(18,080)
- government securities		(7,642)	(3)
Net loss / (gain) on sale of investments		47,685	(29,247)
Dividend income		(59,342)	(28,388)
Net unrealized loss / (gain) on re-measurement of investments at fair value through profit or loss - held for trading		343,622	(305,436)
Net element of income and capital gains included in prices in prices of units issued less those in units redeemed		-	(106,120)
		289,288	(487,274)
<b>(Increase) / decrease in assets</b>			
Investments - net		(95,396)	(434,684)
Deposits, prepayments and other receivables		(197)	(498)
		(95,593)	(435,182)
<b>Increase / (decrease) in liabilities</b>			
Payable to the Management Company		17,066	3,307
Payable to the Trustee		(50)	80
Payable to the Securities and Exchange Commission of Pakistan		(659)	(652)
Accrued expenses and other liabilities		(61,903)	(2,334)
		(45,546)	401
Mark-up on bank balances and term deposits received		34,434	17,989
Mark-up on government securities received		7,395	3
Dividend received		57,958	27,935
		99,787	45,927
Net cash used in operating activities		(91,931)	(411,304)
<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		911,054	1,335,389
Amounts paid on redemption of units		(766,785)	(576,539)
Distributions paid		(11,508)	-
Net cash generated from financing activities		132,761	758,850
Net increase in cash and cash equivalents during the period		40,830	347,546
Cash and cash equivalents at the beginning of the period		1,018,260	479,335
Cash and cash equivalents at the end of the period	4	1,059,090	826,881

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



# NAFA ASSET ALLOCATION FUND

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 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 Fund also undertakes transactions under margin trading system.

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

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the repealed Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case where requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP) shall prevail.

During the year, the Companies Act, 2017 (the new Companies Act) was enacted and promulgated by the SECP on May 30, 2017. An exemption was granted to companies whose financial year ended on or before June 30, 2017 via Circular No. 23 of October 04, 2017. No further exemption has been provided and the Company is currently in process of determining impact, if any, on annual financial statements due to implementation of the Act. There is no impact on this condensed interim financial information as they have been prepared primarily under IAS 34 as stated above.

The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and, therefore, should be read in conjunction with the annual financial statements of the Fund for the year ended June 30, 2017.

In compliance with Schedule V of the NBFC regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2017.

# NAFA ASSET ALLOCATION FUND

## 2.2 Basis of measurement

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

## 2.3 Functional and presentation currency

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

## 2.4 Estimates and judgements

The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

The significant judgments made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2017.

## 2.5 Financial risk management

The Fund's risk management objectives and policies are consistent with those objectives and policies which were disclosed in the financial statements of the Fund as at and for the year ended June 30, 2017.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, basis of accounting estimates applied and method of computation adopted in the preparation of this condensed interim financial information and financial risk management objectives and policies are the same as those applied in the preparation of the financial statements of the Fund for the year ended June 30, 2017 except as explained in note 3.1

- 3.1 The Securities and Exchange Commission of Pakistan through its SRO 756(I)/2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations. The notification includes a definition and explanation relating to "element of income" and excludes the element of income from the expression "accounting income" as described in Regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the revised regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution. Furthermore, the amended regulations also require certain additional disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', whereas disclosure with respect to 'Distribution Statement' has been deleted in the amended regulations.

Previously, an equalization account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' was created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. The net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during the accounting period which pertained to unrealized appreciation / (diminution) held in the Unit Holder's Fund was recorded in a separate account and any amount remaining in this reserve account at the end of the accounting period (whether gain or loss) was included in the amount available for distribution to the unitholders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period was recognized in the Income Statement.

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from July 1, 2017 as allowed by SECP vide their email to MUFAP dated February 8, 2018. Accordingly, corresponding figures have not been restated. The 'Distribution Statement' for the comparative period has not been presented as it has been deleted as a result of the amendments made in the NBFC Regulations the aforementioned SRO issued by the SECP.

# NAFA ASSET ALLOCATION FUND

Had the element of income been recognised as per the previous accounting policy, the loss of the Fund would have been lower by Rs. 11.955 million, consequently there is no effect on NAV. However, the change in accounting policy does not have any impact on the 'Cash Flow Statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' as shown in the 'Statement of Assets and Liabilities' and 'Statement of Movement in Unit Holders' Fund'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund which have been incorporated in these statements. However, Management Company believes that the requirement to disclose allocation of Net income for the year in the income statement showing separately the 'income already paid on units redeemed' and accounting income available for distribution' is not applicable in the period / year when the Fund has incurred loss, accordingly, such allocation has not been disclosed in the Income Statement.

	Note	(Un-audited) December 31, 2017	Audited June 30, 2017
<b>4 Bank Balances</b>		----- Rupees in '000 -----	
Current accounts		9,222	16,715
Savings accounts	4.1	1,049,868	1,001,545
		<u>1,059,090</u>	<u>1,018,260</u>

4.1 These savings accounts carry mark-up at rates ranging from 4% to 6.75 % per annum (June 30, 2017: 5.30% to 6.77% per annum).

	Note	(Un-audited) December 31, 2017	Audited June 30, 2017
<b>5 INVESTMENTS</b>		----- Rupees in '000 -----	
<b>At fair value through profit or loss - held for trading</b>			
Listed equity securities	5.1	1,789,104	2,060,320
<b>Loans &amp; Receivable</b>			
Term deposit receipts	5.2	280,000	304,695
		<u>2,069,104</u>	<u>2,365,015</u>

## 5.1 Listed equity securities at fair value through profit or loss - held for trading

Sector and Name of the investee company	As at July 01, 2017	Purchased during the period	Bonus / right issue	Sold during the period	As at December 31, 2017	Market value as at December 31, 2017	Market value as a percentage of net assets	Market value as a percentage of total investment	Investment as a percentage of paid up capital of the investee company
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----- Number of shares ----- Rupees in '000 ----- % -----

All shares have a nominal face value of Rs. 10 each except for shares of Thal Limited and K-Electric Limited which have a face value of Rs. 5 and Rs. 3.5 each respectively.

## OIL AND GAS MARKETING COMPANIES

Attock Petroleum Limited	24,250	-	-	750	23,500	12,292	0.40	0.59	0.03
Hascol Petroleum Limited	1,354	-	-	-	1,354	334	0.01	0.02	0.00
Shell Pakistan Limited	110,900	-	-	8,500	102,400	31,455	1.02	1.52	0.34
Pakistan State Oil Company Limited (Refer 5.1.2)	116,720	22,000	27,744	20,000	146,464	42,930	1.39	2.07	1.10
Sui Northern Gas Pipelines Limited	-	169,700	-	-	169,700	16,055	0.52	0.78	0.56
							3.34	4.98	

# NAFA ASSET ALLOCATION FUND

Sector and Name of the investee company	As at July 01, 2017	Purchased during the period	Bonus / right issue	Sold during the period	As at December 31, 2017	Market value as at December 31, 2017	Market value as a percentage of net assets	Market value as a percentage of total investment	Investment as a percentage of paid up capital of the investee company
----- Number of shares ----- Rupees in '000 ----- % -----									
OIL AND GAS EXPLORATION COMPANIES									
Mari Petroleum Company Limited	62,250	4,200	-	4,200	62,250	90,317	2.93	4.37	0.47
Oil and Gas Development Company Limited	341,300	72,000	-	-	413,300	67,281	2.18	3.25	3.10
Pakistan Oilfields Limited (Refer 5.1.1)	139,650	72,900	-	4,500	208,050	123,636	4.01	5.98	1.56
Pakistan Petroleum Limited (Refer 5.1.1)	391,960	39,000	-	13,500	417,460	85,959	2.79	4.15	3.13
							11.91	17.75	
REFINERY									
Attock Refinery Limited	39,200	-	-	39,200	-	-	-	-	-
							-	-	
FERTILIZER									
Engro Corporation Limited	244,900	162,200	-	33,500	373,600	102,647	3.33	4.96	0.07
Engro Fertilizers Limited	452,500	627,000	-	127,000	952,500	64,503	2.09	3.12	0.07
Fauji Fertilizer Bin Qasim Limited	326,500	-	-	326,500	-	-	-	-	-
Fauji Fertilizer Company Limited	-	231,000	-	-	231,000	18,274	0.59	-	0.02
							6.01	8.08	
CHEMICALS									
Engro Polymer & Chemicals Limited	1,357,000	-	-	998,000	359,000	10,253	0.33	0.50	0.03
							0.33	0.50	
FOOD AND PERSONAL CARE PRODUCTS									
Rafhan Maize Products Limited	1,640	-	-	-	1,640	11,152	0.36	0.54	0.01
Al Shaheer Corporation Limited	92,000	54,500	-	-	146,500	3,255	0.11	0.16	0.10
							0.47	0.70	
ENGINEERING									
International Steels Limited	258,500	-	-	-	258,500	27,497	0.89	1.33	1.94
International Industries Limited	139,000	-	-	-	139,000	33,375	1.08	1.61	1.04
Amreli Steels Ltd.	250,000	59,300	-	-	309,300	28,660	0.93	1.39	0.10
Mughal Iron & Steel Industries Limited	250,000	-	-	37,000	213,000	12,375	0.40	0.60	0.08
							3.30	4.93	
CEMENT									
D.G. Khan Cement Company Limited	381,900	52,200	-	73,600	360,500	48,206	1.56	2.33	0.78
Lucky Cement Limited	100,500	-	-	5,000	95,500	49,413	1.60	2.39	0.72
Maple Leaf Cement Factory Limited (Refer 5.1.2)	136,500	-	50	136,100	450	31	-	-	0.00
Attock Cement Pakistan Limited	183,700	-	-	-	183,700	33,252	1.08	1.61	0.02
Pioneer Cement Limited	265,400	-	-	-	265,400	16,752	0.54	0.81	0.88
Cherat Cement Company Limited	216,900	232,500	-	-	449,400	49,843	1.62	2.41	0.97
Kohat Cement Company Limited	-	36,500	-	-	36,500	5,182	0.17	0.25	0.27
Fauji Cement Company Limited	327,000	78,000	-	150,000	255,000	6,378	0.21	0.31	12.14
							6.78	10.11	
TRANSPORT									
Pakistan National Shipping Corporation	78,700	-	-	100	78,600	8,156	0.26	0.39	0.59
							0.26	0.39	
Balance carried forward						999,463	32.40	57.44	

# NAFA ASSET ALLOCATION FUND

Sector and Name of the investee company	As at July 01, 2017	Purchased during the period	Bonus / right issue	Sold during the period	As at December 31, 2017	Market value as at December 31, 2017	Market value as a percentage of net assets	Market value as a percentage of total investment	Investment as a percentage of paid up capital of the investee company
----- Number of shares -----				Rupees in '000		----- % -----			
<b>Balance brought forward</b>						<b>999,463</b>	<b>32.40</b>	<b>57.44</b>	<b>-</b>
<b>TEXTILE COMPOSITE</b>									
Nishat Mills Limited	471,700	48,400	-	73,000	447,100	66,841	2.17	3.23	3.35
Gul Ahmed Textile Mills Limited	854,800	-	-	238,500	616,300	22,852	0.74	1.10	0.05
Crescent Textile Mills Limited	182,500	-	-	50,000	132,500	3,955	0.13	0.19	0.29
Nishat (Chunian) Limited	619,000	693,000	-	650,500	661,500	30,277	0.98	1.46	4.96
Dawood Lawrencepur Limited	73,000	-	-	-	73,000	13,724	0.45	0.66	0.16
Kohinoor Textile Mills Limited	553,888	49,900	-	-	603,788	42,380	1.37	2.05	4.53
							5.84	8.69	
<b>POWER GENERATION AND DISTRIBUTION</b>									
The Hub Power Company Limited	338,700	186,000	-	61,000	463,700	42,197	1.37	2.04	0.04
Kot Addu Power Company Limited	310,000	-	-	144,000	166,000	8,947	0.29	0.43	1.24
Saif Power Limited	129,500	-	-	-	129,500	3,746	0.12	0.18	0.43
K-Electric Limited	2,642,000	1,850,000	-	4,492,000	-	-	-	-	-
							1.78	2.65	
<b>COMMERCIAL BANKS</b>									
Allied Bank Limited	550,700	44,500	-	-	595,200	50,580	1.64	2.44	51.98
Bank Al-falah Limited	-	1,204,500	-	-	1,204,500	51,191	1.66	2.47	0.08
Bank Al-Habib Limited (Refer 5.1.1)	529,150	-	-	317,000	212,150	12,381	0.40	0.60	0.02
MCB Bank Limited	247,300	15,500	-	52,000	210,800	44,757	1.45	2.16	0.02
United Bank Limited	293,903	23,100	-	-	317,003	59,587	1.93	2.88	0.03
Faysal Bank Limited	29,838	998,000	-	-	1,027,838	21,852	0.71	1.06	0.04
Habib Bank Limited	240,467	100,000	-	20,900	319,567	53,396	1.73	2.58	0.02
						-	9.52	14.19	
<b>PAPER AND BOARD</b>									
Century Paper and Board Mills Limited	352,500	-	-	-	352,500	21,901	0.71	1.06	0.42
Cherat Packaging Limited (Refer 5.1.2)	3,572	-	483	-	4,055	807	0.03	0.04	0.01
							0.74	1.10	
<b>AUTOMOBILE ASSEMBLER</b>									
Indus Motor Company Limited	39,330	-	-	12,940	26,390	44,340	1.44	2.14	0.20
Millat Tractors Limited	57,500	-	-	10,440	47,060	55,137	1.79	2.66	0.35
Honda Atlas Cars Pakistan Limited	35,300	-	-	-	35,300	18,088	0.59	0.87	
							3.82	5.67	
<b>AUTOMOBILE PARTS AND ACCESSORIES</b>									
Thal Limited	65,200	-	-	22,800	42,400	21,662	0.70	1.05	0.10
Baluchistan Wheels Limited	7,500	-	-	-	7,500	827	0.03	0.04	0.01
							0.73	1.09	
<b>TECHNOLOGY AND COMMUNICATION</b>									
Systems Limited	259,500	-	-	-	259,500	19,182	0.62	0.93	0.86
							0.62	0.93	
<b>GLASS AND CERAMICS</b>									
Tariq Glass Industries Limited	452,000	800	-	-	452,800	43,011	1.40	2.08	1.50
Shabbir Tiles & Ceramics Limited	2,128,500	-	-	1,442,500	686,000	10,105	0.33	0.49	2.27
							1.73	2.57	
<b>CABLE AND ELECTRIC GOODS</b>									
Pak Elektron Limited	391,375	32,000	-	133,000	290,375	13,790	0.51	0.79	2.18
							0.51	0.79	
<b>PHARMACEUTICALS</b>									
Abbott Laboratories	12,000	-	-	2,100	9,900	6,906	0.51	0.79	0.01
Ferozsons Laboratories Limited	18,050	-	-	-	18,050	3,679	0.51	0.79	0.00
							1.02	1.58	
<b>Synthetic Products</b>									
Synthetic Products Enterprises Limited	25,500	-	-	-	25,500	1,541	0.51	0.79	0.08
							0.51	0.79	
<b>Total as at December 31, 2017</b>						<b>1,789,104</b>	<b>59.22</b>	<b>87.49</b>	
<b>Carrying value before mark to market as at December 31, 2017</b>						<b>2,132,726</b>			

# NAFA ASSET ALLOCATION FUND

- 5.1.1 Investments include shares with market value of Rs. 87.234. million (June 30, 2017: Rs. 66.83 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 (SECP).
- 5.1.2 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 5% 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 the 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 5% of bonus announcement and not yet deposited in CDC account of department of Income Tax.
- 5.2 This represents long term deposit having original maturity period of more than three months. These carry mark-up rate of 6.6% per annum (June 2017: 6.75%) and will mature on 28 March, 2018.

		(Un-audited) December 31, 2017	(Audited) June 30, 2017
	Note	-----Rupees in '000-----	
5.3	<b>Net unrealized (loss) / gain on re-measurement of investments at fair value through profit or loss - held for trading</b>		
	Market value of investments	5.1 <b>1,789,104</b>	2,060,320
	Less: carrying value of investments before mark to market	5.1 <b>(2,132,726)</b>	(1,732,196)
		<b>(343,622)</b>	328,124

## 6 PAYABLE TO NBP FULLERTON ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

Remuneration of the Management Company	6.1	<b>5,096</b>	6,031
Sindh Sales Tax on remuneration of the Management Company	6.2	<b>662</b>	784
Operational expenses	6.3	<b>1,621</b>	2,315
Selling and marketing expenses		<b>6,483</b>	4,432
Sales load		<b>1,191</b>	514
Sindh Sales Tax and Federal Excise Duty on sales load		<b>3,888</b>	3,800
		<b>18,941</b>	17,876

- 6.1 "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 3% of the average annual net assets of the Fund and thereafter of an amount equal to 2% 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 2% of the average annual net assets of the Fund from that date.

# NAFA ASSET ALLOCATION FUND

- 6.2 This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (June 30, 2017: 13%) on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.
- 6.3 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.

		(Un-audited) December 31, 2017	(Audited) June 30, 2017
Note		Rupees in '000	
<b>7</b>	<b>PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>		
	Remuneration of the Trustee	7.1 340	384
	Sindh Sales Tax on remuneration of the Trustee	7.2 44	50
		<u>384</u>	<u>434</u>

- 7.1 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.

The applicability of Tariff Structure to the Fund is same as that disclosed in note 9.1 to the annual audited financial statements of the fund for the year ended June 30, 2017.

- 7.2 The Sindh Provincial Government levied Sindh Sales Tax at the rate of 13% (June 30, 2017: 13%) on the remuneration of the trustee through Sindh Sales Tax on Services Act, 2011.

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

- 8.1 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 0.075% of the average annual net assets of the Fund. The fee is paid annually in arrears.

		(Un-audited) December 31, 2017	(Audited) June 30, 2017
Note		Rupees in '000	
<b>9</b>	<b>ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
	Auditors' remuneration	378	444
	Federal Excise Duty on remuneration of the Management Company	9.1 16,000	16,000
	Provision for Sindh Workers' Welfare Fund	9.2 18,468	18,468
	Brokerage charges	118	182
	Settlement charges	2	69
	Withholding tax	823	35,739
	Capital gain tax	30	1,778
	Legal and professional charges	50	24
	Payable against redemption of units	-	1,647
	Dividend payable	-	7,281
	Printing charges	54	92
	Rating fee	-	120
	Others	271	253
		<u>36,194</u>	<u>82,097</u>

# NAFA ASSET ALLOCATION FUND

- 9.1 The legal status of applicability of Federal Excise Duty on the Fund is same as disclosed in note 11.1 to the annual audited financial statements of the Fund for the year ended June 30, 2017, and the appeal, filed by tax authorities against the order in the Honourable Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

In view of above, the Management Company, being prudent, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 16 million. Had the provision not been retained, NAV per unit of the Fund as at December 31, 2017 would have been higher by Rs. 0.797 per unit (June 30, 2017: Rs. 0.829 per unit).

- 9.2 The legal status of applicability of Worker's Welfare Fund and Sindh Workers' Welfare Fund is same as that disclosed in note 17 to the annual audited financial statements of the Fund for the year ended June 30, 2017

As there is loss for the half year ended December 31, 2017, therefore, no provision for SWWF has been recognised in this condensed interim financial information.

The net effect of the above two adjustments if these had been made on December 31, 2017 would have resulted in an increase in the net asset value per unit of the Fund by Rs. 0.092.

## 10 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at December 31, 2017 and June 30, 2017.

## 11 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 realized or unrealized 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 realized or unrealized to the unit holders. The Fund intends to distribute such accounting income for the year ending June 30, 2018 to its unit holders. Accordingly, no provision in respect of taxation has been made in the current period.

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.

## 12 EARNINGS PER UNIT

Earnings per unit (EPU) has not been disclosed as in the opinion of management, the determination of the cumulative weighted average number of outstanding units for calculating EPU is not practicable.

## 13 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses incurred during the period divided by average net assets for the period) is 3.12% per annum including 0.37% representing government levies on collective investment scheme such as Sales tax and Securities and Exchange Commission of Pakistan fee for the period.

## 14 TRANSACTION AND BALANCES WITH CONNECTED PERSONS AND RELATED PARTIES

- 14.1 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.
- 14.2 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.
- 14.3 Remuneration of the Management Company is determined in accordance with the provisions of the NBFC Regulations.
- 14.4 Remuneration of the Trustee is determined in accordance with the provisions of the Trust Deed.



# NAFA ASSET ALLOCATION FUND

(Un-audited)	
Half year ended	
December 31, 2017	December 31, 2016
Rupees in '000	

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

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

Remuneration of the Management Company	32,413	15,772
Sindh Sales Tax on remuneration of the Management Company	4,213	2,050
Reimbursement of operational expenses to the Management Company	1,621	789
Selling and Marketing expenses	6,483	-
Sales load and related Sindh Sales Tax and Federal Excise Duty	3,888	2,663

### Central Depository Company of Pakistan Limited (Trustee)

Remuneration of the Trustee	2,125	1,293
Sindh Sales Tax on remuneration of the Trustee	276	168
CDS charges	66	40

### Employees of the Management Company

Units issued / transferred in 13,007 units (2016: 82,060 units)	215	1,375
Units redeemed / transferred out 34,121 units (2016: 87,608 units)	548	1,507
Dividend re-invest: 232 units (2016: Nil)	4	-

### Taurus Securities Limited (Subsidiary of the Parent of the Management Company)

Brokerage expense	-	64
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### Service Provident Fund Trust (Related Party)

Units issued / transferred in 10,838,573 units (2016: Nil)	166,912	-
Units redeemed / transferred out 839,3971 units (2016: Nil)	126,000	-

### Company Secretary / Chief Operating Officer of the Management Company

Units redeemed / transferred out - Nil (2016: 46,996 units)	-	741
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### Humayun Bashir (Director of the Management Company)

Dividend re-invest 3,011 units (2016: Nil)	48	-
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### International Industries Limited (Common directorship with the Management Company)

Sale of shares - Nil (2016: 311,000 shares)	-	3,195
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### International Steels Limited (Common directorship with the Management Company)

Sale of shares - Nil (2016: 609,500 shares)		30,879
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### Byco Petroleum Pakistan Limited - Employee Provident Fund (Portfolio managed by the Management Company)

Units issued / transferred in 10,838,573 units (2016: 165,714 units)	2,708	13,729
Dividend re-invest 3,070 units (2016: Nil)	49	
Units redeemed / transferred out 1,180,650 units (2016: Nil)	18,295	

### Gul Ahmed Textile Mills Limited Employees Provident Fund Trust

Units issued / transferred in 1,504,117 Units (2016: Nil)	23,100	-
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### Mr. Khalid Mehmood - CFO

Dividend re-invest 200 Units (2016: Nil)	3	-
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### Summit Bank Limited

#### (Common directorship with the Management Company)

Mark-up on bank balances	-	37
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### Cherat Cement Limited

#### (Common directorship with the Management Company)

Shares purchased 232,500 (2016: 216,900 shares)	38,074	39,112
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# NAFA ASSET ALLOCATION FUND

	(Un-audited) December 31, 2017	(Audited) June 30, 2017
	----- Rupees in '000 -----	
<b>14.6 Amounts outstanding as at period / year end are as follows:</b>		
<b>NBP Fullerton Asset Management Limited (Management Company)</b>		
Remuneration payable to Management Company	5,096	6,031
Sindh Sales Tax on remuneration of the Management Company	662	784
Reimbursement of operational expenses to the Management Company	1,621	2,315
Selling and Marketing expenses	6,483	4,432
Sales load	1,191	514
Sindh Sales Tax and Federal Excise Duty on sales load	3,888	3,800
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration of the Trustee	342	384
Sindh sales tax on remuneration of the Trustee	44	50
CDS charges	2	20
Security deposit	100	100
<b>National Bank of Pakistan (Parent of the Management Company)</b>		
Bank balance	5,182	12,469
<b>International Industries Limited (Common directorship with the Management Company)</b>		
Ordinary shares held 139,000 shares (June 2017: 139,000 shares)	33,375	51,231
<b>International Steels Limited (Common directorship with the Management Company)</b>		
Ordinary shares held 258,500 shares (June 2017: 258,500 shares)	27,497	33,060
<b>Cherat Packaging Limited (Common directorship with the Management Company)</b>		
Ordinary shares held 4,055 shares (June 2017: 3,572 shares)	807	51,231
<b>GUL Ahmed Textile Limited Employees Provident Fund Trust</b>		
Investment held in the Fund 3,311,337 Units (June 2017: 854,000 units)	50,856	35,030
<b>Summit Bank Limited (Common Directorship with the Management Company)</b>		
Bank balance	4,040	4,245
<b>Askari Bank Limited (Common Directorship with the Management Company)</b>		
Bank balance	-	1,072
Mark-up on bank balance	-	8
<b>Bank Islami Pakistan Limited (Common Directorship with the Management Company)</b>		
Bank balances	-	990
Markup on bank balances	-	12
<b>Cherat Cement Company Limited (Common directorship with the Management Company)</b>		
Ordinary shares held 449,400 shares (June 2017: 216,900 shares)	49843	38777
<b>Chief Financial Officer of the Management Company</b>		
Investment held in the Fund 66,163 units (June 2017: 67,085 units)	1,016	1,124
<b>NAFA Employees Provident Fund (Provident Fund of the Management Company)</b>		
Investment held in the Fund 55,236 units (June 2017: Nil)	848	-
<b>Employees of the Management Company</b>		
Investment held in the Fund 55,236 units (June 2017: 95,395 units)	848	1,298
<b>Byco Petroleum Pakistan Limited - Employee Provident Fund (Portfolio managed by the Management Company)</b>		
Investment held in the Fund - Nil (June 2017: 1,177,580 units)	-	20,074
<b>Gul Ahmed Textile Mills Limited Employees Provident Fund (Portfolio managed by the Management Company)</b>		
Investment held in the Fund 3,311,337 units (June 2017: 1,807,219 units)	50,856	30,807
<b>Humayun Bashir (Director of the Management Company)</b>		
Investment held in the Fund 993,006 units (June 2017: 989,995 units)	15,251	16,876
<b>Service Provident Fund Trust (Portfolio managed by the Management Company)</b>		
Investment held in the Fund - Nil (June 2017: 13,239,287 units)	-	225,686

# NAFA ASSET ALLOCATION FUND

## 15 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**Fair value hierarchy:**

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)."
- **Level 3:** Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

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

	(Un-audited)			
	As at December 31, 2017			
	Level 1	Level 2	Level 3	Total
ASSETS	(Rupees in '000)			
At fair value through profit or loss - held for trading				
Listed equity securities	1,789,104	-	-	1,789,104
	As at June 30, 2017			
	Level 1	Level 2	Level 3	Total
ASSETS	(Rupees in '000)			
At fair value through profit or loss - held for trading				
Listed equity securities	2,060,320	-	-	2,060,320

There were no transfers between above levels during the period.

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 repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

## 16 GENERAL

- |      |   |
|------|---|
| 16.1 | Figures have been rounded off to the nearest thousand rupees, unless otherwise specified.   |
| 16.2 | Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation.                        |
| 17   | This condensed interim financial information was authorized for issue on February 22, 2018 by the Board of Directors of the Management Company. |

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

Chief Executive

Director



NBP Fullerton  
Asset Management Ltd.

A Subsidiary of  
National Bank of Pakistan

## Head Office

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