

AM2++
RATED BY S&P



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

NAFA ASSET ALLOCATION FUND

**QUARTERLY
REPORT**
**September
30 2016**



Your investments & "NAFA" grow together




**FULLERTON FUND
MANAGEMENT**

Joint - Venture Partners

NAFA ASSET ALLOCATION FUND

MISSION STATEMENT



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

NAFA ASSET ALLOCATION FUND

Contents

FUND'S INFORMATION	03
DIRECTORS' REPORT	05
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES	09
CONDENSED INTERIM INCOME STATEMENT	10
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME	11
CONDENSED INTERIM DISTRIBUTION STATEMENT	12
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND	13
CONDENSED INTERIM CASH FLOW STATEMENT	14
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS	15

NAFA ASSET ALLOCATION FUND

FUND'S INFORMATION

Management Company

NBP Fullerton Asset Management Limited – Management Company

Board of Directors of the Management Company

Mr. Nausherwan Adil	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Aamir Sattar	Director
Mr. Abdul Hadi Palekar	Director
Mr. Koh Boon San	Director
Mr. Lui Mang Yin (Martin Lui)	Director
Mr. Kamal Amir Chinoy	Director
Mr. Shehryar Faruque	Director
Mr. Saiyed Hashim Ishaque	Director

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

Mr. Shehryar Faruque	Chairman
Mr. Koh Boon San	Member
Mr. Aamir Sattar	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
NIB Bank Limited
Soneri Bank Limited
United Bank Limited
National Bank of Pakistan
Summit Bank Limited
JS Bank Limited
The Bank of Panjab
Zarai Taraqiati Bank Limited
Bankislami Pakistan Limited
Dubai Islamic Bank Pakistan Limited

NAFA ASSET ALLOCATION FUND

Auditors

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

Legal Advisor

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

Head Office:

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

Lahore Office:

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

Islamabad Office:

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

Peshawar Office:

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

Multan Office:

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

NAFA ASSET ALLOCATION FUND

DIRECTORS' REPORT

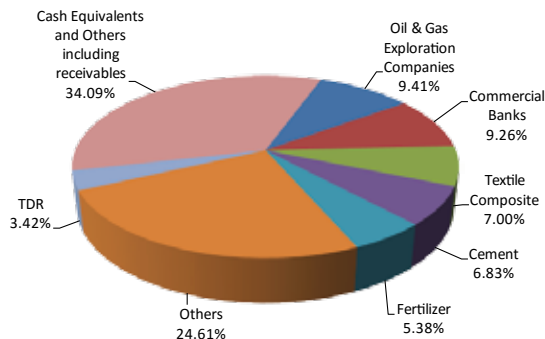
The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the unaudited financial statements of **NAFA Asset Allocation Fund (NAAF)** for the quarter ended September 30, 2016.

Fund's Performance

The Fund size of NAFA Asset Allocation Fund (NAAF) at the end of the period stood at Rs.1,517 million, 29% higher compared to the previous quarter. During the first quarter, the unit price of NAAF has increased from Rs. 14.8297 on June 30, 2016 to Rs. 16.3173 on September 30, 2016, thus showing an increase of 10.03%. The Benchmark, daily weighted return of KSE-30 Total Return Index & 6-month KIBOR based on Fund's actual allocation, increased by 2.50%. Thus, the Fund has outperformed its Benchmark by 7.53% during the period under review. Since inception the NAV of the Fund has increased from Rs. 5.3945 (Ex-Div) on August 20, 2010 to Rs. 16.3173 on September 30, 2016, thus showing an increase of 202.48%. During the said period, the Benchmark increased by 95.63%, translating into outperformance of 106.85%. This performance is net of management fee and all other expenses.

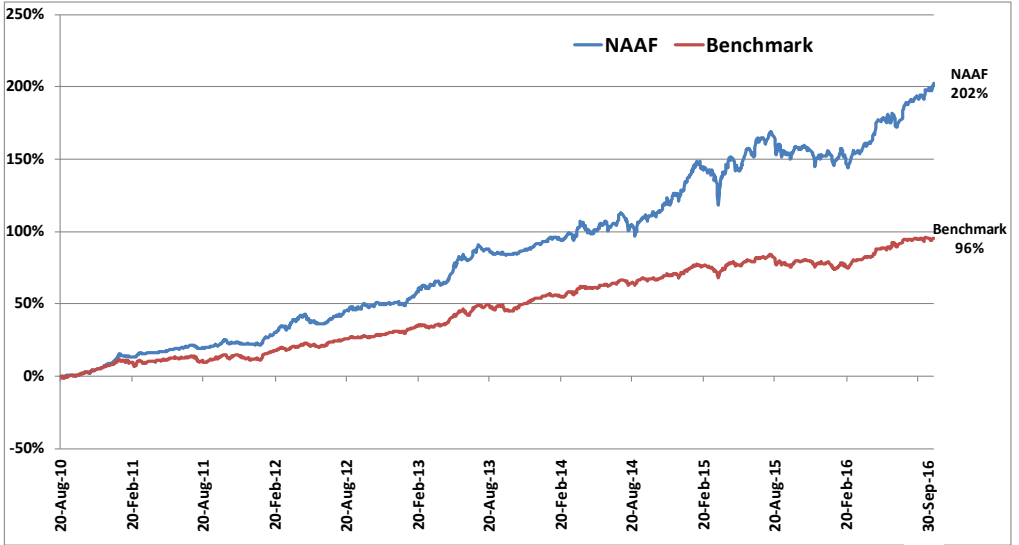
During Q1FY17, the stock market extended the rally that started from the lows hit at the end of February 2016, delivering a return of about 7.3%. Positives like improving economic prospects as captured in an all-time high foreign exchange reserves of US\$23.6bn, multi-year low inflation & interest rates, and pick-up in economic growth, albeit from low levels; attractive stock market valuations; and tepid returns on alternate investment avenues buoyed local investors' interest in the market. Better than expected corporate results announcements for the period ending June 30, 2016 provided the much needed confidence to the market participants. However, foreign investors remained sellers with outflows of US\$ 39.7 million recorded during the quarter. Automobile Assembler, Automobile Parts & Accessories, Engineering, and Textile Composite sectors performed better than the market whereas Cement and Fertilizer sectors lagged behind.

On the corporate debt sphere, trading activity in TFCs/Sukus remained skewed towards high quality issues with total traded value recorded at around Rs 1.5 billion during the quarter. The trades were mainly concentrated in the Banking sector, making up 64% share. State Bank of Pakistan (SBP) in its bi-monthly monetary policy announcements in July and September 2016 maintained the policy rate at 5.75% citing positives such as comfortable liquidity conditions coupled with record-high foreign exchange reserves and CPEC related projects gathering momentum being balanced against uncertain global oil prices, challenged exports outlook, and heavy scheduled foreign loan payments during FY17, and beyond. We see modest pickup in inflation to 5.0% by the year-end due to partial recovery in commodity prices, measured expected devaluation, and uptick in private sector borrowing. The Fund has earned total income of Rs.148.06 million during the period. After deducting expenses of Rs.9.82 million, the net income is Rs.138.24 million. The asset allocation of the Fund as on September 30, 2016 is as follows:



NAFA ASSET ALLOCATION FUND

NAAF Performance versus Benchmark (Since Inception)



Acknowledgement

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

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

On behalf of the Board of
NBP Fullerton Asset Management Limited

Chief Executive

Director

Date: October 28, 2016

Place: Karachi.

NAFA ASSET ALLOCATION FUND

ڈائریکٹرز رپورٹ

NBP فلٹرن ایسیٹ منیجمنٹ لمیٹڈ، بورڈ آف ڈائریکٹرز بصد مسرت 30 ستمبر 2016ء کو ختم ہونے والی سہ ماہی کے لیے NAFA ایسیٹ ایلوکیشن فنڈ (NAAF) کے غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرتا ہے۔

فنڈ کی کارکردگی

NAFA ایسیٹ ایلوکیشن فنڈ (NAAF) کا فنڈ سائز، اس مدت کے اختتام پر 1,517 ملین روپے ہے جو گزشتہ سہ ماہی کے مقابلے میں 29% زیادہ ہے۔ پہلی سہ ماہی کے دوران NAAF کے یونٹ کی قیمت 30 جون 2015 کو 14.82977 روپے سے بڑھ کر 30 ستمبر 2016 کو 16.3173 روپے ہو چکی ہے اور اس طرح 10.03% اضافہ ہوا ہے۔ KSE-30 ٹوٹل ریٹرن کے میزبان شدہ پومیہ منافع اور فنڈ کی اصل ایلوکیشن کی بنیاد پر بیچ مارک میں 2.50% اضافہ ہوا ہے۔ لہذا فنڈ نے زیر جائزہ مدت کے دوران اپنے بیچ مارک 7.53% سے بہتر کارکردگی رہی۔

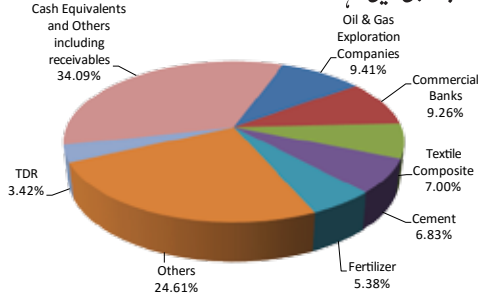
فنڈ کا NAV، 20 اگست 2010 کو اپنے قیام کے وقت 5.3945 روپے (Ex-Div) سے بڑھ کر 30 ستمبر 2016 کو 16.3173 روپے (Ex-Div) ہو چکا ہے اور اس طرح 202.48% اضافہ ہوا ہے۔ اس مدت کے دوران بیچ مارک میں 95.63% اضافہ ہوا ہے، جس کا نتیجہ فنڈ کی 106.85% بہتر کارکردگی کی صورت میں سامنے آیا ہے۔ یہ کارکردگی منیجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

مالی سال 2017 کی پہلی سہ ماہی کے دوران اسٹاک مارکیٹ نے تیزی کا وہ رجحان آگے بڑھایا جس کا آغاز فروری 2016 کے اختتام پر پست سطح سے ہوا تھا اور 7.3% منافع پیش کیا۔ مثبت عوامل مثلاً بہتر ہوتے اقتصادی امکانات، جن کی نشاندہی 23.6 ارب امریکی ڈالر پر مشتمل ملکی تاریخ کے سب سے بلند زر مبادلہ کے ذخائر سے ہوتی ہے، کئی سال پر محیط کم تر افراط زر اور شرح سود، اور معاشی نمو میں تیزی، اسٹاک مارکیٹ میں پُرکشش آمدن اور سرمایہ کاری کے متبادل ذرائع سے بہتر نتائج کے باعث مقامی سرمایہ کاروں کی طرف سے اسٹاک مارکیٹ میں دل چسپی میں اضافہ ہوا۔ 30 جون 2016 کو ختم ہونے والی مدت کے لیے توقع سے بہتر کاروباری نتائج کے اعلانات نے مارکیٹ کے شرکاء کو درکار انتہائی ضروری اعتماد فراہم کیا۔ تاہم غیر ملکی سرمایہ کاروں کی طرف سے فروخت کا سلسلہ جاری رہا جس کے نتیجے میں سہ ماہی کے دوران 39.7 ملین ڈالر کا اخراج ریکارڈ کیا گیا۔ آٹوموبیل اسمبلر، آٹوموبیل پارٹس اور ایئر لائنز، انجینئرنگ اور ٹیکسٹائل کمپوزٹ سیکٹرز نے مارکیٹ کے مقابلے میں بہتر کارکردگی کا مظاہرہ کیا جب کہ سینٹ اور فریلا نر سیکٹرز پسماندگی کا شکار رہے۔

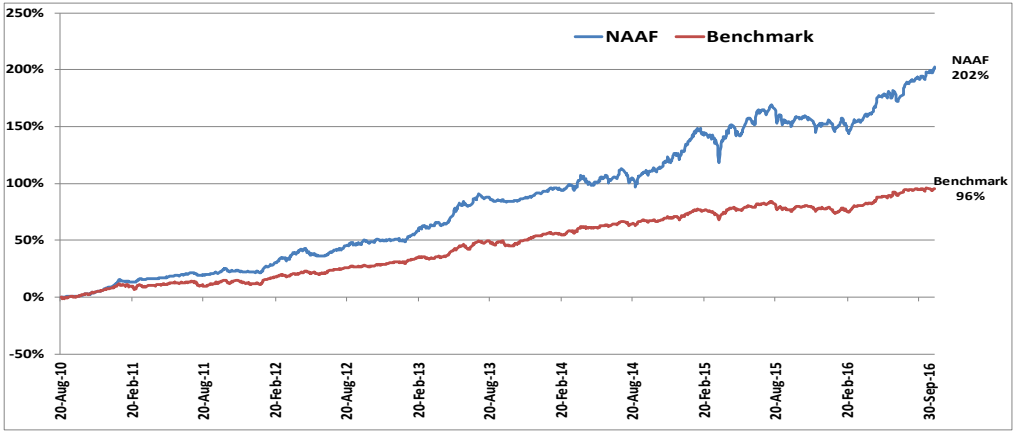
کاروباری قرض کے حلقے میں TFCs/سکوک میں تجارتی سرگرمیوں کے اعلیٰ کوالٹی اجزائی کارروائیوں کی طرف جھکاؤ رہا، جن کے لین دین کی مجموعی مالیت اس سہ ماہی کے دوران 1.5 ارب روپے ریکارڈ کی گئی۔ لین دین کا اصل ارتکاز بینکاری کے شعبے میں رہا جس کا حصہ 64% بنتا ہے۔ اسٹیٹ بینک آف پاکستان نے اپنے جولائی اور ستمبر 2016 کے دو ماہ کی مالیاتی پالیسی اعلان میں پالیسی ریٹ 5.75% برقرار رکھا، لیکویڈیٹی کی باہولت صورت حال کے ساتھ زرمبادلہ کے ریکارڈ بلند ذخائر اور (CPEC) سی پیک سے متعلق منصوبوں کی رفتار میں اضافے کے مثبت پہلوؤں کی بدولت تیل کی غیر یقینی عالمی قیمتوں، برآمدات سے متعلق چیلنج آمیز امکانات اور مالی سال 2017 میں اور اس کے بعد شیڈیول غیر ملکی قرضوں کی بھاری واپسی کے اثرات بیلنس میں رہنے کی توقع ہے۔ ہم ایشیائے صرف کی قیمتوں میں جزوی بحالی، روپے کی قدر میں نیپلی متوقع کمی اور نجی شعبے کی طرف سے قرضوں میں اضافے کی وجہ سے سال کے اختتام تک افراط زر میں 5% تک معتدل اضافہ دیکھ رہے ہیں۔ فنڈ نے اس مدت کے دوران 148.06 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 9.82 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 138.24 ملین روپے رہی۔

NAFA ASSET ALLOCATION FUND

فونڈ کی ایسیٹ الیوکییشن 30 ستمبر 2016 کو برطانیہ ذیل ہے:



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



اظہار تشکر

بورڈ اس موقع کا فائدہ اٹھاتے ہوئے منجمنٹ کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر یونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سکیورٹیز اینڈ ایگزیکٹو 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 ٹرسٹی کی طرف سے محنت، لگن اور عزم کے مظاہرے پر اپنا خراج تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

مخانب بورڈ آف ڈائریکٹرز
NBP فلٹرن ایسیٹ منجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

بتاریخ

28 اکتوبر 2016

مقام: کراچی

NAFA ASSET ALLOCATION FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2016

	Note	Un-Audited September 30, 2016	Audited June 30, 2016
(Rupees in '000)			
ASSETS			
Balances with banks and term deposits		601,827	479,335
Investments	4	948,200	784,190
Receivable against sale of investments		2,993	-
Dividend and profit receivable	5	9,850	1,919
Deposits, prepayments and other receivables		2,978	2,956
Total assets		1,565,848	1,268,400
LIABILITIES			
Payable to the Management Company		24,762	23,356
Payable to Central Depository Company of Pakistan Limited - Trustee		270	214
Payable to the Securities and Exchange Commission of Pakistan		323	1,401
Accrued expenses and other liabilities	6	23,139	68,772
Total liabilities		48,494	93,743
NET ASSETS		1,517,354	1,174,657
UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)		1,517,354	1,174,657
CONTINGENCIES AND COMMITMENTS	7		
NUMBER OF UNITS IN ISSUE		92,990,577	79,209,685
NET ASSET VALUE PER UNIT		16.3173	14.8297

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ASSET ALLOCATION FUND

CONDENSED INTERIM INCOME STATEMENT (Un Audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	Note	Quarter Ended September 30, 2016	Quarter Ended September 30, 2015
(Rupees in '000)			
INCOME			
Capital gain on sale of investments - net		15,130	24,388
Income from Pakistan Investment Bonds		2	2
Profit on bank deposits		8,135	12,439
Dividend income		9,641	12,425
Net unrealised appreciation/(diminution) on re-measurement of investments classified as financial assets 'at fair value through profit or loss'		102,714	(51,195)
Total Income		135,622	(1,941)
EXPENSES			
Remuneration of the Management Company		6,812	9,442
Sindh Sales Tax on Management Company's remuneration		886	1,533
FED on Management Company's remuneration		-	1,511
Accounting and operational charges to the Management Company		341	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee		593	723
Sindh Sales Tax on CDC Trustee's remuneration		77	101
Annual fee - Securities and Exchange Commission of Pakistan		324	449
Auditors' remuneration		230	162
Annual listing fee		14	10
Printing charges		46	-
Legal and professional charges		46	-
Securities transaction cost		217	922
Mutual fund rating fee		46	43
Settlement and bank charges		183	233
Total Expenses		9,815	15,129
Net income from operating activities		125,807	(17,070)
Element of income/(loss) and capital gains /(losses) included in the prices of units issued less those in units redeemed		12,435	(10,185)
		138,242	(27,255)
Provision for Workers' Welfare Fund	8	-	-
Net income/(loss) for the period before taxation		138,242	(27,255)
Taxation	9	-	-
Net income/(loss) for the period after taxation		138,242	(27,255)
Earnings per unit	10		

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ASSET ALLOCATION FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un Audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	Quarter Ended September 30, 2016	Quarter Ended September 30, 2015
	(Rupees in '000)	
Net income/(loss) for the period after taxation	138,242	(27,255)
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>138,242</u>	<u>(27,255)</u>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ASSET ALLOCATION FUND

CONDENSED INTERIM DISTRIBUTION STATEMENT (Un Audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	Quarter Ended September 30, 2016	Quarter Ended September 30, 2015
	(Rupees in '000)	
Undistributed income brought forward		
Realised income	537,461	380,144
Unrealised income	<u>55,525</u>	<u>234,597</u>
	<u>592,986</u>	<u>614,741</u>
Net income/(loss) for the period after taxation	138,242	(27,255)
Final distribution during the period		
Final distributions Nil (2015: 1.86% cash dividend)		
-Cash distribution	-	(26,041)
Undistributed income carried forward	<u>731,228</u>	<u>561,445</u>
Undistributed income comprising of :		
Realised income	628,514	612,640
Unrealised income	<u>102,714</u>	<u>(51,195)</u>
Undistributed income carried forward	<u>731,228</u>	<u>561,445</u>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ASSET ALLOCATION FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (Un Audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	Quarter Ended September 30, 2016	Quarter Ended September 30, 2015
	(Rupees in '000)	
Net assets at the beginning of the period	1,174,657	2,073,497
Issue of 20,261,300 units (2015:34,530,346 units)	319,299	523,637
Redemption of 6,480,408 units (2015 : 65,641,734 units)	(102,409) 216,890	(993,510) (469,873)
Net unrealised appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	102,714	(51,195)
Capital gain on sale of investments - net	15,130	24,388
Other net income for the period	20,398 138,242	(448) (27,255)
Final distribution made during the period		
Final distributions Nil (2015: 1.86% cash dividend) - Cash distribution	-	(26,041)
Element of income and capital gains included in the prices of units issued less those in units redeemed	(12,435)	10,185
Net assets at the end of the period	1,517,354	1,560,513

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ASSET ALLOCATION FUND

CONDENSED INTERIM CASH FLOW STATEMENT (Un Audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	Quarter Ended September 30, 2016	Quarter Ended September 30, 2015
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income/(loss) for the period	138,242	(27,255)
Adjustments for:		
classified as financial assets 'at fair value through profit or loss'	(102,714)	51,195
Element of income and capital gains included in the prices of units issued less those in units redeemed	(12,435)	10,185
	<u>23,093</u>	<u>34,125</u>
(Increase) / decrease in assets		
Investments	(61,296)	767,746
Receivable against sale of investments	(2,993)	-
Dividend and profit receivable	(7,931)	(4,403)
Deposits, prepayments and other receivable	(22)	(114)
	<u>(72,242)</u>	<u>763,229</u>
Increase in liabilities		
Payable to the Management Company	1,406	(1,312)
Payable to the Central Depository Company of Pakistan Limited - Trustee	56	(33)
Payable to the Securities and Exchange Commission of Pakistan	(1,078)	(1,580)
Payable against purchase of investments	-	-
Accrued expenses and other liabilities	(45,633)	(462)
	<u>(45,249)</u>	<u>(3,387)</u>
Net cash generated from/(used in) operating activities	<u>(94,398)</u>	<u>793,967</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issue of units	319,299	526,401
Payments on redemption of units	(102,409)	(1,162,902)
Distributions paid	-	(26,041)
Net cash generated from/(used in) financing activities	<u>216,890</u>	<u>(662,542)</u>
Net increase in cash and cash equivalents during period	<u>122,492</u>	<u>131,425</u>
Cash and cash equivalents at the beginning of the period	479,335	675,426
Cash and cash equivalents at the end of the period	<u><u>601,827</u></u>	<u><u>806,851</u></u>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ASSET ALLOCATION FUND

NOTES TO AND FORMING PART OF THE CONDENSED FINANCIAL FINANCIAL STATEMENTS (Un Audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2016

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 the SECP. The registered office of the Management Company is situated at 7th floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi. Due to the fire incident at the registered office of the Management Company in the month of June 2016, its office has been temporarily shifted to 2nd floor, Ex - NDFC Building, Tariq Road, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).

The Fund is an open-ended mutual fund and classified as "asset allocation scheme" by the Management Company and is listed on the Pakistan Stock Exchange (formerly Lahore Stock Exchange). Units are offered for public subscription on a continuous basis. The units of the Fund are transferable and can be redeemed by surrendering them to the Fund.

The core 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 'AM2++' to the Management Company.

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

2 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.

2.1 The directors of the Asset Management Company declare that these condensed interim financial statements give a true and fair view of the Fund.

3 Accounting Policies

The accounting policies adopted for the preparation of the condensed interim financial statements for the quarter ended September 30, 2015 are same as those applied in the preparation of annual audited financial statements for the year ended June 30, 2016.

NAFA ASSET ALLOCATION FUND

4 INVESTMENTS

At fair value through profit or loss:

	Note	Un-Audited September 30, 2016	Audited June 30, 2016
----- Rupees in '000 -----			
- Equity securities - listed	4.1	948,138	784,127
- Pakistan Investment Bonds	4.3	62	63
		<u>948,200</u>	<u>784,190</u>

4.1 Listed equity securities

Shares of Listed Companies - Fully paid ordinary of Rs. 10 each, except for Thal Limited which have a face value of Rs. 5 and K-Electric which have a face value of Rs. 3.5.

Name of the investee company	Number of shares				Market value as at September 30, 2016	Investment as a percentage of			
	As at July 01, 2016	Purchases during the period	Bonus / Right Issue	Sales during the period		As at September 30, 2016	Net assets	Market value of total investments	Paid up capital of the investee company
Rupees in '000						-----%-----			
Oil and Gas									
Attock Petroleum Limited	15,200	-	-	-	15,200	7,904	0.52	0.83	0.01
Attock Refinery Limited	47,600	-	-	4,500	43,100	14,045	0.93	1.48	0.05
Oil and Gas Development Company Limited	211,000	-	-	23,500	187,500	26,481	1.75	2.79	0.00
Pakistan Oilfields Limited	99,150	-	-	5,000	94,150	37,783	2.49	3.98	0.04
Pakistan Petroleum Limited	250,860	-	-	28,000	222,860	36,476	2.40	3.85	0.01
Pakistan State Oil Company Limited	65,020	-	-	-	65,020	26,927	1.77	2.84	0.02
Hascol Petroleum Limited (Refer 5.1.2)	1,354	-	-	-	1,354	298	0.02	0.03	0.00
Shell Pakistan Limited	2,500	66,000	-	-	68,500	28,089	1.85	2.96	0.06
Mari Petroleum Company Limited	36,900	7,100	-	-	44,000	41,999	2.77	4.43	0.04
CHEMICALS									
Engro Corporation Limited	48,000	93,500	-	-	141,500	41,212	2.72	4.35	0.03
Engro Fertilizers Limited	466,500	50,000	-	-	516,500	31,847	2.10	3.36	0.04
Fauji Fertilizer Bin Qasim Limited	166,500	-	-	-	166,500	8,555	0.56	0.90	0.02
INDUSTRIAL METALS AND MINING									
International Industries Limited	450,000	-	-	250,000	200,000	26,956	1.78	2.84	0.17
International Steels Limited	841,000	-	-	506,000	335,000	20,351	1.34	2.15	0.08
ENGINEERING									
Mughal Iron & Steel Industries Limited	155,000	-	-	-	155,000	13,254	0.87	1.40	0.12
CONSTRUCTION AND MATERIALS									
D.G. Khan Cement Company Limited	139,700	-	-	-	139,700	25,967	1.71	2.74	0.03
Lucky Cement Limited	47,800	-	-	2,400	45,400	30,748	2.03	3.24	0.01
Maple Leaf Cement Factory Limited	165,500	-	-	29,000	136,500	13,077	0.86	1.38	0.03
Attock Cement Pakistan Limited	63,700	-	-	-	63,700	15,997	1.05	1.69	0.06
Pioneer Cement Limited	192,000	-	-	23,100	168,900	17,851	1.18	1.88	0.05
GENERAL INDUSTRIALS									
Thal Limited	112,300	-	-	19,900	92,400	37,482	2.47	3.95	0.23
INDUSTRIAL TRANSPORTATION									
Pakistan National Shipping Corporation	78,700	-	-	-	78,700	8,866	0.58	0.94	0.06
PERSONAL GOODS (TEXTILE)									
Nishat Mills Limited	319,400	58,000	-	28,500	348,900	49,160	3.24	5.18	0.10
Kohinoor Textile Mills Limited (Refer 5.1.2)	491,888	-	-	-	491,888	41,811	2.76	4.41	0.17
Dawood Lawrencepur Ltd.	-	73,000	-	-	73,000	15,184	1.00	1.60	0.12
ELECTRICITY									
The Hub Power Company Limited	222,200	-	-	44,500	177,700	21,177	1.40	2.23	0.02
Kot Addu Power Company Limited	310,000	-	-	-	310,000	25,944	1.71	2.74	0.04
Saif Power Limited	129,500	-	-	-	129,500	4,016	0.26	0.42	0.03
COMMERCIAL BANKS									
Allied Bank Limited	227,700	73,000	-	-	300,700	29,520	1.95	3.11	0.03
Bank Al-falah Limited	660,500	-	-	-	660,500	18,976	1.25	2.00	0.04
Bank Al-Habib Limited	529,150	-	-	-	529,150	23,801	1.57	2.51	0.05
MCB Bank Limited	70,000	99,000	-	-	169,000	37,315	2.46	3.94	0.02
United Bank Limited	79,003	-	-	-	79,003	15,704	1.04	1.66	0.01
Faysal Bank Limited	27,125	-	-	-	27,125	430	0.03	0.05	0.00
Habib Bank Limited	67,067	-	-	-	67,067	14,809	0.98	1.56	0.00
PAPER AND BOARD									
Cherat Packaging Limited (Refer 5.1.2)	3,572	-	-	-	3,572	1,375	0.09	0.15	0.01

NAFA ASSET ALLOCATION FUND

Name of the investee company	Number of shares					Market value as at September 30, 2016	Investment as a percentage of		
	As at July 01, 2016	Purchases during the period	Bonus / Right Issue	Sales during the period	As at September 30, 2016		Net assets	Market value of total investments	Paid up capital of the investee company
						Rupees in '000	-----%-----		
AUTOMOBILE AND PARTS									
Baluchistan Wheels Limited	7,500	-	-	-	7,500	1,067	0.07	0.11	0.25
Indus Motor Company Limited	32,930	-	-	-	32,930	49,408	3.26	5.21	0.04
Millat Tractors Ltd	-	23,500	-	-	23,500	15,956	1.05	1.68	0.05
TECHNOLOGY & COMMUNICATION									
Systems Limited	-	208,500	-	-	208,500	14,620	0.96	1.54	0.19
HOUSEHOLD GOODS									
Tariq Glass Industries Limited	528,000	-	-	76,000	452,000	43,288	2.85	4.57	0.62
Pak Elektron Limited (Refer 5.1.2)	216,375	-	-	41,000	175,375	12,411	0.82	1.32	0.04
Total as at Sep 30, 2016						<u>948,138</u>	<u>63.87</u>	<u>100.00</u>	
Carrying Value as at Sep 30, 2016						<u>845,423</u>			

4.2 The above investments include securities with market value aggregating to Rs.61.701 million (June 30, 2016: 62.931) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular no. 11 dated October 23, 2007 issued by SECP.

4.3 Pakistan Investment Bonds

Issue date	Coupon Rate/Tenor	Face Value				Market value as at March 31, 2016	Investment as a percentage of	
		As at July 01, 2015	Purchases during the period	Sales / matured during the period	As at March 31, 2016		Net assets	Market value of total investments
						Rupees in '000	-----%-----	
19 July, 2012	12.00/10 years	50	-	-	50	62	-	0.01
Total as at September 30, 2016						<u>62</u>	<u>-</u>	
Carrying Value as at September 30, 2016						<u>63</u>		

September 30, 2016 **June 30, 2016**
(Rupees in '000)

5 DIVIDEND AND PROFIT RECEIVABLE

Profit receivable on saving deposits	200	452
Dividend receivable	9,642	1,461
Profit receivable on Pakistan Investment Bonds	<u>8</u>	<u>6</u>
	<u>9,850</u>	<u>1,919</u>

6 ACCRUED EXPENSES AND OTHER LIABILITIES

Auditors' remuneration	709	479
Provision for Workers' Welfare Fund	18,637	18,637
Brokerage	269	131
Settlement charges	139	93
Printing charges	181	136
Withholding tax	1,939	9,980
Legal and professional charges	47	12
Payable against redemption of units	717	38,810
Dividend payable	-	269
Others	501	225
	<u>23,139</u>	<u>68,772</u>

NAFA ASSET ALLOCATION FUND

7 CONTINGENCIES AND COMMITMENTS

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

8 PROVISION FOR WORKERS' WELFARE FUND

The Finance Act 2015 incorporated an amendment in WWF Ordinance by excluding CIS from the definition of Industrial Establishment, and consequently CIS are no more liable to pay contribution to WWF with effect from July 1, 2015. Accordingly no further provision for WWF has recorded subsequent to June 30, 2015

However, without prejudice to the above and owing to the fact that the decision of Sindh High Court on the applicability of WWF (till June 30, 2016) to the CISs is currently pending for adjudication, the Management Company has decided to record and retain provision of WWF in financial statements for the quarter ended September 30, 2016 which aggregates to Rs. 18.637 million. Had the same not been made the net asset value per unit / return of the Fund would have been higher by 0.2004 per unit respectively.

9 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.

10 Earnings per unit

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

11 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses incurred during the period divided by Average net assets value for the period) is 2.88% p.a. including 0.38% representing government levies on collective Investment scheme such as Sales tax, Worker's Welfare Fund and Securities & Exchange Commission of Pakistan fee for the period.

12 TRANSACTIONS WITH CONNECTED PERSONS

- 12.1 Connected persons include NBP Fullerton Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan, and Alexandra Fund Management Pte. Limited being the sponsors, other collective investment schemes managed by the Management Company and directors and officers of the Management Company.
- 12.2 The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 12.3 Remuneration and front-end load payable to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.
- 12.4 Remuneration payable to the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

NAFA ASSET ALLOCATION FUND

Un-audited Un-audited
Quarter Ended Quarter Ended
September 30, September 30,
2016 2015

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

12.5 Details of transactions with connected persons are as follows:

NBP Fullerton Asset Management Limited - Management Company		
Remuneration for the year / period	6,812	9,442
Sindh sales tax on remuneration	886	1,533
Reimbursement of operational expenses to the Management Company	341	-
FED on remuneration	-	1,511
Front-end load	717	4,366
NAFA Employees Provident Fund		
Dividend reinvest Nil units (2015: 8,990 units)	-	138
Central Depository Company of Pakistan Limited - Trustee		
Remuneration for the period	593	723
Sindh Sale Tax on Remuneration CDC Trustee	77	101
CDS charges	14	37
Employees of the Management Company		
Units Issued/ transfer in of 16,016 units (2015: 417,015 units)	250	6,300
Units Redeemed / transfer out of 30,634 units (2015: 198,376 units)	490	3,003
Dividend reinvest Nil units (2015: 505 units)	-	8
Muhammad Murtaza Ali - Chief Operating Officer & Company Secretary		
Units Redeemed / transfer out 46,996 units (2015: Nil units)	741	-
Dividend reinvest Nil units (2015: 649 units)	-	10
AAMIR SATTAR - DIRECTORS		
Dividend reinvest Nil units (2015: 901 units)	-	14
BYCO OIL PAKISTAN LIMITED - EMPLOYEE PROVIDENT FUND		
Units Issued/ transfer in Nil units (2015: 499,095 units)	-	7,707
Units Redeemed / transfer out Nil units (2015: 1,302,303 units)	-	19,266
Dividend reinvest Nil units (2015: 20,441 units)	-	313
BYCO PETROLEUM PAKISTAN LIMITED - EMPLOYEE PROVIDENT FUND		
Units Redeemed / transfer out Nil units (2015: 1,302,303 units)	-	44,838
Dividend reinvest Nil units (2015: 35,187 units)	-	539
Taurus Securities Limited		
Brokerage expense	16	61
Summit Bank Limited		
Bank Profit	15	15

NAFA ASSET ALLOCATION FUND

	Un-audited September 30, 2016	Audited June 30, 2016
12.6 Amounts outstanding as at period end		
------(Rupees in '000)-----		
NBP Fullerton Asset Management Limited - Management Company		
Management fee payable	2,404	2,120
Sindh Sales Tax on remuneration of Management Company	312	344
FED on remuneration of Management Company	16,000	16,000
Operational expenses	1,101	761
Sale load payable to Management Company	4,945	4,131
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	239	188
Sindh Sale Tax on CDC Trustee Remuneration payable	31	26
CDS charges payable	139	93
Security deposit	100	100
National Bank of Pakistan		
Balance in current account	4,748	4,501
Employees of the Management Company		
Investment held in the Fund 86,295 units (June 30, 2016: 100,944 units)	1,408	1,497
NAFA Employees Provident Fund		
Investment held in the Fund 296,702 units (June 30, 2016: 296,702 units)	4,841	4,400
Muhammad Murtaza Ali - Chief Operating Officer & Company Secretary		
Investment held in the Fund 9,547 units (June 30, 2016: 56,543 units)	156	839
Khalid Mehmood - Chief Financial Officer		
Investment held in the Fund 68,085 units (June 30, 2016: 68,085 units)	1,095	995
Aamir Sattar - Director		
Investment held in the Fund 88,777 units (June 30, 2016: 88,777 units)	1,449	1,317
Taurus Securities Limited (Subsidiary of Parent of the Management Company)		
Brokerage payable	16	8
Summit Bank Limited		
Bank Balance	2,535	2,646
Net amount receivable / (payable) against transfer of units from / to:		
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)

13 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on 28th October, 2016.

14 GENERAL

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

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

7th Floor, Clifton Diamond Building, Block No.4,
Scheme No.5, Clifton, Karachi.

UAN: 021-111-111-632

Toll Free: 0800-20002

Sms: NAFA INVEST to 8080

Fax: 021-35825335

Email: info@nafafunds.com

Website: www.nafafunds.com

 /nafafunds