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Rated by PACRA



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

## **NAFA ASSET ALLOCATION FUND**

# **ANNUAL REPORT 2016**



*Your investments & "NAFA" grow together*



**FULLERTON FUND  
MANAGEMENT**

*Joint - Venture Partners*

## MISSION STATEMENT

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

# NAFA ASSET ALLOCATION FUND

## FUND'S INFORMATION

### Management Company

NBP Fullerton Asset Management Limited – Management Company

### Board of Directors of the Management Company

Mr. Nausherwan Adil	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Nigel Poh Cheng	Director
Mr. Koh Boon San	Director
Mr. Kamal Amir Chinoy	Director
Mr. Shehryar Faruque	Director
Mr. Aamir Sattar	Director
Mr. Abdul Hadi Palekar	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. Nausherwan Adil	Chairman
Mr. Nigel Poh Cheng	Member
Mr. Kamal Amir Chinoy	Member

### Trustee

Central Depository Company of Pakistan Limited (CDC)  
CDC House, 99-B, Block "B" S.M.C.H.S.,  
Main 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  
NIB Bank Limited  
Soneri Bank Limited  
United Bank Limited  
National Bank of Pakistan  
Summit Bank Limited  
JS Bank Limited  
The Bank of Panjab  
Zarai Taraqiyati Bank Limited  
Bankislami Pakistan Limited  
Dubai Islamic Bank Pakistan Limited

# NAFA ASSET ALLOCATION FUND

## **Auditors**

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

## **Legal Advisor**

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

## **Head Office:**

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

## **Lahore Office:**

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

## **Islamabad Office:**

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

## **Peshawar Office:**

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

## **Multan Office:**

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

# NAFA ASSET ALLOCATION FUND

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# Board of Directors



Mr. Nausherwan Adil  
Chairman



Dr. Amjad Waheed, CFA  
Chief Executive Officer



Mr. Kamal Amir Chinoy  
Director



Mr. Koh Boon San  
Director



Mr. Aamir Sattar  
Director



Mr. Shehryar Faruque  
Director



Mr. Nigel Poh Cheng  
Director



Mr. Abdul Hadi Palekar  
Director



# Senior Management



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



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



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



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



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



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



**Syed Suleman Akhtar CFA**  
**Head of Research**



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



**Mr. Asim Wahab Khan, CFA**  
**Head of Equity**



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



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

# NAFA ASSET ALLOCATION FUND

## DIRECTORS' REPORT

The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the Sixth Annual Report of **NAFA Asset Allocation Fund** for the year ended June 30, 2016.

### Fund's Performance

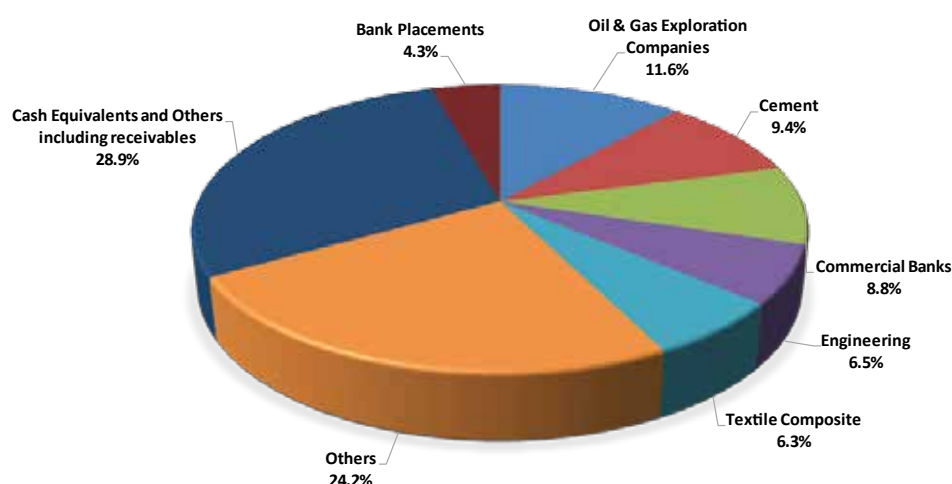
The stock market started FY2015-16 on a lackluster note in sync with the regional and global markets, driven by a rout in commodities and concerns on global growth led by China. But in the aftermath of a strong rally in the second half of the year, the local bourse closed the year with a 9.8% return. During the first half of the year, the market remained under pressure led by Oil & Gas Sector amid sharp decline in crude oil prices and unabated foreign selling. However, the market more than made up for the losses in the second half as recovery in crude oil prices led to strong returns from the large cap energy stocks, and news of Pakistan's re-entry in the MSCI EM Index from next year. NBFCs, Individuals, and Mutual Funds remained net buyers, absorbing majority of the foreign selling. After a volatile FY2015-16, Pakistan equities are well poised to post stronger returns this fiscal year due to inclusion in MSCI Emerging Markets Index, relatively reasonable valuations, and improving growth prospects driven by government focus on infrastructure spending coupled with implementation of CPEC projects.

On the corporate debt sphere, trading activity in TFCs/Sukuks remained skewed towards high quality issues with total trade value touching around Rs 8 billion. The trades were mainly concentrated in the Banking sector, making up 43% share. During the period under review (FY16), due to further abatement in inflationary pressures (average inflation of 2.9%), State Bank of Pakistan (SBP) reduced the policy rate by a cumulative 75 bps following a cumulative 300 bps reduction in FY15. SBP in its policy statement highlighted (i) improvement in the macroeconomic conditions, (ii) better law and order situation; and (iii) positive growth prospects underpinned by investment under China Pakistan Economic Corridor (CPEC). During the period under review, sovereign yields responded accordingly to policy rate cut of 75 bps. We see pickup in inflation to 6% by FY17 year-end due to partial recovery in commodity prices, measured PKR devaluation, and uptick in private sector borrowing.

During the fiscal year, NAFA Asset Allocation Fund posted 7.61% return versus the benchmark (33% KSE-100 Index, 33% 6-Month KIBOR, 33% 3-month bank deposit rate) return of 7.33%. Thus the Fund outperformed by 0.28% during the year. This outperformance is due to timely asset allocation and better than market performance of its key holdings in the Oil & Gas Exploration Companies, Engineering, Textile Composite, and Refinery sectors. Since its launch (August 20, 2010), the Fund has risen by 174.91%, versus the benchmark (33% KSE-100 Index, 33% 6-Month KIBOR, 33% 3-month bank deposit rate) return of 118.02%, thus to date out-performance is 56.89%. This outperformance is net of management fee and all other expenses.

The size of NAFA Asset Allocation Fund as on June 30, 2015 is Rs.1,174 million. The Fund has earned a total income of Rs.123.35 million during the year. After deducting total expenses of Rs.47.56 million, the net income is Rs.75.79 million. During the year, the unit price of NAFA Asset Allocation Fund has increased from Rs.13.7815 (Ex-Div) on June 30, 2015 to Rs.14.8297 (Ex-Div) on June 30, 2016. The resultant per unit gain is Rs.1.0482 i.e. 7.61%.

The asset allocation of NAFA Asset Allocation Fund as on June 30, 2016 is as follows:





# NAFA ASSET ALLOCATION FUND

## Income Distribution

The Board of Directors of the Management Company has approved cash dividend of 7.26% of opening ex-NAV (10.73% of the par value) during the year.

## Taxation

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

## Auditors

The present auditors, Deloitte Yousuf Adil, Chartered Accountants, retire and, being eligible, offer themselves for re-appointment for the year ending June 30, 2017.

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

1. The financial statements, prepared by the management company, present fairly the state of affairs of the Fund, the result of its operations, cash flows and statement of movement in unit holders' funds.
2. Proper books of account of the Fund have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Fund's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
8. A performance table/ key financial data is given in this annual report.
9. Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements.
10. The Board of Directors of the Management Company held six meetings during the year. The attendance of all directors is disclosed in the note 24 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 23 to these financial statements.
12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 20 to these financial statements.

# NAFA ASSET ALLOCATION FUND

## Acknowledgement

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

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

On behalf of the Board of  
NBP Fullerton Asset Management Limited

Chief Executive

Director

Date: September 23, 2016  
Place: Karachi.

# NAFA ASSET ALLOCATION FUND

## ڈائریکٹرز رپورٹ

NBP فلٹن ایسیٹ منیجمنٹ لمیٹڈ کا بورڈ آف ڈائریکٹرز صدمسرت 30 جون 2016ء کو ختم ہونے والے مالی سال کے لیے NAFA ایسیٹ ایلوکیشن فنڈ کی چھٹی سالانہ رپورٹ پیش کرتا ہے۔

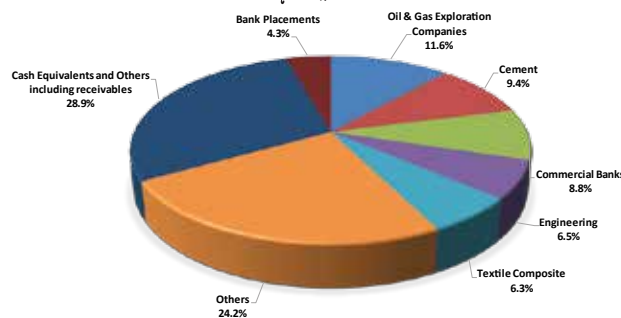
### فنڈ کی پرفارمنس

اسٹاک مارکیٹ نے کموڈٹی میں زبردست مندی اور چین کی زیر قیادت عالمی نمو پر خدشات کے زیر اثر علاقائی اور عالمی مارکیٹس کے مطابق غیر متاثر کارکردگی سے مالی سال 2015-16 کا آغاز کیا۔ لیکن سال کے دوسرے نصف میں ایک زبردست بحالی کے نتیجے میں مقامی اسٹاک ایکسچینج سال کے آخر میں 9.8 فی صد منافع کے ساتھ بند ہوئے۔ سال کے پہلے نصف کے دوران مارکیٹ آئل اینڈ گیس سیکٹر میں خام تیل کی قیمتوں میں تیزی سے کمی اور غیر ملکی سرمایہ کاروں کی طرف سے بے روک ٹوک حصص کی فروخت کے نتیجے میں پروڈاؤ میں رہی۔ تاہم مارکیٹ نے دوسرے نصف میں خساروں سے کہیں زیادہ ازالہ کر لیا، جیسا کہ خام تیل کی قیمتوں کی بحالی کا نتیجہ بھاری سرمائے والے انرجی اسٹاکس کی طرف سے زبردست منافع جات کی صورت میں برآمد ہوا اور پاکستان کی آئندہ سال سے ایمرجنگ مارکیٹ MSCI انڈیکس میں دوبارہ شمولیت کی خبر سامنے آئی۔ NBFCs، انفرادی اور میوچل فنڈز خالصتاً خریدار رہے اور انہوں نے غیر ملکی سرمایہ کاروں کی طرف سے حصص کی فروخت کے بڑے حصے کو جذب کر لیا۔ اتار چڑھاؤ سے بھرپور مالی سال 2015-16 کے بعد MSCI ایمرجنگ مارکیٹس انڈیکس میں شمولیت، قیمتوں کے معقول تعین اور حکومت کی طرف سے سی بی سی پریکٹس کے نفاذ کے ساتھ انفراسٹرکچر پروجیکٹوں پر توجہ مرکوز کرنے کی وجہ سے پاکستانی ایکویٹی زبردست منافع جات پیش کرنے کے لیے عمدہ پوزیشن میں ہیں۔ کاروباری قرض کے حلقے میں TFCs/سکوک میں تجارتی سرگرمیوں کے اعلیٰ کوالٹی اجرائی کارروائیوں کی طرف جھکاؤ کے ساتھ مجموعی تجارتی حجم تقریباً 8 ارب روپے کی سطح تک پہنچ گیا ہے۔ لین دین کا اصل ارتکاز بینکاری کے شعبے میں رہا جس کا حصہ 43% بنتا ہے۔ زیر جائزہ مدت (مالی سال 2016) کے دوران، افراط زر کے دباؤ میں مزید کمی کے ساتھ (اوسط افراط زر 2.9%)، اسٹیٹ بینک آف پاکستان نے مالی سال 2015 میں پالیسی ریٹ میں 300 بنیادی پوائنٹس کی مجموعی کمی کے بعد 75 بنیادی پوائنٹس مجموعی طور پر مزید کم کر دیے۔ SBP نے اپنے پالیسی بیان میں درج ذیل کی نشان دہی کی ہے (i) مجموعی معاشی حالات میں بہتری (ii) امن و امان کی بہتر صورت حال اور (iii) چین پاکستان اقتصادی راہداری (CPEC) کے تحت سرمایہ کاری کی بدولت نمو کے مثبت امکانات۔ زیر جائزہ مدت کے دوران آزادانہ منافع جات نے پالیسی ریٹ میں 75 بنیادی پوائنٹس کی کمی کے مطابق رد عمل دکھایا۔ ہم مالی سال 2017 کے آخر تک اشیائے صرف کی قیمتوں کی جزوی بحالی، پاکستانی روپے کی قدر میں محدود کمی اور نجی شعبے کے قرضوں میں اضافے کی وجہ سے افراط زر کو 6% تک بڑھتا دیکھ رہے ہیں۔

NAFA ایسیٹ ایلوکیشن فنڈ مالی سال کے دوران 7.33% منافع (KSE-100) 33% انڈیکس، 33% ششماہی KIBOR، 33% سہ ماہی بینک ڈپازٹ ریٹ) کے مقابلے میں 7.61% سالانہ منافع پیش کیا۔ اس طرح فنڈ نے اسے 0.28% فی صد سے پیچھے چھوڑ دیا۔ یہ اعلیٰ کارکردگی اثاثے کو بروقت مختص کرنے (asset allocation) اور آئل اینڈ گیس ایکسپلوریشن کمپنیز، انجنیئرنگ، ٹیکسٹائل اور ریفاؤنڈری کے شعبوں میں اس کی مارکیٹ کے مقابلے میں بہتر کارکردگی کا نتیجہ ہے۔ اپنے لانچ (20 اگست 2010) سے اب تک فنڈ میں 118.02% منافع (KSE-100) 33% انڈیکس، 33% ششماہی KIBOR، 33% سہ ماہی بینک ڈپازٹ ریٹ) کے مقابلے میں 174.91% اضافہ ہوا ہے، لحاظاً حال اضافی کارکردگی 56.89% ہے۔ یہ اضافی کارکردگی (outperformance) منیجمنٹ فیس اور تمام دیگر اخراجات کے بعد خالص ہے۔

NAFA ایسیٹ ایلوکیشن فنڈ کا حجم، 30 جون 2016 کے مطابق 1,174 ملین روپے ہے۔ فنڈ نے سال کے دوران 123.35 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 47.56 ملین روپے کے مجموعی اخراجات منہا کرنے کے بعد خالص آمدنی 75.79 ملین روپے ہے۔ اس سال کے دوران NAFA ایسیٹ ایلوکیشن فنڈ کے یونٹ کی قیمت 30 جون 2015 کو 13.7815 روپے (Ex-Div) سے بڑھ کر 30 جون 2016 پر 14.8297 روپے (Ex-Div) ہو چکی ہے۔ اس کا نتیجہ یونٹ 1.0482 روپے یعنی 7.61% منافع کی شکل میں سامنے آیا ہے۔

NAFA ایسیٹ ایلوکیشن فنڈ کی ایسیٹ ایلوکیشن 30 جون 2016 کو برطابق ذیل ہے:



# NAFA ASSET ALLOCATION FUND

## آمدنی کی تقسیم

منجھٹ کمپنی کے بورڈ آف ڈائریکٹرز نے سال کے دوران ابتدائی NAV-ex کا 7.26% (مساوی ویلیو کا 10.73%) کیش ڈیویڈنڈ منظور کیا ہے۔

## ٹیکسیشن

جیسا کہ مندرجہ بالا کیش ڈیویڈنڈ، انویسٹمنٹس کے تصرف شدہ اور غیر تصرف شدہ (realized and unrealized) مالیاتی منافع جات کے علاوہ، انویسٹمنٹس پر سال کے دوران کمائی گئی آمدنی کے 90% سے زائد ہے، انکم ٹیکس آرڈیننس 2001 کے دوسرے شیڈول کے حصہ 1 کی شق 99 کے تحت فنڈ پر ٹیکس لاگو نہیں ہے۔

## آڈیٹرز

موجودہ آڈیٹرز Deloitte یوسف عادل، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہوئے ہیں اور برنائے اہلیت، خود کو مختتمہ سال 30 جون 2017 کے لیے دوبارہ تقرری کے لیے پیش کرتے ہیں۔

## کوڈ آف کارپوریٹ گورننس کی پیروی میں ڈائریکٹرز اسٹیٹمنٹ

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

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

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

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

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

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

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

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

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

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

11- یونٹ ہولڈنگز کا تفصیلی بیٹن مالیاتی گوشواروں کے نوٹ 23 میں ظاہر کیا گیا ہے۔

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

## اعتراف

بورڈ اس موقع کا فائدہ اٹھاتے ہوئے 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۔

منجانب بورڈ آف ڈائریکٹرز

NBP فلٹرن ایسیٹ منجھٹ لمیٹڈ

چیف ایگزیکٹو

بتاریخ

23 ستمبر 2016

مقام: کراچی

ڈائریکٹر

# NAFA ASSET ALLOCATION FUND

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

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

We, Central Depository Company of Pakistan Limited, being the Trustee of NAFA Asset Allocation Fund (the Fund) are of the opinion that NBP Fullerton Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2016 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.

**Muhammad Hanif Jakhura**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi: September 30, 2016



# NAFA ASSET ALLOCATION FUND

## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2016

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

The Company, though an un-listed Public Limited Company complies with the CCG as the Fund under its management is listed on Pakistan Stock Exchange Limited.

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

1. The Company encourages representation of independent non-executive directors on its Board. The Company, being an un-listed company, does not have any minority interest. As at June 30, 2016, the Board included:

Category	Names
Independent Directors	1. Mr. Kamal Amir Chinoy 2. Mr. Shehryar Faruque
Executive Directors	Dr. Amjad Waheed (Chief Executive Officer)
Non- Executive Directors	1. Mr. Nausherwan Adil (Chairman) 2. Mr. Aamir Sattar 3. Mr. Abdul Hadi Palekar 4. Mr. Nigel Poh Cheng 5. Mr. Koh Boon San

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

2. The directors have confirmed that none of them is serving as a director of more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred during the year.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

# NAFA ASSET ALLOCATION FUND

6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Fund. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive have been taken by the Board. There is no other executive-director of the Company besides Chief Executive Officer (CEO).
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The directors are conversant of the relevant laws applicable to the Company, its policies and provisions of memorandum and articles of association and are aware of their duties and responsibilities. As of 30 June 2016, three directors of the Company had acquired the director's training certificate as required under the Code. The Company plans to arrange a Director's Training Program in future, for the remaining directors.
10. The Board has approved the appointment of Chief Financial Officer (CFO) of the Company with their remuneration and terms and conditions of employment. There has been no new appointment of the Company Secretary and Head of Internal Audit during the year.
11. The Directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the units of the Fund other than that disclosed in note 19 to the financial statements "Transactions with Connected Persons".
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises of three members, of whom all are non-executive directors and the chairman of the committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Fund and as required by the CCG. The committee has formed the terms of reference for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises of three members. All the members are non-executive directors including an independent director and the chairman of the committee is non-executive director.

# NAFA ASSET ALLOCATION FUND

18. The Board has set up an effective internal audit function.
19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. Since there is no practical implication of closed period on the announcement of interim and final results of open end Fund. Therefore, there was no 'closed period' prior to the announcement of interim / final results.
22. Material / price sensitive information has been disseminated amongst all market participants at once through stock exchange.
23. We confirm that all other material principles enshrined in the CCG have been complied with expect the following:
  - As per the Code, the mechanism was required to put in place for an annual evaluation of the Board within two years of coming into effect of the Code i.e. April 2014. The mechanism is in place and the Company is in the process of completion of annual evaluation of the Board.

For and behalf of the Board

Karachi  
September 23, 2016

Dr. Amjad Waheed  
Chief Executive Officer

# NAFA ASSET ALLOCATION FUND

## FUND MANAGER REPORT

### NAFA Asset Allocation Fund

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

### Investment Objective of the Fund

Objective of NAAF is to generate income by investing in debt and money market securities and to generate capital appreciation by investing in equity and equity related securities.

### Benchmark

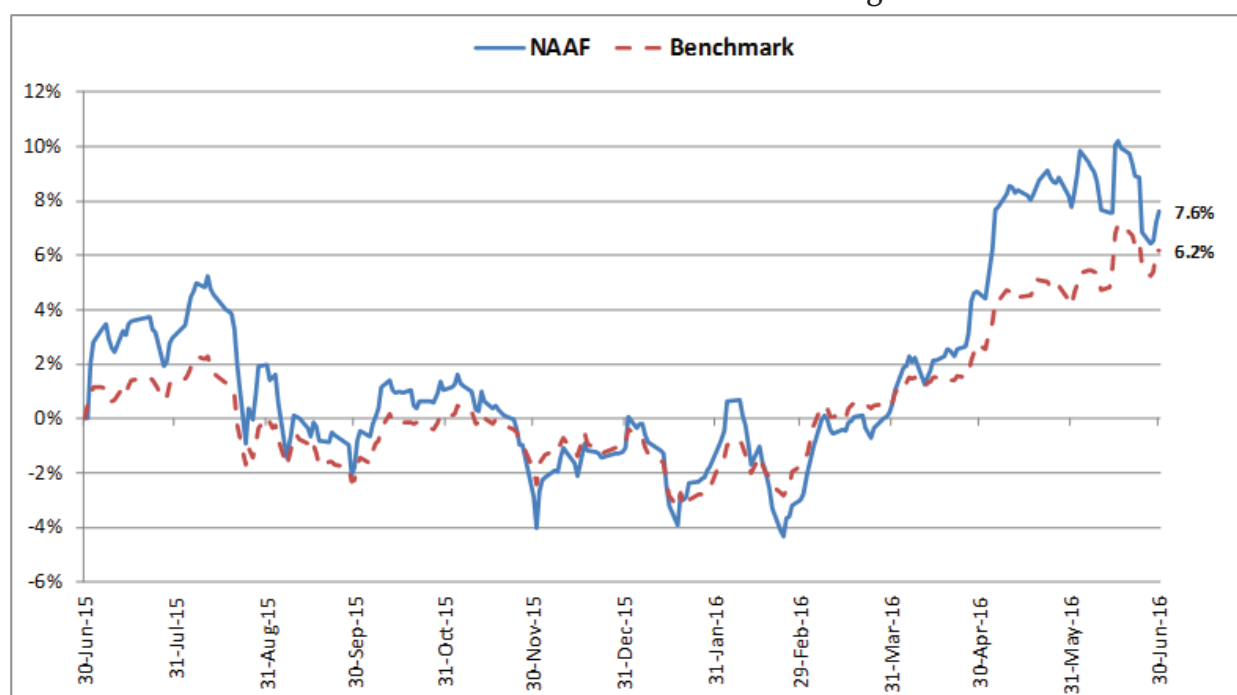
1/3 of Average 3-month Bank Deposit Rates, 1/3 of 6-month KIBOR and 1/3 of KSE-30 Total Return Index

### Fund Performance Review

This is the sixth annual report of the Fund. During the year under review, the return on NAFA Asset Allocation Fund was 7.61% as against its benchmark return of 6.17%. Thus the Fund depicted an outperformance of 1.44% during the year. Since its inception on August 21, 2010, the NAV of NAAF has risen by 174.91% while the benchmark has increased by 90.86%, thus to date out-performance is 84.05%. The out-performance of the Fund is net of management fee and all other expenses. Thus, NAAF has met its investment objective. During the year, the fund size of NAAF decreased by 43.3% to Rs.1,175mn.

NAAF outperformed during the year on the back of timely asset allocation and better than market performance of its key holdings in the Oil & Gas Exploration Companies, Engineering, Textile Composite, and Refinery sectors. Moreover, contribution to the Fund's performance also came from its underweight position in the selected companies of Commercial Banks and Fertilizer sectors that lagged the market. The chart below shows the performance of NAAF against the Benchmark for the year.

NAAF Performance vs Benchmark during FY16



# NAFA ASSET ALLOCATION FUND

At the start of the year, NAAF was around 77.2% invested in equities. During the year, we altered the allocation of the Fund based on our view on the relative performance of different asset classes. Towards the end of the year, the allocation in equities was around 66.8%.

The stock market started FY2015-16 on a lackluster note in sync with the regional and global markets, driven by a rout in commodities and concerns on global growth led by China. But in the aftermath of a strong rally in the second half of the year, the local bourse closed the year with 9.8% return. During the first half of the year, the market remained under pressure led by Oil & Gas Sector amid sharp decline in crude oil prices and unabated foreign selling. However, the market more than made up for the losses in the second half as recovery in crude oil prices led to strong returns from the heavy eight energy stocks and Pakistan's re-entry in MSCI EM Index from next year boosted general investor sentiment. NBFCs, Individuals, and Mutual Funds remained net buyers, absorbing majority of the foreign selling. After a volatile FY2015-16, Pakistan equities are well poised to post stronger return this year as inclusion in MSCI Emerging Markets Index, relatively reasonable valuations, and improving growth prospects driven by government focus on infrastructure spending coupled with implementation of CPEC projects will keep local & foreign investors' interest strong in the market.

On the corporate debt sphere, trading activity in TFCs/Sukuks remained skewed towards high quality issues with total trade value touching around Rs 8 billion. The trades were mainly concentrated in the Banking sector, making up 43% share. Due to further abatement in inflationary pressures as captured in FY16 average inflation of 2.9%, State Bank of Pakistan (SBP) reduced the policy rate by a cumulative 75 bps in FY16 up on the heels of a cumulative 300 bps reduction in FY15. SBP in its policy statement highlighted (i) improvement in the macroeconomic conditions, (ii) better law and order situation; and (iii) positive growth prospects underpinned by investment under China Pakistan Economic Corridor (CPEC). During the period under review, sovereign yields responded accordingly to policy rate cut of 75 bps. We see pickup in inflation to 5.5% by year-end due to partial recovery in commodity prices, measured PKR devaluation, and uptick in private sector borrowing.

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

Particulars	30-Jun-16	30-Jun-15
Equities / Stocks	66.76%	77.22%
TDR	4.34%	-
Cash Equivalents	36.55%	70.68%
PIBs	0.01%	-
Other Net Liabilities	-7.66%	-47.90%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## Distribution for the Financial Year 2016

Interim / Final	Dividend as a % of Par Value	Cum Dividend Price Per Unit (Rs.)	Ex- Dividend Price Per Unit (Rs.)
Interim	10.73%	15.8481	14.7756



# NAFA ASSET ALLOCATION FUND

Unit Holding Pattern of NAFA ASSET ALLOCATION FUND as on June 30, 2016

Size of Unit Holding (Units)		No. of Unit Holders
1	1,000	119
1,001	5,000	136
5,001	10,000	138
10,001	50,000	355
50,001	100,000	127
100,001	500,000	127
500,001	1,000,000	16
1,000,001	5,000,000	9
5,000,001	10,000,000	1
<b>Total:</b>		<b>1028</b>

During the period under question:

- There have been no significant changes in the state of affairs of the Fund
- The Management Company or its delegates did not receive any soft commission (i.e. goods and services) from its broker(s)/dealer(s) by virtue of transactions conducted by the Fund.

## Workers' Welfare Fund (WWF)

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of 18.637 million. If the same were not made, the NAV per unit/last one year return of scheme would have been higher by Rs 0.2353 / 1.70%. For details, investors are advised to read the Note 17 of the Financial Statements of the Scheme for the year ended June 30, 2016.

# NAFA ASSET ALLOCATION FUND

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of the NBP Fullerton Asset Management Limited, the Management Company of NAFA Asset Allocation Fund (the Fund) for the year ended June 30, 2016, to comply with the requirement of the Pakistan Stock Exchange Limited, where the Fund is listed.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Fund's compliance, in all material respects, with the best practices contained in the Code as applicable to the Fund for the year ended June 30, 2016.

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

Paragraph reference	Description
21	As per the Code, there should be announcement of 'close period' prior to the announcement of interim / final results, however there was no such 'close period' announced during the year ended June 30, 2016.
23	A mechanism for an evaluation of the Board's own performance is in place; however, the Management Company is in process for completion of the annual evaluation of the Board.

Deloitte Yousuf Adil  
Chartered Accountants  
Dated: September 30, 2016  
Karachi

# NAFA ASSET ALLOCATION FUND

## INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of NAFA Asset Allocation Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2016, and the related income statement, statement of comprehensive income, cash flow statement, distribution statement and statement of movements in unit holders' funds for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

### Auditors' Responsibility

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

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

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

### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at June 30, 2016, and of its financial performance, its cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

### Report on Other Legal and Regulatory Requirements

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

### Other Matter

The Financial statements of the Fund for the year ended June 30, 2015 were audited by another firm of Chartered Accountants who vide their report dated September 30, 2015 expressed an unmodified opinion thereon.

**Deloitte Yousuf Adil**  
Chartered Accountants

**Engagement Partner:**  
Naresh Kumar

**Date:** September 30, 2016  
**Place:** Karachi

# NAFA ASSET ALLOCATION FUND

## STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2016

	Note	2016 -----Rupees in '000-----	2015
<b>ASSETS</b>			
Balances with banks	4	479,335	675,426
Investments	5	784,190	1,601,261
Mark-up accrued and dividend receivable	6	1,919	6,738
Advances, deposits, prepayments and other receivables	7	2,956	5,627
<b>Total assets</b>		<b>1,268,400</b>	<b>2,289,052</b>
<b>LIABILITIES</b>			
Payable to the NBP Fullerton Asset Management Limited - Management Company	9	23,356	21,331
Payable to the Central Depository Company of Pakistan Limited - Trustee	10	214	274
Payable to the Securities and Exchange Commission of Pakistan	11	1,401	2,029
Accrued expenses and other liabilities	12	68,772	191,921
<b>Total liabilities</b>		<b>93,743</b>	<b>215,555</b>
<b>NET ASSETS</b>		<b>1,174,657</b>	<b>2,073,497</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>1,174,657</b>	<b>2,073,497</b>
Contingencies and commitments	13		
		----- Number of units -----	
Number of units in issue	14	79,209,685	138,588,032
		Rupees	
Net asset value per unit	15	14.8297	14.9616

The annexed notes 1 to 31 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ASSET ALLOCATION FUND

## INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 -----Rupees in '000-----	2015
<b>INCOME</b>			
Return / mark-up on;			
- bank balances and term deposits		43,810	43,659
- term finance certificates		-	466
- government securities		6	17,267
Net gain on sale of investments		5,633	159,328
Dividend income		44,481	71,794
Net unrealised gain on re-measurement of investments at fair value through profit or loss - held for trading	5.3	55,525	234,597
<b>Total income</b>		<u>149,455</u>	<u>527,111</u>
<b>EXPENSES</b>			
Remuneration of the NBP Fullerton Asset Management Limited - Management Company	9.1	29,486	42,708
Sindh Sales Tax on remuneration of the Management Company	9.2	4,789	7,431
Federal Excise Duty on remuneration of the Management Company	9.3	4,717	6,833
Reimbursement of operational expenses to the Management Company	9.4	761	-
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	10.1	2,474	3,135
Sindh Sales Tax on remuneration of the Trustee	10.2	346	-
Annual fee to the Securities and Exchange Commission of Pakistan	11.1	1,401	2,029
Amortisation of preliminary expenses and floatation costs	8	-	199
Securities transaction cost		1,635	3,906
Settlement and bank charges		942	1,066
Auditors' remuneration	16	660	665
Fund rating fee		170	170
Legal and professional charges		25	125
Annual listing fee		40	40
Printing charges		110	159
<b>Total expenses</b>		<u>47,556</u>	<u>68,466</u>
<b>Net income from operating activities</b>		<u>101,899</u>	<u>458,645</u>
Net element of loss and capital losses included in prices of units issued less those in units redeemed		(26,109)	(27,475)
Provision for Workers' Welfare Fund	17	-	(8,623)
<b>Net income for the year before taxation</b>		<u>75,790</u>	<u>422,547</u>
Taxation	18	-	-
<b>Net income for the year after taxation</b>		<u><u>75,790</u></u>	<u><u>422,547</u></u>
<b>Earnings per unit</b>	19		

The annexed notes 1 to 31 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director



# NAFA ASSET ALLOCATION FUND

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
	-----Rupees in '000-----	
Net income for the year after taxation	75,790	422,547
<b>Other comprehensive income</b>		
Items that may be reclassified subsequently to income statement	-	-
Items that will not be reclassified subsequently to income statement	-	-
<b>Total comprehensive income for the year</b>	<u>75,790</u>	<u>422,547</u>

The annexed notes 1 to 31 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ASSET ALLOCATION FUND

## DISTRIBUTION STATEMENT FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
	-----Rupees in '000-----	
<b>Undistributed income brought forward comprising of:</b>		
- realised income	380,144	160,976
- unrealised income	234,597	44,129
	614,741	205,105
Net income for the year	75,790	422,547
Final distribution for the year ended June 30, 2015:		
- cash distribution @ Rs. 0.1860 per unit declared on July 16, 2015 (2014: Nil)	(26,041)	-
Interim distribution for the year ended June 30, 2016:		
- cash distribution @ Rs. 1.0725 per unit declared on June 30, 2016 (2015: Nil)	(71,504)	-
Net element of loss and capital losses included in prices of units issued less those in units redeemed	-	(12,911)
<b>Undistributed income carried forward</b>	592,986	614,741
<b>Undistributed income carried forward comprising of:</b>		
- realised income	537,461	380,144
- unrealised income	55,525	234,597
	592,986	614,741

The annexed notes 1 to 31 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ASSET ALLOCATION FUND

## STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
	-----Rupees in '000-----	
Net assets at the beginning of the year	2,073,497	1,916,901
Issuance of 204,304,497 units (2015: 286,812,518 units)	3,172,893	3,966,217
Redemption of 263,682,844 units (2015: 307,915,966 units)	(4,076,087)	(4,259,643)
	(903,194)	(293,426)
Net element of loss and capital losses included in prices of units issued less those in units redeemed - transferred to income statement	26,109	27,475
Net element of loss and capital losses included in prices of units issued less those in units redeemed - transferred to distribution statement	-	12,911
Total comprehensive income for the year	75,790	422,547
<b>Distributions during the year</b>		
Final distribution for the year ended June 30, 2015: - cash distribution @ Rs. 0.1860 per unit declared on July 16, 2015 (2014: Nil)	(26,041)	-
Interim distribution for the year ended June 30, 2016: - cash distribution @ Rs. 1.0725 per unit declared on June 30, 2016 (2015: Nil)	(71,504)	-
	(97,545)	-
Element of loss and capital losses included in prices of units issued less those in units redeemed - amount representing loss that forms part of the unit holders fund	-	(12,911)
<b>Net assets at the end of the year</b>	1,174,657	2,073,497
	-----Rupees-----	
Net asset value per unit at the beginning of the year	14.9616	12.0038
Net asset value per unit at the end of the year	14.8297	14.9616

The annexed notes 1 to 31 form an integral part of these financial statements.

Chief Executive

For NBP Fullerton Asset Management Limited  
(Management Company)

Director

# NAFA ASSET ALLOCATION FUND

## CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 -----Rupees in '000-----	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income for the year before taxation		75,790	422,547
<b>Adjustments:</b>			
Return / mark-up on;			
- bank balances and term deposits		(43,810)	(43,659)
- term finance certificates		-	(466)
- government securities		(6)	(17,267)
Dividend income		(44,481)	(71,794)
Net unrealised gain on re-measurement of investments at fair value through profit or loss - held for trading		(55,525)	(234,597)
Amortisation of preliminary expenses and floatation costs		-	199
Net element of loss and capital losses included in prices of units issued less those in units redeemed		26,109	27,475
		(117,713)	(340,109)
		(41,923)	82,438
<b>(Increase) / decrease in assets</b>			
Investments - net		872,596	6,092
Advances, deposits, prepayments and other receivables		(84)	5,679
		872,512	11,771
<b>Increase / (decrease) in liabilities</b>			
Payable to the Management Company		2,025	14,078
Payable to the Trustee		(60)	39
Payable to the Securities and Exchange Commission of Pakistan		(628)	602
Accrued expenses and other liabilities		8,550	(4,328)
		9,887	10,391
Mark-up on bank balances and term deposits received		44,701	42,646
Mark-up on term finance certificates received		-	726
Mark-up on government securities received		3	22,969
Dividend received		48,412	69,919
		933,592	240,860
<b>Net cash generated from operating activities</b>			
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net cash generated from investing activities		-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Amounts received from issuance of units		3,175,648	2,450,982
Amounts paid on redemption of units		(4,207,786)	(2,576,313)
Distributions paid		(97,545)	-
<b>Net cash used in financing activities</b>		(1,129,683)	(125,331)
<b>Net (decrease) / increase in cash and cash equivalents during the year</b>		(196,091)	115,529
Cash and cash equivalents at the beginning of the year		675,426	559,897
Cash and cash equivalents at the end of the year	4	479,335	675,426

The annexed notes 1 to 31 form an integral part of these financial statements.

Chief Executive

For NBP Fullerton Asset Management Limited  
(Management Company)

Director

# NAFA ASSET ALLOCATION FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 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 fire incident at the registered office of the Management Company, its office has been temporary 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 and has assigned short term and long term performance ranking of "3 Star" to the Fund.

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

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). Whenever the requirements of the NBFC Rules, the NBFC Regulations or provisions of and directives issued under the Companies Ordinance, 1984 differ with the requirements of IFRS, the requirements of the NBFC Rules, the NBFC Regulations or the provisions of and directives issued under the Companies Ordinance, 1984 shall prevail.

#### 2.2 Basis of Measurement

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

#### 2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Fund. Figures have been rounded off to the nearest thousand rupees, except otherwise stated.

#### 2.4 Adoption of new standards, amendments and interpretations to the published approved accounting standards:

##### 2.4.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2016

The following standards, amendments and improvements are effective for the year ended June 30, 2016. These standards, improvements and the amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

# NAFA ASSET ALLOCATION FUND

IFRS 10 – Consolidated Financial Statements	Effective from accounting period beginning on or after January 01, 2015
IFRS 11 – Joint Arrangements	Effective from accounting period beginning on or after January 01, 2015
IFRS 12 – Disclosure of Interests in Other Entities	Effective from accounting period beginning on or after January 01, 2015
IAS 27 (Revised 2011) – Separate Financial Statements	Effective from accounting period beginning on or after January 01, 2015
IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures	Effective from accounting period beginning on or after January 01, 2015

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

## IFRS 13 – Fair Value Measurement

In addition to the above standards, IFRS 13 'Fair Value Measurement' also became effective in the current year. IFRS 13 consolidates the guidance on how to measure fair value, which was spread across various IFRSs, into one comprehensive standard. It introduces the use of an exit price, as well as extensive disclosure requirements, particularly the inclusion of non-financial instruments into the fair value hierarchy. The application of IFRS 13 did not have an impact on the financial statements of the Fund, except certain additional disclosures (refer note 27).

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

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

Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions	Effective from accounting period beginning on or after January 01, 2018
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture	Effective date is deferred indefinitely. Earlier adoption is permitted.
Amendments to IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures' - Investment Entities: Applying the consolidation exception	Effective from accounting period beginning on or after January 01, 2016
Amendments to IFRS 11 'Joint Arrangements' - Accounting for acquisitions of interests in joint operations	Effective from accounting period beginning on or after January 01, 2016
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure initiative	Effective from accounting period beginning on or after January 01, 2016
Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative	Effective from accounting period beginning on or after January 01, 2017
Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses	Effective from accounting period beginning on or after January 01, 2017
Amendments to IAS 16 'Property Plant and Equipment' and IAS 38 'Intangible Assets' - Clarification of acceptable methods of depreciation and amortization	Effective from accounting period beginning on or after January 01, 2016
Amendments to IAS 16 'Property Plant and Equipment' and IAS 41 'Agriculture' - Measurement of bearer plants	Effective from accounting period beginning on or after January 01, 2016
Amendments to IAS 27 'Separate Financial Statements' - Equity method in separate financial statements	Effective from accounting period beginning on or after January 01, 2016

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



# NAFA ASSET ALLOCATION FUND

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

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

## 2.5 Critical accounting judgments and estimates

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

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

- a) classification of financial assets (note 3.2.1)
- b) impairment of financial assets (note 3.2.5)
- c) provisions (note 3.9)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below:

### 3.1 Cash and cash equivalents

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

### 3.2 Financial assets

#### 3.2.1 Classification

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

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

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

##### b) Loans and receivables

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

##### c) Available for sale

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

#### 3.2.2 Regular way contracts

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

#### 3.2.3 Initial recognition and measurement

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

#### 3.2.4 Subsequent measurement

Subsequent to initial recognition, financial assets designated by the management as 'at fair value through profit or loss - held for trading' and 'available for sale' are valued as follows:

# NAFA ASSET ALLOCATION FUND

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

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

## b) Government securities

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

## c) Equity securities

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

Investments of the Fund in unquoted equity securities are carried at lower of investment price or their break-up value as per the latest audited financial statements.

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

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

## d) Loans and receivables

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

### 3.2.5 Impairment of financial assets

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

#### a) Debt securities

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

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

#### b) Equity securities

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

#### c) Loans and receivables

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

### 3.2.6 Derecognition

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

# NAFA ASSET ALLOCATION FUND

## 3.2.7 Offsetting of financial assets and financial liabilities

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

## 3.3 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement, each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the 'income statement'.

## 3.4 Securities purchased under resale agreements

Transactions of purchase under resale (reverse-repo) of marketable and government securities are entered into at contracted rates for specified periods of time. Securities purchased with a corresponding commitment to resell at a specified future date (reverse-repo) are not recognised in the statement of assets and liabilities. Amount paid under these agreements are included in receivable in respect of reverse repurchase transactions. The difference between purchase and resale price is treated as income from reverse repurchase transactions and accrued over the life of the reverse-repo transaction.

All reverse repo transactions are accounted for on the trade date.

## 3.5 Financial liabilities

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

## 3.6 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

## 3.7 Issuance and redemption of units

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

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

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

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

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

## 3.9 Provisions

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

## 3.10 Revenue recognition

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

# NAFA ASSET ALLOCATION FUND

## 3.11 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.

## 3.12 Proposed distributions

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

## 3.13 Earnings per unit

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

4 BALANCES WITH BANKS	Note	2016	2015
		-----Rupees in '000-----	
Current accounts		6,685	6,157
Savings accounts	4.1	421,673	669,269
Term deposits	4.2	50,977	-
		<u>479,335</u>	<u>675,426</u>

4.1 These saving accounts carry mark-up at rates ranging from 4.50% to 7.45% per annum (2015: 4.50% to 10.10% per annum).

4.2 These represents short term deposits having original maturity period of less than three months. These carry mark-up rate of 7.35% per annum (2015: Nil) and will mature on September 29, 2016.

5 INVESTMENTS	Note	2016	2015
		-----Rupees in '000-----	
<b>Financial assets at fair value through profit or loss - held for trading</b>			
Listed equity securities	5.1	784,127	1,601,205
Government securities	5.2	63	56
		<u>784,190</u>	<u>1,601,261</u>

## 5.1 Listed equity securities

Name of the investee company	Number of shares					Market value as at June 30, 2016	Market value as a percentage of		
	As at July 01, 2015	Purchased during the year	Bonus / Right shares	Sales during the year	As at June 30, 2016		Net assets	Total investments	Holding as a percentage of paid up capital of the investee company

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

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

### OIL AND GAS

Attock Petroleum Limited	22,200	-	-	7,000	15,200	6,651	0.57	0.85	0.02
Attock Refinery Limited	78,300	66,500	-	97,200	47,600	13,335	1.14	1.70	0.06
National Refinery Limited	17,300	-	-	17,300	-	-	-	-	-
Oil and Gas Development Company Limited	88,200	179,800	-	57,000	211,000	29,133	2.48	3.72	0.00
Pakistan Oilfields Limited	106,850	57,800	-	65,500	99,150	34,453	2.93	4.39	0.04
Pakistan Petroleum Limited	288,760	207,500	-	245,400	250,860	38,896	3.31	4.96	0.01
Pakistan State Oil Company Limited	140,020	36,500	-	111,500	65,020	24,412	2.08	3.11	0.02
Hascol Petroleum Limited (Refer 5.1.2)	14,628	-	226	13,500	1,354	264	0.02	0.03	0.00
Shell Pakistan Limited	120,000	2,500	-	120,000	2,500	726	0.06	0.09	0.00
Mari Petroleum Company Limited	-	43,500	-	6,600	36,900	33,513	2.85	4.27	0.03
							<u>15.44</u>	<u>23.12</u>	

### MULTI-UTILITIES (GAS AND WATER)

Sui Northern Gas Pipelines Limited	-	522,000	-	522,000	-	-	-	-	-
Sui Southern Gas Company Limited	-	696,000	-	696,000	-	-	-	-	-
							<u>-</u>	<u>-</u>	

### CHEMICALS

Engro Corporation Limited	501,100	6,700	-	459,800	48,000	15,983	1.36	2.04	0.01
Engro Fertilizers Limited	462,000	477,500	-	473,000	466,500	30,080	2.56	3.84	0.04
Fauji Fertilizer Company Limited	-	174,200	-	174,200	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	-	166,500	-	-	166,500	8,826	0.75	1.13	0.02
							<u>4.67</u>	<u>7.01</u>	

# NAFA ASSET ALLOCATION FUND

Name of the investee company	Number of shares					Market value as at June 30, 2016	Market value as a percentage of		
	As at July 01, 2015	Purchased during the year	Bonus / Right shares	Sales during the year	As at June 30, 2016		Net assets	Total investments	Holding as a percentage of paid up capital of the investee company
						Rupees in '000	----- % -----		
<b>INDUSTRIAL METALS AND MINING</b>									
Crescent Steel & Allied Limited	185,000	-	-	185,000	-	-	-	-	-
International Industries Limited	342,500	169,000	-	61,500	450,000	36,392	3.10	4.64	0.38
International Steels Limited	-	841,000	-	-	841,000	29,956	2.55	3.82	0.19
							<b>5.65</b>	<b>8.46</b>	
<b>ENGINEERING</b>									
Mughal Iron & Steel Industries Limited	-	163,000	-	8,000	155,000	10,414	0.89	1.33	0.12
							<b>0.89</b>	<b>1.33</b>	
<b>CONSTRUCTION AND MATERIALS</b>									
D.G. Khan Cement Company Limited	808,000	112,000	-	780,300	139,700	26,611	2.27	3.39	0.03
Lucky Cement Limited	201,700	14,800	-	168,700	47,800	30,999	2.64	3.95	0.01
Maple Leaf Cement Factory Limited	565,500	20,000	-	420,000	165,500	17,462	1.49	2.23	0.03
Attock Cement Pakistan Limited	-	63,700	-	-	63,700	15,206	1.29	1.94	0.06
Pioneer Cement Limited	446,000	32,500	-	286,500	192,000	20,621	1.76	2.63	0.08
							<b>9.45</b>	<b>14.14</b>	
<b>GENERAL INDUSTRIALS</b>									
Thal Limited	214,400	-	-	102,100	112,300	31,783	2.71	4.05	0.14
							<b>2.71</b>	<b>4.05</b>	
<b>INDUSTRIAL TRANSPORTATION</b>									
Pakistan National Shipping Corporation	118,700	-	-	40,000	78,700	7,374	0.63	0.94	0.06
							<b>0.63</b>	<b>0.94</b>	
<b>PERSONAL GOODS (TEXTILE)</b>									
Nishat Mills Limited	315,100	362,400	-	358,100	319,400	34,463	2.93	4.39	0.09
Kohinoor Textile Mills Limited (Refer 5.1.2)	999,446	-	106,942	614,500	491,888	39,366	3.35	5.02	0.17
							<b>6.28</b>	<b>9.41</b>	
<b>ELECTRICITY</b>									
The Hub Power Company Limited	878,500	-	-	656,300	222,200	26,677	2.27	3.40	0.02
Kot Addu Power Company Limited	1,289,000	-	-	979,000	310,000	27,668	2.36	3.53	0.04
K-Electric Limited	1,490,000	-	-	1,490,000	-	-	-	-	-
Pakgen Power Limited	-	54,000	-	54,000	-	-	-	-	-
Lalpir Power Limited	387,500	-	-	387,500	-	-	-	-	-
Saif Power Limited	1,289,000	-	-	1,159,500	129,500	3,888	0.33	0.50	0.03
							<b>4.96</b>	<b>7.43</b>	
<b>COMMERCIAL BANKS</b>									
Allied Bank Limited	580,200	2,600	-	355,100	227,700	20,484	1.74	2.61	0.02
Bank Al-falah Limited	-	1,028,000	-	367,500	660,500	16,889	1.44	2.15	0.04
Bank Al-Habib Limited	911,650	190,000	-	572,500	529,150	22,817	1.94	2.91	0.05
MCB Bank Limited	-	70,000	-	-	70,000	15,401	1.31	1.96	0.01
United Bank Limited	159,103	50,000	-	130,100	79,003	13,977	1.19	1.78	0.01
Faysal Bank Limited	27,125	-	-	-	27,125	354	0.03	0.05	0.00
Habib Metropolitan Bank Limited	749,500	-	-	749,500	-	-	-	-	-
Habib Bank Limited	63,567	67,000	-	63,500	67,067	13,250	1.13	1.69	0.00
Meezan Bank Limited	230,000	-	-	230,000	-	-	-	-	-
							<b>8.78</b>	<b>13.15</b>	
<b>PAPER AND BOARD</b>									
Century Paper and Board Mills Limited	88,500	-	-	88,500	-	-	-	-	-
Cherat Packaging Limited (Refer 5.1.2)	-	42,500	3,172	42,100	3,572	1,221	0.10	0.16	0.01
							<b>0.10</b>	<b>0.16</b>	
<b>AUTOMOBILE AND PARTS</b>									
Honda Atlas Cars (Pakistan) Limited	71,500	-	-	71,500	-	-	-	-	-
Pak Suzuki Motor Company Limited	66,400	14,500	-	80,900	-	-	-	-	-
Baluchistan Wheels Limited	7,500	-	-	-	7,500	608	0.05	0.08	0.06
Ghandhara Nissan Limited	64,000	-	-	64,000	-	-	-	-	-
Indus Motor Company Limited	71,250	4,000	-	42,320	32,930	30,939	2.63	3.95	0.04
							<b>2.68</b>	<b>4.03</b>	
<b>PHARMA AND BIO TECH</b>									
Abbott Laboratories (Pakistan) Limited	22,400	-	-	22,400	-	-	-	-	-
							<b>-</b>	<b>-</b>	
<b>HOUSEHOLD GOODS</b>									
Tariq Glass Industries Limited	823,500	-	-	295,500	528,000	39,046	3.32	4.98	0.72
Pak Elektron Limited (Refer 5.1.2)	352,000	44,000	47,875	227,500	216,375	13,989	1.19	1.78	0.05
							<b>4.51</b>	<b>6.76</b>	
<b>Total as at June 30, 2016</b>						<b>784,127</b>	<b>66.75</b>	<b>99.99</b>	
<b>Carrying value before mark to market as at June 30, 2016</b>						<b>728,609</b>			

# NAFA ASSET ALLOCATION FUND

5.1.1 Investments include shares with market value of Rs. 62.931 million (2015: Rs. 81.485 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular number 11 dated October 23, 2007 issued by the Securities and Exchange commission of Pakistan.

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

## 5.2 Government securities

Issue date	Face value					Market value as at June 30, 2016	Investment as a percentage of	
	Tenor	As at July 1, 2015	Purchases during the year	Sold / matured during the year	As at June 30, 2016		Net assets	Total investments
-----Rupees in '000----- % -----								
<b>Pakistan investment bond</b>								
19 July, 2012	10 years	50	-	-	50	63	0.01	0.01
<b>Carrying value before mark to market as at June 30, 2016</b>						<u>56</u>		

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

Note	2016	2015
	----- (Rupees in '000) -----	
Market value of investments	784,190	1,601,261
Less: carrying value of investments before mark to market	(728,665)	(1,366,664)
	<u>55,525</u>	<u>234,597</u>

## 6 MARK-UP ACCRUED AND DIVIDEND RECEIVABLE

Mark-up accrued on bank balances and term deposits	452	1,343
Mark-up accrued on government securities	6	3
Dividend receivable	1,461	5,392
	<u>1,919</u>	<u>6,738</u>

## 7 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advance tax	87	-
Receivable against issuance of units	7.1	2,774
Security deposits with:		
- National Clearing Company of Pakistan Limited	2,750	2,750
- Central Depository Company of Pakistan Limited	100	100
Prepayments	-	3
	<u>2,956</u>	<u>5,627</u>

7.1 This represents amounts receivable from other collective investment schemes being managed by the Management Company of the Fund. These amounts are receivable in respect of units issued to various unit holders based on their request for transfer of units from other collective investment schemes to the Fund. These amounts have been received from respective collective investment schemes subsequent to the year ended June 30, 2016.



# NAFA ASSET ALLOCATION FUND

8	PRELIMINARY EXPENSES AND FLOATATION COSTS	Note	2016 ------(Rupees in '000)-----	2015
	Opening balance		-	199
	Less: amortisation during the year		-	(199)
	Closing balance		<u>-</u>	<u>-</u>
9	<b>PAYABLE TO THE NBP FULLERTON MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>			
	Remuneration of the Management Company	9.1	2,120	3,819
	Sindh Sales Tax on remuneration of the Management Company	9.2	344	664
	Federal Excise Duty on remuneration of the Management Company	9.3	16,000	11,283
	Operational expenses	9.4	761	-
	Sales load		4,131	5,565
			<u>23,356</u>	<u>21,331</u>

9.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulation), the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such assets of the Fund. On November 25, 2015, SECP has made certain amendments in the NBFC Regulations. As per the provision of amended NBFC Regulations, the applicable rate has been changed to two percent of annual average net assets. As on July 15, 2015, the Fund has completed its five years and accordingly the Management Company has charged its remuneration at the rate of two percent of the average annual net assets of the Fund from that date, therefore above amendment does not have any impact on the Fund's net assets. The remuneration is paid to the management company on a monthly basis in arrears.

9.2 This represents amount payable in respect of Sindh Sales Tax at the rate of 14% (2015: 15%) on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.

9.3 As per the requirement of Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on management remuneration had been made applicable effective from June 13, 2013. In this regard, demand notices were received by some asset management companies, including the Management Company, for collection of FED on management remuneration. Mutual Fund Association of Pakistan (MUFAP) took up the matter collectively and filed a petition with the Honorable Sindh High Court and was granted stay in this regard.

That time, the Management Company took the view that since the remuneration was already subject to provincial sales tax, further levy of FED may result in double taxation, which did not appear to be the spirit of the law. Therefore, the Management Company also filed a petition against the demand notice in the Honorable Sindh High Court and were granted stay on the basis of the pending constitutional petition from MUFAP in the said court as referred above.

During the current year, the Honorable Sindh High Court, in its judgement dated June 30, 2016, on Constitutional Petition instituted by MUFAP declared that the provisions of Federal Excise Act, 2005, insofar as they relate to providing or rendering of services, are ultra vires to the 18th amendment of the Constitution with effect from July 1, 2011, the date on which Sindh Sales Tax on Services Act, 2011 came into force.

However, the Federal Board of Revenue (FBR) has right to challenge the decision in the Supreme Court of Pakistan within 90 days of the above decision of the Court, and the petition of the Management Company is still pending in the Court; therefore, as a matter of prudence, the Fund has recorded provision for the year amounting to Rs. 4.717 million and maintained the accumulated provision against FED amounting to Rs. 16 million as of June 30, 2016.

9.4 This represents reimbursement of certain expenses to the Management Company. As per regulation 60(3)(s) of the amended NBFC Regulations dated November 25, 2015, 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 with effect from November 25, 2015.

10	PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2016 ------(Rupees in '000)-----	2015
	Remuneration of the trustee	10.1	188	274
	Sindh Sales Tax on remuneration of the trustee	10.2	26	-
			<u>214</u>	<u>274</u>

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

Tariff structure applicable to the Fund as at June 30, 2016 is as follows:

# NAFA ASSET ALLOCATION FUND

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

**11.2** The Sindh Revenue Board through circular no. SRB-3-4/TP/01/2015/86554 dated June 13, 2015, amended definition of services of shares, securities and derivatives and included the custodianship services within purview of the Sindh Sales Tax. Accordingly Sindh Sales Tax of 14% is applicable on remuneration of the trustee which is now covered under section 27(79A) of the Sindh Sales Tax on Services Act, 2011.

	Note	2016	2015
-----Rupees in '000-----			
<b>11 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>			
Annual fee	11.1	<u>1,401</u>	<u>2,029</u>
<b>11.1</b> Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008, a collective investment scheme categorised as an open-end "asset allocation scheme" is required to pay as annual fee to the Securities and Exchange Commission of Pakistan, an amount equal to 0.095 percent of the average annual net assets of the Fund. The Fund has been categorised as an "asset allocation scheme" by the Management Company.			
<b>12 ACCRUED EXPENSES AND OTHER LIABILITIES</b>	Note	2016	2015
-----Rupees in '000-----			
Auditors' remuneration		479	468
Provision for Workers' Welfare Fund	17	18,637	18,637
Brokerage charges		131	295
Settlement charges		93	56
Printing charges		136	150
Withholding tax		9,980	1,609
Legal and professional charges		12	125
Payable against redemption of units	12.1	38,810	170,509
Dividend payable		269	-
Others		225	72
		<u>68,772</u>	<u>191,921</u>
<b>12.1</b> This represents amounts payable to other collective investment schemes being managed by the Management Company of the Fund. These amounts are payable in respect of units redeemed by various unit holders based on their request for transfer of units from the Fund to the other collective investment schemes. These amounts have been paid to the respective collective investment schemes subsequent to the year ended June 30, 2016.			
<b>13 CONTINGENCIES AND COMMITMENTS</b>			
There were no contingencies and commitments outstanding as at June 30, 2016 and June 30, 2015 except as disclosed elsewhere in these financial statements.			
<b>14 NUMBER OF UNITS IN ISSUE</b>		2016	2015
-----Number of units-----			
Total units in issue at the beginning of the year		138,588,032	159,691,480
Add: units issued during the year		204,304,497	286,812,518
Less: units redeemed during the year		(263,682,844)	(307,915,966)
Total units in issue at the end of the year		<u>79,209,685</u>	<u>138,588,032</u>
<b>15 NET ASSET VALUE PER UNIT</b>			
The net asset value per unit as disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.			
<b>16 AUDITORS' REMUNERATION</b>		2016	2015
-----Rupees in '000-----			
Annual audit fee		365	365
Half yearly review fee		140	146
Out of pocket expenses		155	154
		<u>660</u>	<u>665</u>

# NAFA ASSET ALLOCATION FUND

## 17 PROVISION FOR WORKERS' WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes (CISs) / mutual funds whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh, challenging the applicability of WWF to the CISs, which is pending adjudication.

Subsequently, the Ministry of Labour and Manpower (the Ministry) vide its letter dated July 15, 2010 clarified that "Mutual Fund(s) is a product which is being managed / sold by the Asset Management Companies which are liable to contribute towards Workers Welfare Fund under Section-4 of WWF Ordinance 1971. However, the income on Mutual Fund(s), the product being sold, is exempted under the law *ibid*".

Further, the Secretary (Income Tax Policy) Federal Board of Revenue (FBR) issued a letter dated October 6, 2010 to the Members (Domestic Operation) North and South FBR. In the letter, reference was made to the clarification issued by the Ministry of Labour and Manpower stating that mutual funds are a product and their income are exempted under the law *ibid*. The Secretary (Income Tax Policy) Federal Board of Revenue directed that the Ministry's letter may be circulated amongst field formations for necessary action. Following the issuance of FBR Letter, show cause notice which had been issued by taxation office to certain mutual funds for payment of levy under WWF were withdrawn. However, the Secretary (Income Tax Policy) Federal Board of Revenue vide letter January 4, 2011 has cancelled ab-initio clarificatory letter dated October 6, 2010 on applicability of WWF on mutual funds and issued show cause notices to certain mutual funds for collecting WWF. In respect of such show cause notices, certain mutual funds have been granted stay by the Honourable High Court of Sindh on the basis of the pending constitutional petition in the said court as referred above.

Furthermore, in 2011, the Honourable Lahore High Court in a Constitutional Petition relating to the amendments brought in WWF Ordinance through the Finance Act 2006, and the Finance Act, 2008, declared the said amendments as unlawful and unconstitutional. The Management Company is hopeful that the decision of the Honourable Lahore High Court, will lend further support to the Constitutional Petition which is pending in the Honourable High Court of Sindh.

During the year ended June 30, 2013, the Larger Bench of the Sindh High Court issued a judgment in response to a petition in another similar case in which it is held that the amendments introduced in the WWF Ordinance through Finance Acts, 2006 and 2008 do not suffer from any constitutional or legal infirmity.

During the year ended June 30, 2014, the Honourable Peshawar High Court on a petition filed by certain aggrieved parties (other than the mutual funds) adjudicated that the amendments introduced in the Workers Welfare Fund Ordinance, 1971, through the Finance Acts of 1996 and 2009 lacked the essential mandate to be introduced and passed through the money bill under the Constitution of Pakistan and hence were declared as ultra vires the Constitution.

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. 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, 2015) to the CISs is currently pending for adjudication, the Management Company has decided to record and retain provision of WWF in financial statements till June 30, 2015 which aggregates to Rs. 18.637 million. Had the same not been made the net asset value per unit of the Fund would have been higher by Rs. 0.2353 per unit (2015: Rs. 0.1345 per unit).

Further, Sindh Workers Welfare Fund (SWWF) Act 2014 enacted in June 2015 requires every Industrial Establishment located in the province of Sindh and having total income of Rs. 500,000 or more, to pay two percent of so much of its total income declared to SWWF. The said Act includes any concern engaged in the Banking or Financial Institution in the definition of "Industrial Undertaking" but does not define Financial Institution. The Management Company, based on the opinion obtained by MUFAP from its advisor who is of the view that Collective Investment Schemes (CIS) are not financial institutions, believes that SWWF is not applicable on the Fund.

## 18 TAXATION

The Fund's income is exempt from income tax as per clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders (excluding distribution made by issuance of bonus units). Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 the Fund is required to distribute ninety percent of accounting income other than capital gains whether realised or unrealised to the unit holders. The Fund has distributed such accounting income for the year ended June 30, 2016 to its unit holders. Accordingly, no provision in respect of taxation has been made in these financial statements.

# NAFA ASSET ALLOCATION FUND

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.

## 19 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.

## 20 TRANSACTIONS WITH CONNECTED PERSONS

20.1 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 as being the parent company and Alexandra Fund Management Pte. Limited being the sponsor. It also includes associated companies of Management Company due to common directorship, post employment benefit funds of the Management Company, subsidiaries, associated companies and post employment benefit funds of the sponsors, other collective investment schemes managed by the Management Company and directors and key management personnel of the Management Company.

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

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

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

2016                      2015  
-----Rupees in '000-----

### 20.5 Details of transactions with connected persons are as follows:

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

Remuneration of the Management Company	29,486	42,708
Sindh Sales Tax on remuneration of the Management Company	4,789	7,431
Federal Excise Duty on remuneration of the Management Company	4,717	6,833
Reimbursement of operational expenses to the Management Company	761	-
Sales load	7,540	11,633

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

Remuneration of the trustee	2,474	3,135
Sindh Sales Tax on remuneration of the trustee	346	-
CDS charges	156	216

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

Brokerage charges	135	252
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#### Summit Bank Limited (Common Directorship with the Management Company)

Mark-up on bank balances	58	102
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#### NAFA Employees Provident Fund (Provident Fund of the Management Company)

Units Issued / transferred in 1,520,461 units (2015: Nil units)	23,483	-
Units redeemed / transferred out 1,973,000 units (2015: 37,787 units)	31,073	500
Dividend re-invest 8,990 units (2015: Nil units)	138	-

#### \* International Industries Limited - Employees' Provident Fund (Portfolio managed by the Management Company)

Units issued / transferred in Nil units (2015: 185,742 units)	-	2,283
Units redeemed / transferred out Nil units (2015: 3,767,297 units)	-	47,892

#### \* International Industries Limited - Employees' Gratuity Fund (Portfolio managed by the Management Company)

Units issued / transferred in Nil units (2015: 1,409,823 units)	-	17,077
Units redeemed / transferred out Nil units (2015: 9,573,667 units)	-	134,998

# NAFA ASSET ALLOCATION FUND

	2016 ------(Rupees in '000)-----	2015
<b>* International Steels Limited - Employees' Gratuity Fund (Portfolio managed by the Management Company)</b>		
Units issued / transferred Nil units (2015: 127,133 units)	-	1,541
Units redeemed / transferred out Nil units (2015: 970,640 units)	-	12,387
<b>* International Steels Limited - Employees' Provident Fund (Portfolio managed by the Management Company)</b>		
Units issued / transferred in Nil units (2015: 63,915 units)	-	779
Units redeemed / transferred out Nil units (2015: 887,076 units)	-	11,161
<b>* Abbott Laboratories Pakistan Limited - Staff Pension Fund (Unit holder with more than 10% units holding)</b>		
Units issued / transferred in Nil units (2015: 39,235,595 units)	-	548,533
Units redeemed / transferred out Nil units (2015: 48,858,750 units)	-	724,606
<b>Aamir Sattar (Director of the Management Company)</b>		
Dividend re-invest 6,326 units (2015: Nil units)	94	-
<b>Company Secretary / Chief Operating Officer of the Management Company</b>		
Units issued / transferred in Nil units (2015: 12,020 units)	-	150
Units redeemed / transferred out 6,950 units (2015: Nil units)	101	-
Dividend re-invest 4,104 units (2015: Nil units)	62	-
<b>Chief Financial Officer of the Management Company</b>		
Units issued / transferred in 62,985 units (2015: Nil units)	995	-
Dividend re-invest 4,100 units (2015: Nil units)	61	-
<b>Employees of the Management Company</b>		
Units issued / transferred in 485,315 units (2015: 382,288 units)	7,313	5,294
Units redeemed / transferred out 437,846 units (2015: 453,086 units)	6,558	6,139
Dividend re-invest 6,675 units (2015: Nil units)	99	-
<b>International Industries Limited (Common Directorship with the Management Company)</b>		
Purchase of shares	11,962	24,967
Sale of shares	4,796	-
Dividend earned / received	1,153	1,299
<b>International Steels Limited (Common Directorship with the Management Company)</b>		
Purchase of shares	23,611	-
<b>Cherat Packaging Limited (Common Directorship with the Management Company)</b>		
Purchase of shares	10,677	-
Sale of shares	13,041	-
Subscription of right shares	444	-
Dividend earned / received	222	-
<b>Byco Oil Pakistan Limited - Employee Provident Fund (Portfolio managed by the Management Company)</b>		
Units issued / transferred in 1,202,158 units (2015: 1,291,027 units)	18,780	16,466
Units redeemed / transferred out 2,406,747 units (2015: 384,340 units)	36,356	5,164
Dividend re-invest 20,441 units (2015: Nil units)	313	-
<b>Byco Petroleum Pakistan Limited - Employee Provident Fund (Portfolio managed by the Management Company)</b>		
Units issued / transferred in 3,725,033 units (2015: 2,987,950 units)	58,672	37,619
Units redeemed / transferred out 6,657,536 (2015: 984,171 units)	103,873	12,682
Dividend re-invest 35,186 units (2015: Nil units)	539	-

\* Current year transactions with these persons have not been disclosed as they did not remain connected persons during the year



# NAFA ASSET ALLOCATION FUND

	2016	2015
	-----Rupees in '000-----	
<b>20.6 Details of amounts outstanding as at year end with connected persons are as follows:</b>		
<b>NBP Fullerton Asset Management Limited (Management Company)</b>		
Remuneration of the Management Company	2,120	3,819
Sindh Sales Tax on remuneration of the Management Company	344	664
Federal Excise Duty on remuneration of the Management Company	16,000	11,283
Operational expenses	761	-
Sales load	4,131	5,565
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration of the trustee	188	274
Sindh sales tax on remuneration of the trustee	26	-
CDS charges	93	56
Security deposit	100	100
<b>National Bank of Pakistan (Parent of the Management Company)</b>		
Bank Balance	4,501	4,570
<b>International Industries Limited (Common Directorship with the Management Company)</b>		
Ordinary shares held 450,000 (2015: 342,500 shares)	36,392	22,996
<b>International Steels Limited (Common Directorship with the Management Company)</b>		
Ordinary shares held 841,000 (2015: Nil shares)	29,956	-
<b>Cherat Packaging Limited (Common Directorship with the Management Company)</b>		
Ordinary shares held 3,572 (2015: Nil shares)	1,221	-
<b>Summit Bank Limited (Common Directorship with the Management Company)</b>		
Bank balance	2,646	2,983
<b>NAFA Employees Provident Fund (Provident Fund of the Management Company)</b>		
Investment held in the Fund 296,702 units (2015: 740,251 units)	4,400	11,075
<b>* Abbott Laboratories Pakistan Limited - Staff Pension Fund (Unit holder with more than 10% units holding)</b>		
Investment held in the Fund Nil units (2015: 20,474,195 units)	-	306,327
<b>Aamir Sattar (Director of the Management Company)</b>		
Investment held in the Fund 88,777 units (2015: 82,451 units)	1,317	1,234
<b>Company Secretary / Chief Operating Officer of the Management Company</b>		
Investment held in the Fund 56,543 units (2015: 59,389 units)	839	889
<b>Chief Financial Officer of the Management Company</b>		
Investment held in the Fund 67,085 units (2015: Nil units)	995	-
<b>Employees of the Management Company</b>		
Investment held in the Fund 100,944 units (2015: 46,800 units)	1,497	700
<b>Taurus Securities Limited (Subsidiary of Parent of the Management Company)</b>		
Brokerage payable	8	-
<b>Byco Oil Pakistan Limited - Employee Provident Fund (Portfolio managed by the Management Company)</b>		
Investment held in the Fund Nil units (2015: 1,184,148 units)	-	17,715



# NAFA ASSET ALLOCATION FUND

	2016	2015
	-----Rupees in '000-----	
<b>Byco Petroleum Pakistan Limited - Employee Provident Fund (Portfolio managed by the Management Company)</b>		
Investment held in the Fund Nil units (2015: 2,897,317 units)	-	43,348
<b>Net amount receivable / (payable) against transfer of units from / to:</b>		
NAFA Islamic Aggressive Income Fund	-	1,233
NAFA Riba Free Savings Fund	-	925
NAFA Financial Sector Income Fund	(4,594)	616
NAFA Multi Asset Fund	11	(9,457)
NAFA Money Market Fund	7	(22,990)
NAFA Stock Fund	(8,069)	(60,637)
NAFA Savings Plus Fund	1	(3,893)
NAFA Islamic Asset Allocation Fund	(26,140)	(42,255)
NAFA Government Securities Liquid Fund	-	(22,636)
NAFA Income Opportunity Fund	-	(3,407)
NAFA Government Securities Savings Fund	-	(4,202)
NAFA Islamic Active Allocation Plan - III	(7)	-

\* Current year balances with these persons have not been disclosed as they did not remain connected persons as at year end.

## 21 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

S. No	Name	Designation	Qualification	Experience in years
1	Dr. Amjad Waheed	Chief Executive	Doctorate in Business Administration, MBA & CFA	28
2	Sajjad Anwar	Chief Investment Officer	MBA & CFA	16
3	Syed Suleman Akhtar	Head of Research	MBA & CFA	16
4	Muhammad Ali Bhabha	Head of Fixed Income	CFA, FRM, MBA & MS(CS)	21
5	Asim Wahab Khan	Head of Equity	CFA	10
6	Muhammad Imran	Fund Manager	CFA and FRM	10

21.1 Mr. Muhammad Imran is the manager of the Fund. Other Funds being managed by the Fund manager are as follows:

- NAFA Islamic Aggressive Income Fund.
- NAFA Income Opportunity Fund.

## 22 TRANSACTIONS WITH BROKERS / DEALERS

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

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

# NAFA ASSET ALLOCATION FUND

## List of top ten brokers by percentage of commission charged during the year ended June 30, 2015

S.No	Broker name	Percentage
1	Taurus Securities Limited	7.82%
2	Arif Habib Securities Limited	5.97%
3	J.S. Global Capital Limited	5.78%
4	Elixir Securities Pakistan (Private) Limited	5.43%
5	SC Securities (Private) Limited	4.94%
6	Foundation Securities (Private) Limited	4.87%
7	AKD Securities Limited	4.77%
8	Habib Metropolitan Financial Services	3.80%
9	BMA Capital Management Limited	3.67%
10	Concordia Securities (Private) Limited	3.62%

## 23 DETAILS OF PATTERN OF UNIT HOLDING

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

Category	Number of unit holders	Net asset value of the amount invested	Percentage of investment
(Rupees in '000)			
Individuals	1,002	884,412	75.29%
Associated companies and directors	1	4,400	0.37%
Insurance companies	1	14,528	1.24%
Retirement funds	13	110,000	9.36%
Others	11	161,318	13.73%
	1,028	1,174,657	100%

-----As at June 30, 2015-----

Category	Number of unit holders	Net asset value of the amount invested	Percentage of investment
(Rupees in '000)			
Individuals	1,065	967,048	46.64%
Associated companies and directors	1	1,234	0.06%
Insurance companies	1	3,167	0.15%
Retirement funds	26	815,130	39.31%
Banks / DFIs	1	2,101	0.10%
Public limited companies	1	103,766	5.00%
Others	14	181,051	8.73%
	1,109	2,073,497	100%

## 24 ATTENDANCE AT THE MEETINGS OF THE BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The 54th, 55th, 56th, 57th, 58th & 59th Board meetings were held on July 14, 2015, September 30, 2015, October 21, 2015, February 26, 2016, April 29, 2016 and June 28, 2016 respectively. Information in respect of attendance by directors in the meetings is given below:

Name of Director	Number of meetings			Meetings not attended
	Held	Attended	Leave granted	
Mr. Nausherwan Adil	6	5	1	54th meeting
Mr. Aamir Sattar	6	4	2	56th & 57th meeting
Mr. Abdul Hadi Palekar	6	5	1	58th meeting
Mr. Koh Boon San	6	4	2	54th & 57th meeting
Mr. Nigel Poh Cheng	6	3	3	56th, 58th & 59th meeting
Mr. Kamal Amir Chinoy	6	5	1	57th meeting
Mr. Shehryar Faruque	6	4	2	54th & 59th meeting
Dr. Amjad Waheed	6	6	-	-

# NAFA ASSET ALLOCATION FUND

25

## FINANCIAL INSTRUMENTS BY CATEGORY

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

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

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

### Financial assets

Balances with banks	479,335	-	-	479,335
Investments	-	784,190	-	784,190
Mark-up accrued and dividend receivable	1,919	-	-	1,919
Advances, deposits and other receivables	2,956	-	-	2,956
	<u>484,210</u>	<u>784,190</u>	<u>-</u>	<u>1,268,400</u>

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

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

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

### Financial liabilities

Payable to the Management Company	-	23,356	23,356
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	214	214
Accrued expenses and other liabilities	-	40,155	40,155
Net assets attributable to redeemable units	-	1,174,657	1,174,657
	<u>-</u>	<u>1,238,382</u>	<u>1,238,382</u>

-----As at June 30, 2015-----

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

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

### Financial assets

Balances with banks	675,426	-	-	675,426
Investments	-	1,601,261	-	1,601,261
Mark-up accrued and dividend receivable	6,738	-	-	6,738
Advances, deposits and other receivables	5,624	-	-	5,624
	<u>687,788</u>	<u>1,601,261</u>	<u>-</u>	<u>2,289,049</u>

-----As at June 30, 2015-----

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

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

### Financial liabilities

Payable to the Management Company	-	21,331	21,331
Payable to the Trustee	-	274	274
Accrued expenses and other liabilities	-	171,675	171,675
Net assets attributable to redeemable units	-	2,073,497	2,073,497
	<u>-</u>	<u>2,266,777</u>	<u>2,266,777</u>

## 26 FINANCIAL RISK MANAGEMENT

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

### 26.1 Market risk

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

# NAFA ASSET ALLOCATION FUND

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

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

## 26.1.1 Currency risk

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

## 26.1.2 Interest rate risk

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

### a) Sensitivity analysis for variable rate instruments

As at June 30, 2016, the Fund does not hold any variable rate instrument that has been designated at fair value through profit or loss. Therefore, a change in interest rate as at June 30, 2016 would not affect income statement.

### b) Sensitivity analysis for fixed rate instruments

Investments in Pakistan Investment Bonds are not subject to cash flow interest rate risk.

As at June 30, 2016, the Fund holds Pakistan Investment Bonds which are classified as financial assets at 'fair value through profit or loss - held for trading' exposing the Fund to fair value interest rate risk. In case of 100 basis point increase in rates announced by the Financial Market Association of Pakistan (FMAP) on June 30, 2016, with all other variables held constant, the net income and the net assets would be higher / lower by Rs. 2,820 / 2,813 (2015: Rs. 2,723 / 2,697).

The composition of the Fund's investment portfolio, KIBOR rates and rates announced by Financial Market Association of Pakistan is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2016 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

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

-----As at June 30, 2016-----						
Yield / Interest rate	Total	'---Exposed to yield / interest rate risk---			Not exposed to yield / interest rate risk	
		Upto three months	More than three months and upto one year	More than one year		
	%	----- (Rupees in '000) -----				
<b>On-balance sheet financial instruments</b>						
<b>Financial assets</b>						
Balances with banks	4.50 - 7.45	479,335	472,650	-	-	6,685
Investments	9.36 - 12.00	784,190	63	-	-	784,127
Mark-up accrued and dividend receivable		1,919	-	-	-	2,006
Advances, deposits and other receivables		2,656	-	-	-	2,869
		1,268,400	472,713	-	-	795,687
<b>Financial liabilities</b>						
Payable to the Management Company		23,356	-	-	-	23,356
Payable to the Trustee		214	-	-	-	214
Accrued expenses and other liabilities		40,155	-	-	-	40,155
Net assets attributable to redeemable units		1,174,657	-	-	-	1,174,657
		1,238,382	-	-	-	1,238,382
<b>On-balance sheet gap</b>		30,018	472,713	-	-	(442,695)
<b>Off-balance sheet financial instruments</b>						
		-	-	-	-	-
<b>Off-balance sheet gap</b>		-	-	-	-	-

# NAFA ASSET ALLOCATION FUND

-----June 30, 2015-----

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

%

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

## On-balance sheet financial instruments

### Financial assets

Balances with banks	4.50 - 10.10	675,426	669,269	-	-	6,157
Investments	9.36 - 12.00	1,601,261	56	-	-	1,601,205
Mark-up accrued and dividend receivable		6,738	-	-	-	6,738
Advances, deposits and other receivables		5,624	-	-	-	5,624

		2,289,049	669,325	-	-	1,619,724
--	--	-----------	---------	---	---	-----------

### Financial liabilities

Payable to the Management Company		21,331	-	-	-	21,331
Payable to the Trustee		274	-	-	-	274
Accrued expenses and other liabilities		171,675	-	-	-	171,675
Net assets attributable to redeemable units		2,073,497	-	-	-	2,073,497

		2,266,777	-	-	-	2,266,777
--	--	-----------	---	---	---	-----------

## On-balance sheet gap

		22,272	669,325	-	-	(647,053)
--	--	--------	---------	---	---	-----------

## Off-balance sheet financial instruments

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

## Off-balance sheet gap

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

## 26.1.3 Price risk

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

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

In case of 5% increase / decrease in fair value on June 30, 2016, the net income for the year would increase / decrease by Rs. 39.206 million (2015: Rs. 80.060 million) and net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as 'at fair value through profit or loss - held for trading'. The sensitivity analysis is based on the Fund's equity security as at the statements of assets and liabilities' date with all other variables held constant.

## 26.2 Credit risk

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

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. The Fund does not expect to incur material credit losses on its financial assets.

The Fund's significant credit risk arises mainly on account of its placements with banks. The credit rating profile of balances with banks is as follow:

### Bank balances by rating category

	2016
AAA	3.10%
AA+	4.05%
AA	79.44%
AA-	1.87%
A+	10.99%
A-	0.55%

# NAFA ASSET ALLOCATION FUND

The maximum exposure to credit risk before any credit enhancement as at June 30, 2016 is as follows :

	June 30, 2016		June 30, 2015	
	Amount of financial assets	Maximum exposure	Amount of financial assets	Maximum exposure
Balances with banks	479,335	479,335	675,426	675,426
Investments	784,190	784,127	1,601,261	1,601,205
Mark-up accrued and dividend receivable		1,913	6,738	6,735
Advances, deposits, prepayments and other receivables		2,869	5,624	5,624
	<b>1,268,313</b>	<b>1,268,244</b>	2,289,049	2,288,990

## Concentration of credit risk

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

## 26.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to settlement of equity securities and to daily cash redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

For the purpose of making redemptions, the Fund has the ability to borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates. However, no borrowing was obtained by the Fund during the current year.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any significant redemptions during the year.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

-----As at June 30, 2016-----				
	Total	Upto three months	Over three months and upto one year	Over one year
-----Rupees in '000-----				
<b>Financial liabilities</b>	23,356	23,356	-	-
Payable to the Management Company	214	214	-	-
Payable to the Trustee	40,155	40,155	-	-
Accrued expenses and other liabilities	1,174,657	1,174,657	-	-
Net assets attributable to redeemable units	<u>1,238,382</u>	<u>1,238,382</u>	<u>-</u>	<u>-</u>



# NAFA ASSET ALLOCATION FUND

-----As at June 30, 2015-----

Total	Upto three months	Over three months and upto one year	Over one year
-------	-------------------	-------------------------------------	---------------

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

<b>Financial liabilities</b>	21,331	21,331	-	-
Payable to the Management Company	274	274	-	-
Payable to the Trustee	171,675	171,675	-	-
Accrued expenses and other liabilities	2,073,497	2,073,497	-	-
Net assets attributable to redeemable units				
	<u>2,266,777</u>	<u>2,266,777</u>	<u>-</u>	<u>-</u>

## 27 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)

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

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

-----As at June 30, 2015-----

ASSETS	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
<b>At fair value through profit or loss - held for trading</b>				
Listed equity securities	1,601,205	-	-	1,601,205
Government securities	-	56	-	56

There were no transfers between Level 1 and 2 during the year.

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

## 28 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

# NAFA ASSET ALLOCATION FUND

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

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

## 29 NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors of the Management Company in their meeting held on - (2015: July 14, 2015) approved a final cash distribution of Rs. Nil (2015: 26.041 million at Rs. 0.1860 per unit for the year ended June 30, 2015). The impact of such distribution has been taken subsequent to the year end.

## 30 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on September 23, 2016.

## 31 GENERAL

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

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

Statement	Rupees in '000	Reclassified	
		From	To
Statement of assets and liabilities	2,774	Receivable against issuance of units	Advances, deposits, prepayments and other receivables
Statement of assets and liabilities	170,509	Payable against redemption of units	Accrued expenses and other liabilities
Income statement	17,267	Income from Pakistan Investment Bonds and Market Treasury Bills	Return / mark-up on government securities
Income statement	250	National Clearing Company of Pakistan Limited Fee	Settlement and bank charges

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ASSET ALLOCATION FUND

## Performance Table

Particulars	For the year ended June 30, 2016	For the year ended June 30, 2015	For the year ended June 30, 2014	For the year ended June 30, 2013	For the year ended June 30, 2012	For the period from August 2, 2010 to June 30, 2011
Net assets (Rs. '000')	1,174,657	2,073,497	1,916,901	1,151,057	488,550	282,722
Net Income (Rs. '000')	75,790	422,547	178,926	215,507	52,415	43,845
Net Asset Value per units (Rs.)	14.8297	14.9616	12.0038	13.1818	11.3954	11.3204
Offer price per unit	15.4180	15.5604	12.4884	13.4454	11.6233	10.4758
Redemption price per unit	14.8297	14.9616	12.0038	13.1818	11.3954	10.2704
Highest offer price per unit (Rs.)	15.7944	15.5077	12.1460	10.5695	12.1411	10.5652
Low est offer price per unit (Rs.)	13.7044	11.8422	13.7544	10.2678	13.4847	10.0665
Highest redemption price per unit (Rs.)	15.1918	14.9110	12.1360	10.1231	11.8980	9.9246
Low est redemption price per unit (Rs.)	13.1814	11.3846	11.6023	9.6665	11.3748	9.4770
Fiscal Year Opening Ex Nav	13.7815	11.8596	10.5614	9.9885	9.9610	9.477
Total return of the fund	7.61%	24.64%	13.66%	31.97%	14.40%	19.45%
Capital grow th	0.35%	23.07%	5.09%	9.14%	-0.04%	2.04%
Income distribution as % of Ex-NAV	7.26%	1.57%	8.57%	22.83%	14.44%	17.41%
Income distribution as % of Par Value	10.73%	1.86%	9.05%	22.80%	14.38%	16.50%
Interim distribution per unit	1.0725	-	0.9052	0.4126	0.3595	0.6000
Final distribution per unit	-	0.1860	-	1.8674	1.0784	1.0500
<b>Distribution dates</b>						
Interim	30-June-2016	13-Feb-14 ,30-Apr-14 & 26-Jun-2014		26-Apr-13 & 26-Feb-13	17-Apr-12	18-Feb-11 & 19-Apr-11
Final	-	14-July-2015	-	11-Jul-13	9-Jul-12	4-Jul-11
Average annual return (launch date 21-08-2010)						
(Since inception to June 30, 2016)	18.82%					
(Since inception to June 30, 2015)		21.30%				
(Since inception to June 30, 2014)			20.42%			
(Since inception to June 30, 2013)				22.87%		
(Since inception to June 30, 2012)					18.25%	
(Since inception to June 30, 2011)						22.61%

Portfolio Composition (Please see Fund Manager Report)

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

# NAFA ASSET ALLOCATION FUND

## PROXY ISSUED BY THE FUND

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

The details of summarized proxies voted are as follows:

	<b>Resolutions</b>	<b>For</b>	<b>Against</b>	<b>Abstain</b>
--	--------------------	------------	----------------	----------------








<b>Number</b>	4	4	-	-
<b>(%ages)</b>	100%	100%	-	-



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\*Mobile apps are also available for download for android and ios devices



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

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