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

## NAFA MULTI ASSET FUND

# ANNUAL REPORT 2017




*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 MULTI ASSET FUND

## FUND'S INFORMATION

### Management Company

NBP Fullerton Asset Management Limited – Management Company

### Board of Directors of the Management Company

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

### Company Secretary & COO

Mr. Muhammad Murtaza Ali

### Chief Financial Officer

Mr. Khalid Mehmood

### Audit & Risk Committee

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

### Human Resource and Remuneration Committee

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

### Trustee

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

### Bankers to the Fund

Allied Bank Limited  
Askari Bank Limited  
Summit Bank Limited  
Bank Alfalah Limited  
Bank Al-Habib Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
MCB Bank Limited  
National Bank of Pakistan  
Silk Bank Limited  
Soneri Bank Limited  
The Bank of Punjab  
United Bank Limited  
Sindh Bank Limited  
Zarai Taraqati Bank Limited

# NAFA MULTI ASSET FUND

## **Auditors**

KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sheikh Sultan Trust Building No.02  
Beaumont Road,  
Karachi - 75530, 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 MULTI ASSET FUND

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# Board of Directors



Dr. Amjad Waheed, CFA  
Chief Executive Officer



Mr. Mudassir Husain Khan  
Chairman



Mr. Kamal Amir Chinoy  
Director



Mr. Lui Mang Yin (Martin Lui)  
Director



Mr. Tariq Jamali  
Director



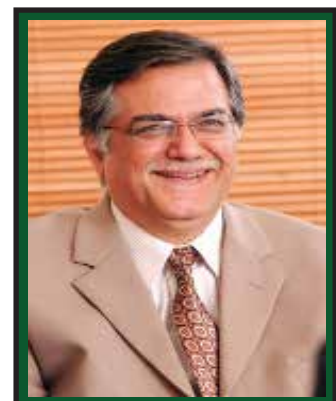
Mr. Shehryar Faruque  
Director



Dr. Foo Chiah Shiung (Kelvin Foo)  
Director



Mr. Abdul Hadi Palekar  
Director



Mr. Humayun Bashir  
Director

# Senior Management



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



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



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



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



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



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



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



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



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



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



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



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



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

# NAFA MULTI ASSET FUND

## DIRECTORS' REPORT

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

### Fund's Performance

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

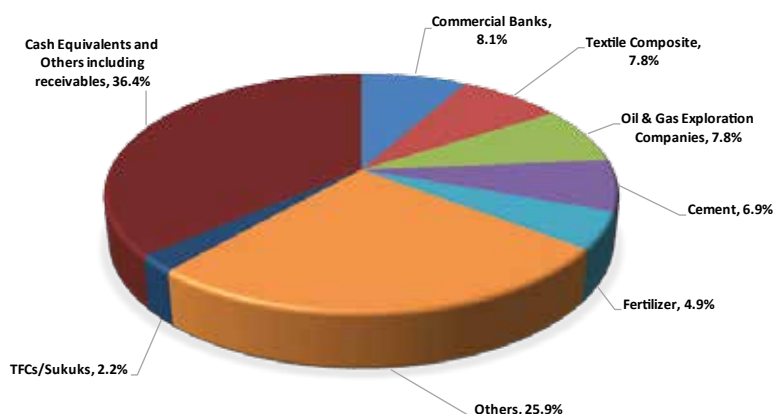
Helped by the lower food prices, inflation as measured by the CPI averaged 4.2% for FY17. During the year, State Bank of Pakistan (SBP) maintained the policy rate at 5.75%. SBP cited improving economic prospects amid investment activity in the context of CPEC gathering pace; but also highlighted its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

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

During the fiscal year, the return on NAFA Multi Asset Fund was 28.42% versus the benchmark return of 14.14% translating into an out-performance of 14.28% during the year. The Fund outperformed as it was overweight in key stocks in Oil & Gas Marketing Companies, Engineering, Chemicals, Automobile Assemblers, Automobile Parts & Accessories, and Textile Composite sectors that outperformed the market and underweight in key stocks in Cement, Power Generation & Distribution Companies, Food & Personal Care Product, and Fertilizer sectors that underperformed the market, thereby contributing to the outperformance. Since its launch (January 22, 2007), the Fund has risen by 408.47%, versus the benchmark return of 166.46%, thus to date out-performance is 242.01%. This outperformance is net of management fee and all other expenses.

NAFA Multi Asset Fund has earned a total income of Rs.480.04 million during the year. After deducting total expenses of Rs.58.10 million, the net income is Rs.421.94 million. During the year, the unit price of NAFA Multi Asset Fund has increased from Rs.15.0058 (Ex-Div) on June 30, 2016 to Rs.19.2708 on June 30, 2017. The resultant per unit gain is Rs.4.2650 (28.42%).

The asset allocation of NAFA Multi Asset Fund as on June 30, 2017 is as follows:





# NAFA MULTI ASSET FUND

## Income Distribution

The Board of Directors of the Management Company has approved cash dividend of 5.21% of the opening ex-NAV (8.15% of the par value) for the year. Further, the Board has also approved final cash dividend of 0.49% of the opening ex-NAV (0.77% of the par value), subsequent to the year end.

## Taxation

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

## Auditors

The present auditors, Messrs KPMG Taseer Hadi & Co., Chartered Accountants, retire and, being eligible, offer themselves for re-appointment for the year ending June 30, 2018.

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

1. The financial statements, prepared by the management company, present fairly the state of affairs of the Fund, the result of its operations, cash flows and statement of movement in unit holders' funds.
2. Proper books of account of the Fund have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Fund's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
8. A performance table/ key financial data is given in this annual report.
9. Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements.
10. The Board of Directors of the Management Company held four meetings during the current financial year. The attendance of all directors is disclosed in the note 24 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 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 MULTI ASSET 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  
Date: September 15, 2017  
Place: Karachi.

Director

# NAFA MULTI ASSET FUND

## ڈائریکٹرز رپورٹ

NBP فلٹرن ایسیٹ منیجمنٹ کے بورڈ آف ڈائریکٹرز NAFA ملٹی ایسیٹ فنڈ (NMAF) کی گیارہویں سالانہ رپورٹ برائے سال ختمہ 30 جون 2017ء پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

### فنڈ کی کارکردگی

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

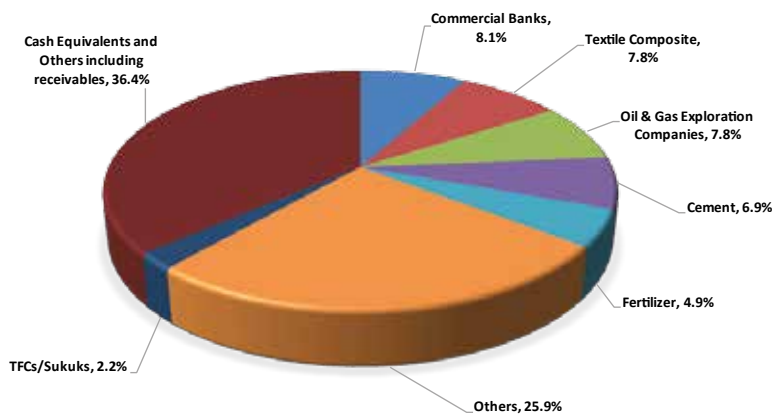
ایشیائے خورد و نوش کی قیمتوں میں کمی کے سبب CPI کے مطابق مالی سال 2017 میں افراط زر اوسطاً 4.2% رہا۔ سال کے دوران اسٹیٹ بینک آف پاکستان (SBP) نے پالیسی کی شرح 5.75% برقرار رکھی۔ SBP نے چین پاکستان اقتصادی راہداری (CPEC) کے تناظر میں منصوبوں کیلئے سرمایہ کاری کی کارروائیوں میں تیزی آنے کو معاشی صورتحال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

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

مذکورہ مالی سال کے دوران NAFA ملٹی ایسیٹ فنڈ (NMAF) نے اپنے بیچ مارک منافع 14.14% کے مقابلے میں 28.42% کا منافع درج کر لیا، اس طرح فنڈ نے سال کے دوران 14.28% کی اضافی کارکردگی کا مظاہرہ کیا۔ علاوہ ازیں، فنڈ نے آئل اور گیس کی مارکیٹنگ کمپنیوں، انجنیئرنگ، کیمیکلز، آٹوموبائل اسمبلرز، آٹوموبائل پارٹس اینڈ ایسیسریز اور ٹیکسٹائل کمپوزٹ کے شعبوں میں اضافی تناسب رکھنے کی بنا پر بہتر کارکردگی دکھائی۔ جبکہ سیمنٹ، پاور جنریشن اینڈ ڈسٹری بیوشن کمپنیوں، نوڈ اینڈ پوسٹل کیئر پراڈکٹ اور فریٹلائزرز کے سیکٹرز میں نسبتاً کم تناسب رکھنے کی بنا پر کارکردگی معمول سے کم رہی اور اس کا اثر اضافی کارکردگی کے نتائج پر پڑا۔ اپنے قیام (22 جنوری 2007) سے اب تک فنڈ اپنے بیچ مارک منافع 166.46% کے مقابلے میں بڑھ کر 408.47% ہو گیا، لہذا اب تک فنڈ نے 242.01% کی بہتر کارکردگی دکھائی۔ یہ کارکردگی منجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

NAFA ملٹی ایسیٹ فنڈ (NMAF) نے اس سال کے دوران 480.04 بلین روپے کی مجموعی آمدنی کمائی ہے۔ 58.10 بلین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 421.94 بلین روپے رہی۔ اس سال کے دوران NAFA ملٹی ایسیٹ فنڈ (NMAF) کے یونٹ کی قیمت 30 جون 2016 کو 15.0058 روپے (Ex-Div) سے بڑھ کر 30 جون 2017 کو 19.2708 روپے ہو چکی ہے۔ اس کے نتیجے میں فی یونٹ منافع 2.650 روپے یعنی 28.42% ہے۔

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



# NAFA MULTI ASSET FUND

## آمدنی کی تقسیم

منجھٹ کمپنی کے بورڈ آف ڈائریکٹرز نے اس سال کے دوران میں اوپننگ ex-NAV کے 5.21% (بنیادی قدر کا 8.15%) نقد ڈیویڈنڈ کی منظوری دی ہے۔ مزید برآں سال کے اختتام کے بعد بورڈ آف ڈائریکٹرز نے ex-NAV کی اوپننگ کا 0.77% (مساوی قیمت کا 0.49%) حتمی کیش ڈیویڈنڈ کی منظوری دی ہے۔

## ٹیکسیشن

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

## آڈیٹرز

موجودہ آڈیٹرز میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور اہل ہونے کی بناء پر انہوں نے خود کو 30 جون 2018 کو ختم ہونے والے سال میں دوبارہ تقرر کیلئے پیش کیا ہے۔

## کوڈ آف کارپوریٹ گورننس کی پیروی میں ڈائریکٹرز اسٹیٹمنٹ

- 1- 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، ڈیویڈنڈ، 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 چار اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 24 میں ظاہر کی گئی ہے۔
- 11- یونٹ ہولڈنگ کا تفصیلی پیٹرن مالیاتی گوشواروں کے نوٹ 23 میں ظاہر کیا گیا ہے۔
- 12- ڈائریکٹرز، CFO، CEO، 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 اظہارِ تشکر کرتا ہے۔  
بورڈ اپنے اسٹاف اور رٹسٹی کی طرف سے محنت، لگن اور عزم کے مظاہرے پر اپنا خراجِ تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

NBP فلرٹن ایسیٹ منجھٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

بتاریخ

15 ستمبر 2017ء

مقام: کراچی

# NAFA MULTI ASSET FUND

## TRUSTEE REPORT TO THE UNIT HOLDERS NAFA MULTI ASSET 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 Multi Asset Fund (the Fund) are of the opinion that NBP Fullerton Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2017 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

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

Karachi, September 26, 2017

# NAFA MULTI ASSET FUND

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

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

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

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

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

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

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

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

# NAFA MULTI ASSET FUND

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

# NAFA MULTI ASSET FUND

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

For and behalf of the Board

September 15, 2017  
Karachi

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**Dr. Amjad Waheed**  
Chief Executive Officer



# NAFA MULTI ASSET FUND

## FUND MANAGER REPORT

NAFA Multi Asset Fund (NMF) is an Open-ended Balanced Fund.

### Investment Objective of the Fund

Objective of NMF is to provide investors with a combination of capital growth and income. NMF aims to achieve attractive returns at moderate levels of risk by investing in a variety of asset classes such as stocks, bonds, money market instruments, CFS etc.

### Benchmark

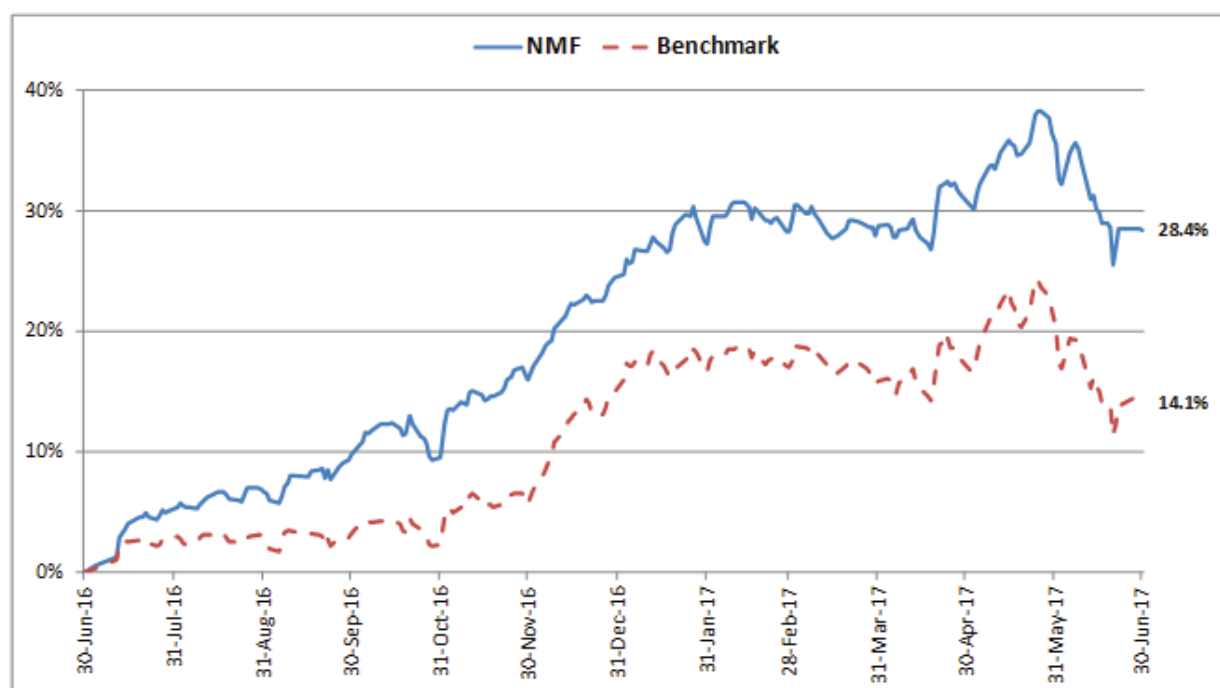
Daily weighted return of KSE-30 Total Return Index & 6-month KIBOR based on Fund's actual allocation, effective from September 01, 2016. Previously 50% KSE-30 Total Return Index & 50% 3-Month KIBOR.

### Fund Performance Review

This is the eleventh annual report of the Fund. During the fiscal year, the return on NAFA Multi Asset Fund was 28.42% versus the benchmark return of 14.14% translating into an outperformance of 14.28% during the year. Since its launch (January 19, 2007), the Fund has risen by 408.47%, versus the benchmark return of 166.46%, thus to date outperformance is 242.01%. The outperformance of the Fund is net of management fee and all other expenses. Thus, NMF has met its investment objective. During the year, the fund size of NMF increased by 39.1% to Rs.1,847 mn.

NMF outperformed during the year as its key holdings in the Oil & Gas Marketing Companies, Engineering, Chemicals, Automobile Assemblers, Automobile Parts & Accessories, and Textile Composite sectors outperformed the market. Moreover, contribution to the Fund's performance also came from its underweight position in select companies of Cement, Power Generation & Distribution Companies, Food & Personal Care Product, and Fertilizer sectors that lagged the market. The chart below shows the performance of NMF against the Benchmark for the year.

NMF Performance vs. Benchmark during FY17



# NAFA MULTI ASSET FUND

At the start of the year, NMF was around 66.7% invested in equities. During the year, we altered the allocation of the Fund based on the expected performance of different asset classes. Towards the end of the year, the allocation in equities was around 61.4%.

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

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

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

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

Particulars	30-Jun-17	30-Jun-16
Equities / Stocks	61.41%	66.72%
TFCs / Sukuks	2.22%	9.03%
PIBs	-	2.97%
Cash Equivalents	39.42%	26.41%
Other Net Liabilities	-3.05%	-5.13%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

# NAFA MULTI ASSET FUND

## Details of Non-Compliant Investments

Particulars	Type of Investment	Value of Investments before Provision	Provision held	Value of Investments after Provision	% of Net Assets	% of Gross Assets
Saudi Pak Leasing	TFC	27,547,410	27,547,410	-	-	-
Eden Housing (Sukuk II)	SUKUK	9,843,750	9,843,750	-	-	-
New Allied Electronics (Sukuk I)	SUKUK	10,000,000	10,000,000	-	-	-
<b>Total</b>		<b>47,391,160</b>	<b>47,391,160</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Distribution for the Financial Year 2017

Interim Period/Quarter	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
Interim	8.15%	20.1773	19.3620
Final	0.77%	18.2292	18.1527

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

Size of Unit Holding (Units)	# of Unit Holders
1-1000	59
1001-5000	139
5001-10000	60
10001-50000	127
50001-100000	44
100001-500000	41
500001-1000000	10
1000001-5000000	4
5000001-10000000	1
10000001-100000000	2
	487

## During the period under question

During the year, the provision for Workers' Welfare Fund held by the fund till June 30, 2015 has been reversed on January 12, 2017. Further, the provision in respect of Sindh Workers' Welfare Fund has been made on a prudent basis with effect from May 21, 2015. For further details, refer note 12.1 to the financial statements.

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

## Sindh Workers' Welfare Fund (SWWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs. 12.21 million. If the same were not made the NAV per unit/FY17 return of scheme would be higher by Rs. 0.1274 / 0.85%. For details investors are advised to read note 12.1 of the Financial Statement of the Scheme for the year ended June 30, 2017.

# NAFA MULTI ASSET FUND

## Review Report to the Unit Holders on Statement of Compliance with Best Practices of 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 **NBP Fullerton Asset Management Limited** (“the Management Company”) of NAFA Multi Asset Fund (the Fund) for the year ended 30 June 2017, to comply with the clause 5.19 of the Pakistan Stock Exchange Limited Regulations where the Fund is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company of the Fund. 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 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 Directors’ statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the 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 its related party transactions 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 of Corporate Governance as applicable to the Fund for the year ended 30 June 2017.

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

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

Date: September 15, 2017

Karachi

KPMG Taseer Hadi & Co.  
Chartered Accountants

# NAFA MULTI ASSET FUND

## INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

### Report on the Financial Statements

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

### Management's responsibility for the financial statements

The Management Company of the Fund is responsible for the preparation and fair presentation of the financial statements in accordance with approved accounting standards as applicable in Pakistan, and for such internal control as the management determines is necessary to enable the preparation of the 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 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 our 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, we consider 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 management, 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 state of the Fund's affairs as at 30 June 2017 and of its financial performance, 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.

The financial statements of the Fund for the year ended 30 June 2016 were audited by another firm of Chartered Accountants, who vide their report dated 30 September 2016, addressed to the unitholders, had expressed an unmodified opinion thereon.

Date: September 15, 2017

Karachi

KPMG Taseer Hadi & Co.  
Chartered Accountants  
Muhammad Nadeem

# NAFA MULTI ASSET FUND

## Statement of Assets and Liabilities As at 30 June 2017

	Note	2017 -----Rupees in '000-----	2016
<b>Assets</b>			
Bank balances	5	730,941	350,744
Investments	6	1,175,430	1,045,319
Dividend and profit receivables	7	2,967	3,898
Advance, deposits and other receivable	8	<u>3,732</u>	<u>3,650</u>
<b>Total assets</b>		<u>1,913,070</u>	<u>1,403,611</u>
<b>Liabilities</b>			
Payable to NBP Fullerton Asset Management Limited - Management Company	9	5,231	3,626
Payable to Central Depository Company of Pakistan Limited - Trustee	10	404	280
Payable to Securities and Exchange Commission of Pakistan	11	1,417	1,249
Dividend payable		28,244	33,441
Accrued expenses and other liabilities	12	<u>30,660</u>	<u>37,173</u>
<b>Total liabilities</b>		65,956	75,769
<b>Net assets</b>		<u>1,847,114</u>	<u>1,327,842</u>
<b>Unit holders' fund (as per statement attached)</b>		<u>1,847,114</u>	<u>1,327,842</u>
<b>Contingency and commitment</b>	13		
		-----Number of units-----	
<b>Number of units in issue</b>	14	<u>95,850,273</u>	<u>84,912,656</u>
<b>Net assets value per unit</b>		<u>19.2708</u>	<u>15.6377</u>

The annexed notes 1 to 29 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# NAFA MULTI ASSET FUND

## Income Statement For the year ended 30 June 2017

	Note	2017	2016
		-----Rupees in '000-----	
<b>Income</b>			
Income from Pakistan Investment Bonds		3,132	4,230
Income from term finance certificates and sukus		8,122	11,186
Profit on bank deposits		28,144	32,717
Gain on sale of investments - net		90,815	3,184
Dividend income		51,933	46,483
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.8	242,029	64,465
<b>Total income</b>		<u>424,175</u>	<u>162,265</u>
<b>Expenses</b>			
Remuneration to NBP Fullerton Asset Management Limited - Management Company	9.1	33,354	29,395
Sindh Sales Tax on remuneration to Management Company	9.2	4,336	4,774
Federal Excise Duty on remuneration to Management Company	12.2	-	4,703
Remuneration to Central Depository Company of Pakistan Limited - Trustee	10.1	2,668	2,470
Sindh Sales Tax on remuneration to Trustee	10.2	347	346
Annual fee - Securities and Exchange Commission of Pakistan	11	1,418	1,249
Allocation of expenses related to registrar services, accounting, operation and valuation services	9.3	1,668	861
Auditors' remuneration	15	531	583
Mutual fund rating fee		90	187
Annual listing fee		55	40
Settlement and bank charges		615	423
Securities transaction cost		661	1,062
Legal and professional charges		76	65
Printing charges		76	10
Reversal of impairment in respect of non-performing term finance certificates and sukus		-	(14,286)
<b>Total expenses</b>		<u>45,895</u>	<u>31,882</u>
<b>Net income from operating activities</b>		<u>378,280</u>	<u>130,383</u>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		35,846	(10,436)
Reversal of provision for Workers' Welfare Fund	12.1	20,023	-
Provision for Sindh Workers' Welfare Fund	12.1	(12,213)	-
<b>Net income for the year before taxation</b>		<u>421,936</u>	<u>119,947</u>
Taxation	16	-	-
<b>Net income for the year after taxation</b>		<u><u>421,936</u></u>	<u><u>119,947</u></u>

The annexed notes 1 to 29 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# NAFA MULTI ASSET FUND

## Statement of Comprehensive Income For the year ended 30 June 2017

	Note	2017	2016
		-----Rupees in '000-----	
Net income for the year		421,936	119,947
<b>Other comprehensive income</b>			
<i>Items to be reclassified to income statement in subsequent periods:</i>			
Net unrealised (diminution) on re-measurement of investments classified as 'available for sale'	6.9	-	-
Reclassification to income statement relating to gain realized on maturity / disposal of investment classified as 'available for sale'		-	(11,964)
<b>Total comprehensive income for the year</b>		<u>421,936</u>	<u>107,983</u>

The annexed notes 1 to 29 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



# NAFA MULTI ASSET FUND

## Distribution Statement For the year ended 30 June 2017

	2017	2016
	-----Rupees in '000-----	
<b>Undistributed income brought forward comprising:</b>		
- Realised income	357,355	213,854
- Unrealised income	<u>64,465</u>	<u>167,891</u>
	<u>421,820</u>	<u>381,745</u>
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - amount representing income / (loss) that forms part of unit holders' fund - net	-	(182)
Net income for the year	421,936	119,947
Interim Distribution for the year ended 30 June 2017: 8.15% (Date of distribution: 21 June 2017) [2016: 9.77% (Date of Distribution: 30 June 2016)]		
- Cash distribution (Refer note 14.1)	(73,703)	(79,690)
<b>Undistributed income at end of the year</b>	<u><u>770,053</u></u>	<u><u>421,820</u></u>
<b>Undistributed income carried forward comprising:</b>		
- Realised income	528,024	357,355
- Unrealised income	<u>242,029</u>	<u>64,465</u>
	<u><u>770,053</u></u>	<u><u>421,820</u></u>

The annexed notes 1 to 29 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# NAFA MULTI ASSET FUND

## Statement of Movement in Unit Holders' Fund For the year ended 30 June 2017

	2017 -----Rupees in '000-----	2016 -----Rupees in '000-----
Net assets at beginning of the year	1,327,842	1,487,299
Issuance of 24,835,238 units (2016: 37,168,918 units)	475,002	582,794
Redemption of 13,897,621 units (2016: 49,428,592 units)	(268,117)	(780,980)
	206,885	(198,186)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net		
- amount representing loss transferred to income statement	(35,846)	10,436
- amount representing loss transferred to distribution statement	-	182
Gain on sale of investments - net	90,815	3,184
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	242,029	64,465
Other net income for the year	89,092	40,334
<b>Total comprehensive income for the year</b>	421,936	107,983
Interim Distribution for the year ended 30 June 2017: 8.15% (Date of distribution: 21 June 2017) [2016: 9.77% (Date of - Cash distribution (Refer note 14.1)	(73,703)	(79,690)
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - amount representing income / (loss) that forms part of unit holders' fund - net	-	(182)
<b>Net assets at end of the year</b>	<u>1,847,114</u>	<u>1,327,842</u>
	-----Rupees-----	
Net assets value per unit at beginning of the year	<u>15.6377</u>	<u>15.3058</u>
Net assets value per unit at end of the year	<u>19.2708</u>	<u>15.6377</u>

The annexed notes 1 to 29 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# NAFA MULTI ASSET FUND

## Cash Flow Statement For the year ended 30 June 2017

Note	2017	2016
	-----Rupees in '000-----	
<b>CASH FLOWS FOR THE YEAR FROM OPERATING ACTIVITIES</b>		
Net income for the year before taxation	421,936	119,947
<b>Adjustments:</b>		
Net unrealised (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(242,029)	(64,465)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net	(35,846)	10,436
Reversal of impairment in respect of non-performing term finance certificates and sukus	-	(14,286)
	<u>144,061</u>	<u>51,632</u>
<b>Decrease / (increase) in assets</b>		
Investments	111,918	135,241
Dividend and profit receivables	931	5,161
Advance, deposits and other receivable	(738)	(115)
	112,111	140,287
<b>(Decrease) / increase in liabilities</b>		
Payable to NBP Fullerton Asset Management Limited - Management Company	1,605	4,381
Payable to Central Depository Company of Pakistan Limited - Trustee	124	(41)
Payable to Securities and Exchange Commission of Pakistan	168	110
Accrued expenses and other liabilities	(9,445)	1,833
	<u>(7,548)</u>	<u>6,283</u>
<b>Net cash generated from operating activities</b>	<u>248,624</u>	<u>198,202</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Amounts received against issuance of units	433,047	670,031
Payment against redemption of units	(268,128)	(859,122)
Distributions paid	(33,346)	(48,377)
<b>Net cash generated from / (used in) financing activities</b>	<u>131,573</u>	<u>(237,468)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<u>380,197</u>	<u>(39,266)</u>
Cash and cash equivalents at beginning of the year	350,744	390,010
<b>Cash and cash equivalents at end of the year</b>	<u><u>730,941</u></u>	<u><u>350,744</u></u>

The annexed notes 1 to 29 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# NAFA MULTI ASSET FUND

## Notes to and forming part of the Financial Statements For the year ended 30 June 2017

### 1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 The NAFA Multi Asset Fund 'the Fund' was established under a Trust Deed executed between the NBP Fullerton Asset Management Limited, as Management Company and Central Depository Company of Pakistan Limited (CDC), as the Trustee. The Trust Deed was executed on 06 December 2006 and was authorised by the Securities and Exchange Commission of Pakistan (SECP) on 20 December 2006 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules).
- 1.2 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. The Management Company is also the member of the Mutual Funds Association of Pakistan (MUFAP).
- 1.3 The Fund is an open-ended mutual fund classified as a "balanced scheme" by the Management Company as per the criteria for categorization of open end collective investment scheme as specified by Securities and Exchange Commission of Pakistan (SECP) and other allied matters and is listed on the Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.4 The core objective of the Fund is to provide its investors with a combination of capital growth and income. The Fund aims to achieve attractive returns at moderate levels of risk by investing in a variety of asset classes such as stocks, bonds, money market instruments etc.
- 1.5 The Pakistan Credit Rating Agency (PACRA) has assigned an asset manager rating of 'AM1' to the Management Company, long term and short term performance ranking of '4 star' to the Fund.
- 1.6 Title of the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as 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 repealed Companies Ordinance, 1984, and the requirements of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008, (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever, the requirement of the NBFC Rules, the NBFC Regulations and the said directives differ with the requirements of these standards, the requirements of the NBFC Rules, the NBFC Regulations, and the said directives shall prevail (refer note 3.2).

#### 2.2 Accounting convention

These financial statements are prepared under the historical cost convention except for investments which are carried at their fair values.

#### 2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Fund's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded to the nearest thousand rupees, except otherwise stated.

#### 2.4 Critical accounting estimates and judgments

In preparing these financial statements, management has made judgement, estimates and assumptions that affect the application of the Fund's accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from the estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognised prospectively. Information about judgements made in applying accounting policies that have the most significant effects on the amount recognised in the financial statements and assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the subsequent years related to classification and valuation of investments (refer note 4.1 and note 6).

# NAFA MULTI ASSET FUND

## 3 NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS OF IFRSs

3.1 There are new and amended standards and interpretations that are mandatory for accounting periods beginning 01 July 2016 but are considered not to be relevant or do not have any significant effect on the the Fund's financial statements and are therefore not stated in these financial statements.

### 3.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2017:

- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 01 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have an impact on the Fund's financial statements.
- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 01 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are not likely to have an impact on the Fund's financial statements.
- Amendments to IFRS 2 - Share-based payment clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and /or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on the Fund's financial statements.
- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after 01 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on the Fund's financial statements.
- Annual improvements to IFRS standards 2014 - 2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:
  - Amendments to IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 01 January 2017) clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 – 'Non-current Assets Held for Sale and Discontinued Operations'. The amendments are not likely to have an impact on the Fund's financial statements.
  - Amendments to IAS 28 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 01 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on the Fund's financial statements.
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 01 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax.

# NAFA MULTI ASSET FUND

- The Companies Ordinance, 1984 was repealed by the enactment of the Companies Act, 2017 on 30 May 2017. SECP vide its Circular 17 of 2017 and its press release dated 20 July 2017 has clarified that all those companies whose financial year, including quarterly and other interim period, closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. The Companies Act, 2017 requires enhanced disclosures and has also enhanced the definition of related parties. The amendments are not likely to have an impact on the Fund's financial statements except extended disclosures.
- SECP through SRO 756(I)/2017 dated 03 August 2017 with immediate effect has made certain amendments in NBFCs and Notified Entities Regulations, 2008. The SRO changed the definition of accounting income in regulation (63) sub-regulation (I) which excludes the element of income from "accounting income". The said SRO also deleted 'Distribution Statement' and requires additional disclosures and recording of element of income / loss included in price of unit issued or redeemed in Statement of movements in reserves or unit holders' fund instead of income statement. This change will affect the charge for SWWF in respect of element of income and consequently NAV per unit in future years.

## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements have been consistently applied to all periods presented.

### 4.1 Financial Assets

#### 4.1.1 Classification

The Fund classifies its financial assets in the following categories: loans and receivables, at fair value through profit or loss and available for sale. The classification depends on the purpose for which the financial assets were acquired. The Management Company determines the appropriate classification of its financial assets at the time of initial recognition and re-evaluates their classification on a regular basis.

##### a) Loans and receivables

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

##### b) Financial assets 'at fair value through profit or loss'

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as held for trading in the financial assets 'at fair value through profit or loss' category.

##### 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 (a) loans and receivables or (b) financial assets at fair value through profit or loss. These are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or change in price.

#### 4.1.2 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

#### 4.1.3 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. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed as in the income statement.

#### 4.1.4 Subsequent measurement

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

##### a) Basis of valuation of Debt Securities (other than government securities)

The debt securities are valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its Circular No. 33 of 2012 dated 24 October 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) Basis of valuation of 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.

# NAFA MULTI ASSET FUND

## c) Basis of valuation of equity securities

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

Net gains and losses arising from changes in the fair value of financial assets carried at fair value through profit or loss 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.

### 4.1.5 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 33 of 2012 dated 24 October 2012 issued by SECP.

As allowed under circular no. 13 of 2009 dated 4 May 2009 and circular 33 of 2012 dated 24 October 2012 issued by 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 a 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 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 determined based on the provisioning criteria specified by SECP.

### 4.1.6 Derecognition

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

### 4.1.7 Offsetting of financial assets and liabilities

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

## 4.2 Cash and cash equivalents

Cash and cash equivalents comprise of deposits and current accounts maintained with banks. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

## 4.3 Securities purchased under repurchased agreement

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 settlement date.

# NAFA MULTI ASSET FUND

## 4.4 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.

## 4.5 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. They are initially recognised at fair value and subsequently stated at amortised cost. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

## 4.6 Provisions

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

## 4.7 Taxation

The income of the Fund is exempt from income tax as per clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed among the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account.

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.

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes. In addition, the Fund also records deferred tax asset on unutilised tax losses to the extent that it is no longer probable that the related tax benefit will be realised. However, the Fund has not recognised any amount in respect of taxation in these financial statements as the Fund distributes more than ninety percent of its accounting income for the current year and intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders every year.

## 4.8 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors / Management Company during business hours on that day. The offer price represents the net assets 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. The sales load if applicable, is payable to the investment facilitators, distributors and 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 assets 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.

## 4.9 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.

The element of income and capital gains included in the prices of units issued less those in units redeemed to the extent that it is represented by income earned during the year is recognised in the income statement and to the extent that is represented by unrealized appreciation / (diminution) arising during the year on available for sale securities is included in the distribution statement.

## 4.10 Earnings per unit

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

## 4.11 Net assets value per unit

The net asset value per unit as disclosed on the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.



# NAFA MULTI ASSET FUND

## 4.12 Revenue recognition

- Realised gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Unrealised appreciation / (diminution) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are included in the income statement in the period in which they arise.
- Unrealised appreciation / (diminution) arising on re-measurement of investments classified as 'available for sale' investments are included in the statement of comprehensive income in the period in which they arise.
- Discount on purchase of Market Treasury Bills is amortised to income statement using the straight line method.
- Profit on bank deposits, term deposit receipts, mark-up / return on investments in debt securities and income from government securities is recognised using the effective yield method.
- Dividend income is recognised when the right to receive the same is established i.e. on the date of book closure of the investee company / institution declaring the dividend.

## 4.13 Proposed distribution

Dividend / distributions are recognised in the period in which such distributions are declared / approved.

	Note	2017 -----Rupees in '000-----	2016
<b>5 BALANCES WITH BANKS</b>			
Current accounts		7,281	5,371
Savings accounts	5.1	<u>723,660</u>	<u>345,373</u>
		<u>730,941</u>	<u>350,744</u>

5.1 These carry a rate of return ranging from 3.75% to 6.50% (2016: 4.00% to 7.45%) per annum.

5.2 These have been adjusted with cheques of Rs. 33.81 million issued on account of redemption of units and cheques of Rs. 5.36 million received on account of issuance of units at close of financial period which have cleared subsequent to period end.

		2017 -----Rupees in '000-----	2016
<b>6 INVESTMENTS</b>			
<b>Financial assets 'at fair value through profit or loss' - held for trading</b>			
- Listed equity securities	6.1	1,134,395	885,979
- Pakistan Investment Bonds	6.2	-	39,497
- Term finance certificates - listed	6.3	-	-
- Term finance certificates - unlisted	6.4	41,035	40,000
- Sukuk bonds	6.5	-	79,843
<b>Available for sale</b>			
- Sukuk bonds	6.7	-	-
		<u>1,175,430</u>	<u>1,045,319</u>

## 6.1 Equity securities - Listed - at fair value through profit or loss - held for trading

All shares have a nominal face value of Rs 10 each except for shares of Thal Limited and Shabbir Tiles & Ceramics Limited which have a face value of Rs 5.

Name of the investee company	As at July 1, 2016	Purchases during the year	Bonus issue during the year	Right shares purchased/ subscribed during the year	Sales during the year	As at June 30, 2017	Market value / carrying value as at 30 June 2017	Market value as a percentage of net assets	Market value as a percentage of investments	Market value as a percentage of paid-up capital of the investee
----- Number of shares ----- (Rupees in '000) ----- % -----										
<b>Oil &amp; Gas Exploration Companies</b>										
Mari Petroleum Limited	42,200	-	-	-	8,900	33,300	52,469	2.84	4.46	4.76
Oil and Gas Development Company Limited	254,096	-	-	-	81,000	173,096	24,353	1.32	2.07	0.06
Pakistan Oilfields Limited	87,069	-	-	-	8,500	78,569	35,996	1.95	3.06	1.52
Pakistan Petroleum Limited	<u>240,083</u>	-	-	-	<u>30,000</u>	<u>210,083</u>	<u>31,122</u>	<u>1.68</u>	<u>2.65</u>	<u>0.16</u>
	<b>623,448</b>	-	-	-	<b>128,400</b>	<b>495,048</b>	<b>143,940</b>	<b>7.79</b>	<b>12.24</b>	
<b>Oil &amp; Gas Marketing Companies</b>										
Attock Petroleum Limited	18,951	-	-	-	-	18,951	11,871	0.64	1.01	1.43
Hascal Petroleum Limited (note 6.1.2)	565	-	-	-	-	565	193	0.01	0.02	0.02
Pakistan State Oil Company Limited	96,152	-	-	-	17,000	79,152	30,660	1.66	2.61	1.13
Shell Pakistan Limited	-	62,300	-	-	-	62,300	35,846	1.94	3.05	3.35
	<b>115,668</b>	<b>62,300</b>	-	-	<b>17,000</b>	<b>160,968</b>	<b>78,570</b>	<b>4.25</b>	<b>6.69</b>	

# NAFA MULTI ASSET FUND

Name of the investee company	As at July 1, 2016	Purchases during the year	Bonus issue during the year	Right shares purchased/ subscribed during the year	Sales during the year	As at June 30, 2017	Market value / carrying value as at 30 June 2017	Market value as a percentage of net assets	Market value as a percentage of investments	Market value as a percentage of paid-up capital of the investee
	Number of shares				(Rupees in '000)		%			
<b>Refinery</b>										
Attock Refinery Limited	73,600	-	-	-	44,500	29,100	11,133	0.60	0.95	1.31
	73,600	-	-	-	44,500	29,100	11,133	0.60	0.95	
<b>Fertilizers</b>										
Dawood Hercules Corporation Limited	9,000	-	-	-	-	9,000	1,227	0.07	0.10	0.03
Engro Fertilizers Limited	238,500	308,500	-	-	-	547,000	30,216	1.64	2.57	0.23
Engro Corporation Limited	122,817	46,100	-	-	26,700	142,217	46,350	2.51	3.94	0.88
Fauji Fertilizer Bin Qasim Limited	210,000	89,000	-	-	-	299,000	12,809	0.69	1.09	0.14
Fauji Fertilizer Company Limited	11	-	-	-	11	-	-	-	-	-
	580,328	443,600	-	-	26,711	997,217	90,602	4.91	7.70	
<b>Chemicals</b>										
Akzo Nobel Pakistan Limited	41,800	-	-	-	14,000	27,800	6,672	0.36	0.57	1.44
Engro Polymer & Chemicals Limited	-	1,335,000	-	-	397,000	938,000	34,237	1.85	2.91	0.52
	41,800	1,335,000	-	-	411,000	965,800	40,909	2.21	3.48	
<b>Cement</b>										
Attock Cement Pakistan Limited	105,300	4,400	-	-	-	109,700	33,203	1.80	2.82	2.90
D.G. Khan Cement Pakistan Limited	140,500	-	-	-	28,000	112,500	23,981	1.30	2.04	0.55
Fauji Cement Company Limited	100,000	-	-	-	49,500	50,500	2,072	0.11	0.18	0.02
Lucky Cement Limited	40,264	21,000	-	-	9,600	51,664	43,205	2.34	3.68	1.34
Maple Leaf Cement Cement Factory Limited	130,500	-	-	-	69,500	61,000	6,793	0.37	0.58	0.13
Pioneer Cement Limited	140,500	-	-	-	-	140,500	18,265	0.99	1.55	0.80
	657,064	25,400	-	-	156,600	525,864	127,519	6.91	10.85	
<b>Automobile Parts &amp; Accessories</b>										
Thal Limited	132,336	-	-	-	97,700	34,636	20,990	1.14	1.79	5.18
	132,336	-	-	-	97,700	34,636	20,990	1.14	1.79	
<b>Textile Composite</b>										
Azgard Nine Limited (Non-voting shares)	807,000	-	-	-	-	807,000	5,649	0.31	0.48	0.15
Crescent Textile Mills Limited	-	496,500	-	-	263,000	233,500	8,745	0.47	0.74	1.09
Kohinoor Textile Mills Limited (note 6.1.2)	639,275	-	-	-	79,000	560,275	58,902	3.19	5.01	2.09
Nishat (Chunian) Limited	-	364,000	-	-	-	364,000	18,680	1.01	1.59	0.78
Nishat Mills Limited	409,700	58,000	-	-	137,000	330,700	52,475	2.84	4.46	1.49
	1,855,975	918,500	-	-	479,000	2,295,475	144,451	7.82	12.28	
<b>Transport</b>										
Pakistan National Shipping Corporation	96,000	-	-	-	64,000	32,000	4,029	0.22	0.34	0.31
	96,000	-	-	-	64,000	32,000	4,029	0.22	0.34	
<b>Engineering</b>										
Dost Steels Limited	-	1,300,000	-	-	-	1,300,000	14,326	0.78	1.22	0.45
International Industries Limited	459,000	-	-	-	374,500	84,500	31,144	1.69	2.65	2.60
International Steels Limited	927,500	-	-	-	767,500	160,000	20,462	1.11	1.74	0.47
	1,386,500	1,300,000	-	-	1,142,000	1,544,500	65,932	3.58	5.61	
<b>Power Generation &amp; Distribution</b>										
Kot Addu Power Company Limited	431,500	-	-	-	145,500	286,000	20,598	1.12	1.75	0.23
Saif Power Limited	257,000	-	-	-	127,000	130,000	3,923	0.21	0.33	0.10
The Hub Power Company Limited	270,748	-	-	-	106,000	164,748	19,346	1.05	1.65	0.17
	959,248	-	-	-	378,500	580,748	43,867	2.38	3.73	
<b>Commercial Banks</b>										
Allied Bank Limited	263,900	40,400	-	-	-	304,300	27,271	1.48	2.32	0.24
Bank Al-falah Limited	486,500	-	-	-	486,500	-	-	-	-	-
Bank Al-Habib Limited	569,400	-	-	-	251,500	317,900	18,041	0.98	1.53	0.16
Faysal Bank Limited (note 6.1.2)	20,650	235,000	2,065	-	-	255,650	5,799	0.31	0.49	0.04
Habib Bank Limited	83,180	32,800	-	-	-	115,980	31,215	1.69	2.66	0.21
MCB Bank Limited	70,900	102,500	-	-	9,000	164,400	34,595	1.87	2.94	0.31
Meezan Bank Limited	617	-	-	-	-	617	49	0.00	0.00	0.00
United Bank Limited	117,691	36,000	-	-	18,000	135,691	31,958	1.73	2.72	0.26
	1,612,838	446,700	-	-	765,000	1,294,538	148,928	8.06	12.66	
<b>Cable and Electrical Goods</b>										
Pakistan Elektron Limited	184,500	55,000	-	-	19,000	220,500	24,326	1.32	2.07	0.49
	184,500	55,000	-	-	19,000	220,500	24,326	1.32	2.07	
<b>Glass and Ceramics</b>										
Shabbir Tiles & Ceramics Limited	-	1,243,000	-	-	-	1,243,000	23,828	1.29	2.03	1.46
Tariq Glass Industries Limited	424,000	-	-	-	104,500	319,500	35,388	1.92	3.01	4.82
	424,000	1,243,000	-	-	104,500	1,562,500	59,216	3.21	5.04	
<b>Technology &amp; Communication</b>										
Avanceon Limited	31,000	-	-	-	31,000	-	-	-	-	-
	31,000	-	-	-	31,000	-	-	-	-	
<b>Paper &amp; Board</b>										
Century Paper & Board Mills Limited	-	259,000	-	-	-	259,000	25,395	1.37	2.16	1.73
	-	259,000	-	-	-	259,000	25,395	1.37	2.16	
<b>Automobile Assembler</b>										
Indus Motor Company Limited	33,520	-	-	-	11,100	22,420	40,213	2.18	3.42	5.12
Millat Tractors Limited	-	33,850	-	-	2,200	31,650	43,501	2.36	3.70	9.82
	33,520	33,850	-	-	13,300	54,070	83,714	4.54	7.12	
<b>Pharmaceuticals</b>										
Abbott Lab (Pakistan) Limited	-	10,300	-	-	-	10,300	9,626	0.52	0.82	0.98
GlaxoSmithKline (Pakistan) Limited	34,500	-	-	-	-	34,500	6,794	0.37	0.58	0.21
	34,500	10,300	-	-	-	44,800	16,420	0.89	1.40	
<b>Inv. Banks / Inv. Cos. / Securities Cos.</b>										
Pakistan Stock Exchange Limited	-	173,454	-	-	-	173,454	4,454	0.24	0.38	0.06
	-	173,454	-	-	-	173,454	4,454	0.24	0.38	
<b>Total - 30 June 2017</b>	<b>8,842,325</b>	<b>6,132,650</b>	<b>-</b>	<b>-</b>	<b>3,878,211</b>	<b>11,096,764</b>	<b>1,134,395</b>	<b>61.20</b>	<b>96.10</b>	
Carrying value before fair value adjustment as at 30 June 2017							<u>893,401</u>			

# NAFA MULTI ASSET FUND

6.1.1 Investments include shares with market value of Rs. 44.03 million (30 June 2016: Rs.39.02 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with circular no.11 dated 23 October 2007 issued by the SECP.

6.1.2 The Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 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 5% of bonus announcement amounting to Rs. 1.093 million (30 June 2016: Rs. 0.7 million) and not yet deposited in CDC account of department of Income Tax.

## 6.2 Pakistan Investment Bonds - at fair value through profit or loss - held for trading

Issue Date	Tenor	Face Value				As at 30 June 2017 Market value/ carrying value	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2016	Purchases during the year	Sales/ Matured during the year	As at June 30, 2017			
		-----Rupees in '000)-----				-----%-----		
17 July 2014	3 years	37,500	-	37,500	-	-	-	
Carrying value before mark to market as at 30 June 2017						-		

## 6.3 Term finance certificates - listed - at fair value through profit or loss - held for trading

All term finance certificates have a face value of Rs 5,000 each unless stated otherwise

Name of the investee company	Number of certificates				As at 30 June 2017 Market value / carrying value	Market value as a percentage of net assets	Market value as a percentage of total investments
	As at July 1, 2016	Purchases during the year	Disposals during the year	As at June 30, 2017			
Rupees in '000) -----%-----							
Saudi Pak Leasing Company Limited (note 6.3.1)	10,000	-	-	10,000	-	-	-
Provision for impairment losses as at 30 June 2017 (note 6.10)						27,547	

6.3.1 This represents investment in term finance certificates with original term of nine years. On 13 October 2011 the investee company defaulted on its obligation on account of principal and profit payment. The investee company rescheduled its term on 26 December 2011 with a new maturity in March 2017. The said TFCs complied with repayment terms since it was rescheduled and had been reclassified as performing as per criteria defined in circular no. 1 of 2009. However, the investee company again defaulted on its obligation on account of principal and profit payment for the month of April 2014 and was therefore declared as Non Performing Asset (NPA) since 30 April 2014. The amount of provision as per circular no. 1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circular.

## 6.4 Term finance certificates - unlisted - at fair value through profit or loss - held for trading

All term finance certificates have a face value of Rs 5,000 each unless stated otherwise

Name of the investee company	Number of certificates				As at 30 June 2017 Market value / carrying value	Market value as a percentage of net assets	Market value as a percentage of total investments
	As at July 1, 2016	Purchases during the year	Disposals during the year	As at June 30, 2017			
Rupees in '000) -----%-----							
Jahangir Siddiqui and Company Limited	8,000	-	-	8,000	41,035	2.22	3.49
Carrying value before fair value adjustment as at 30 June 2017						40,000	

# NAFA MULTI ASSET FUND

## 6.5 Sukuks - listed - at fair value through profit or loss - held for trading

All sukuks have a face value of Rs. 5,000 each unless stated otherwise

Name of the investee company	Number of certificates				As at 30 June 2017 Market value / carrying value	Market value as a percentage of net assets	Market value as a percentage of total investments
	As at July 1, 2016	Purchases during the year	Disposals during the year	As at June 30, 2017			
K - Electric AZM Sukuk	16,000	-	16,000	-	-	-	-
Carrying value before fair value adjustment as at 30 June 2017					-		

Rupees in '000) -----%

## 6.6 Significant terms and conditions of term finance certificates and sukuks outstanding at the year end are as follows:

	Number of certificates	Repayment Frequency	Unredeemed face value (Rupees)	Mark-up rate (per annum)	Issue date	Maturity Date	Rating
<b>Unsecured</b>							
<b>Listed term finance certificates</b>							
Saudi Pak Leasing Company Limited	10,000	Monthly	2,755	6.87% Fixed rate	13 March 2008	13 March 2017	Unrated
<b>Unlisted term finance certificates</b>							
Jahangir Siddiqui and Company Limited	8,000	Semi Annually	5,000	6 Month KIBOR offer rate plus 1.65%	16 May 2016	16 May 2021	AA+

## 6.7 Sukuk bonds - unlisted - available for sale

All sukuks have a face value of Rs. 5,000

Name of the investee company	Number of certificates				Market value /carrying value as at 30 June 2017	Market value as a percentage of net assets	Market value as a percentage of total investments
	As at July 1, 2016	Purchases during the year	Disposals during the year	As at June 30, 2017			
New Allied Electronics Industries (Private) Limited (note 6.7.1)	32,000	-	-	32,000	-	-	-
Eden Housing Limited (note 6.7.2)	10,000	-	-	10,000	-	-	-
<b>Total as at 30 June 2017</b>	<b>42,000</b>	<b>-</b>	<b>-</b>	<b>42,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
Provision for impairment losses as at 30 June 2017 (note 6.11)					19,844		

Rupees in '000) -----%

- 6.7.1 This represents investment in privately placed sukuks with a term of five years. The investee company had defaulted on its obligation on account of principal and profit payment and accordingly has been classified as NPA by MUFAP since 9 January 2009. The amount of provision as per circular no. 1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circular.
- 6.7.2 This represents investment in privately placed sukuk bonds with a term of five years. On 06 May 2011, the issuer has defaulted its scheduled principal and profit payment and therefore it was classified as NPA by MUFAP. The amount of provision as per circular no. 1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circular.
- 6.7.3 The sukuks held by the Fund are generally secured against hypothecation of stocks and receivables and mortgage of fixed assets of the issuer.
- 6.7.4 Significant terms and conditions of sukuks bonds outstanding at the year end are as follows:

	Number of certificates	Repayment Frequency	Unredeemed face value (Rupees)	Mark-up rate (per annum)	Issue date	Maturity Date	Rating
<b>Secured</b>							
<b>Unlisted sukuk</b>							
New Allied Electronics Industries (Private) Limited	32,000	Quarterly	313	3 Month KIBOR offer rate plus 2.6%	27 July 2007	25 July 2016	Unrated
Eden Housing Limited	10,000	Quarterly	984	3 Month KIBOR offer rate plus 3%	31 March 2008	29 September 2016	Unrated

# NAFA MULTI ASSET FUND

	Note	June 2017	June 2016
		-----Rupees in '000-----	
<b>6.8 Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'</b>			
Market value of investments	6	1,175,430	1,045,319
Less: Carrying value of investments	6.1, 6.4 & 6.10	(960,948)	(1,008,401)
Add: Provision against non-performing term finance certificates	6.10	214,482	36,918
		<u>27,547</u>	<u>27,547</u>
		<u>242,029</u>	<u>64,465</u>
<b>6.9 Net unrealised appreciation on re-measurement of investments classified as 'available for sale'</b>			
Market value of investments	6.7	-	-
Less: Carrying value of investments		(19,844)	(19,844)
Add: Provision against non-performing term finance certificates		<u>19,844</u>	<u>19,844</u>
		<u>-</u>	<u>-</u>
<b>6.1 Movement in provision against Term finance certificates - listed - at fair value through profit or loss - held for trading</b>			
Balance as at 01 July		27,547	27,547
Charge for the year		-	-
Reversal of provision due to redemption of principal		-	-
Balance as at 30 June 2017		<u>27,547</u>	<u>27,547</u>
<b>6.11 Movement in provision against Sukuk bonds - available for sale</b>			
Balance as at 01 July		19,844	34,130
Charge for the year		-	-
Reversal of provision due to redemption of principal		-	(14,286)
Balance as at 30 June 2017		<u>19,844</u>	<u>19,844</u>
<b>7 DIVIDEND AND PROFIT RECEIVABLES</b>			
Profit receivables on savings accounts		16	43
Dividend receivables		2,891	1,295
Accrued Markup on Pakistan Investment Bond		-	1,935
Accrued Markup on Term finance certificates and sukuk		24,024	20,929
Less: Income suspended over non-performing term finance certificates and sukuk		(23,964)	(20,304)
		<u>60</u>	<u>625</u>
		<u>2,967</u>	<u>3,898</u>
<b>8 ADVANCE, DEPOSITS AND OTHER RECEIVABLE</b>			
Advance tax		882	144
Security deposits with:			
- Central Depository Company of Pakistan Limited		100	100
- National Clearing Company of Pakistan Limited		2,750	2,750
Receivable against sale of units		-	656
		<u>3,732</u>	<u>3,650</u>

# NAFA MULTI ASSET FUND

	Note	30 June 2017	30 June 2016
-----Rupees in '000-----			
<b>9</b>	<b>PAYABLE TO NBP FULLERTON ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>		
	Management remuneration	3,105	2,284
	Sindh Sales Tax on management remuneration	404	371
	Allocation of expenses related to registrar services, accounting, operation and valuation services	1,668	861
	Sales and transfer load	48	81
	Sindh Sales Tax on sales load	6	29
		<u>5,231</u>	<u>3,626</u>

9.1 Under the revised Non-Banking Finance Companies & Notified Entities Regulations 2008, notified on 25 November 2015, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding 2% of average annual net assets. Accordingly, the Management Company has charged its remuneration at the rate of 2% of the average annual net assets of the Fund.

9.2 The Sindh Provincial Government levied Sindh Sales Tax on the remuneration of the Management Company and sales load through Sindh Sales Tax on Services Act, 2011, effective from 01 July 2011. During the year, Sindh Sales Tax at the rate of 13% (30 June 2016: 14%) was charged on management remuneration and sales load.

9.3 Securities and Exchange Commission of Pakistan through its SRO 1160(I)/2015 dated 25 November 2015 has revised the Non-Banking Finance Companies and Notified Entities Regulations, 2008. In the revised regulations a new clause 60(s) has been introduced allowing the management company to charge "fees and expenses related to registrar services, accounting, operation and valuation services related to CIS maximum up to 0.1% of average annual net assets of the Fund or actual whichever is less" from the mutual funds managed by it. Accordingly, such expense has been charged at the rate of 0.1% of average annual net assets of the Fund.

	Note	30 June 2017	30 June 2016
-----Rupees in '000-----			
<b>10</b>	<b>PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>		
	Trustee remuneration	240	199
	Sindh Sales Tax on Trustee remuneration	31	27
	Settlement charges	133	54
		<u>404</u>	<u>280</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 value of the Fund. The remuneration is paid to the Trustee monthly in arrears.

Based on the Trust Deed, the tariff structure applicable to the Fund is as follows:

Net asset value	Tariff per annum
Up to Rs. 1,000 million	Rs. 0.7 million or 0.20% per annum of net asset value, whichever is higher
On an amount exceeding Rs. 1,000 million	Rs. 2.0 million plus 0.10% per annum of net asset value exceeding Rs. 1,000 million.

10.2 The Sindh Provincial Government levied Sindh Sales Tax on the remuneration of the Trustee through Sindh Sales Tax on Services Act, 2011, effective from 01 July 2015. During the year, Sindh Sales Tax at the rate of 13% (30 June 2016: 14%) was charged on trustee remuneration.

## 11 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Under the provisions of the NBFC Regulations, a collective investment scheme categorized as a balanced scheme is required to pay an annual fee to Securities and Exchange Commission of Pakistan, an amount equal to 0.085 percent of the average annual net assets of the Fund. The fee is paid annually in arrears.

# NAFA MULTI ASSET FUND

	Note	30 June 2017	30 June 2016
-----Rupees in '000-----			
<b>12 ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Provision for Sindh Workers' Welfare Fund	12.1	12,213	-
Provision for Workers' Welfare Fund	12.1	-	20,023
Federal Excise Duty on management remuneration	12.2	11,587	11,587
Federal Excise Duty on sales load		818	818
Dividend payable		493	493
Auditors' remuneration		426	433
Brokerage fee		656	373
Settlement charges		128	49
Withholding tax		3,839	3,078
Legal fee		22	5
Mutual fund rating fee		90	-
Others		388	303
Payable against redemption of units		-	11
		<u>30,660</u>	<u>37,173</u>

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

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

In view of the above developments regarding the applicability of WWF and SWWF on CISs / mutual funds and considering the legal opinion obtained on these matters, MUFAP has recommended the following to all its members on 12 January 2017:

- based on legal opinion, the entire provision against the Federal WWF held by the CISs till 30 June 2015, to be reversed on 12 January 2017; and
- the provision in respect of Sindh WWF should be made on 12 January 2017 with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e. starting from 21 May 2015).

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 and the SECP vide its letter dated 01 February 2017 has advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs/ mutual funds. Accordingly, reversal of provision for WWF amounted to Rs. 20.023 million and recording of provision for SWWF of Rs. 11.619 million upto 12 January 2017 has been made. Thereafter the provision for SWWF is being made on a daily basis. Had the SWWF not been provided, the NAV per unit of the Fund would have been higher by Rs. 0.1274 (30 June 2016 : Nil).

**12.2** As per the requirement of Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective 13 June 2013. The Management Company is of the view that since the remuneration is already subject to provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence a petition was collectively filed by the Mutual Fund Association of Pakistan with the Honourable Sindh High Court (SHC) on 4 September 2013.

The Honourable Sindh High Court (SHC) through its recent order dated 2 June 2016, in CPD-3184 of 2014 (and others) filed by various taxpayers, has interalia declared that Federal Excise Act 2005 (FED Act) is on services, other than shipping agents and related services, is ultra vires to the Constitution from 01 July 2011. However, the declaration made by the Honourable Court, as directed, will have affect in the manner prescribed in the judgment. The Sindh High Court in its decision dated 16 July 2016 in respect of constitutional petition filed by management companies of mutual funds maintained the previous order on the FED.

Sindh Revenue Board and Federal Board of Revenue have filed appeals before Honourable Supreme Court against the Sindh High Court's decision dated 2 June 2016, which is pending for the decision. However, after the exclusion of the mutual funds from federal statute on FED from 1 July 2016, the Fund has discontinued making the provision in this regard.

# NAFA MULTI ASSET FUND

Since the appeal is pending in the Supreme Court of Pakistan, the Management Company as a matter of abundant caution has retained provision for FED on management fee aggregating to Rs. 11.942 million out of which Rs. 0.355 million have been paid to the Management Company (30 June 2016: Rs. 11.942 million). Had the provision not been made, the Net Asset Value per unit of the Fund would have been higher by Rs. 0.1246 (30 June 2016: Rs. 0.1406) per unit.

Federal Excise Duty on management remuneration and Federal Excise Duty on sales load has been reclassified from payable to NBP fullerton asset management limited - Management Company to accrued expenses and other liabilities in order to give better presentation and accordingly comparatives have been rearranged.

## 13 CONTINGENCY AND COMMITMENT

There is no contingency and commitment as at 30 June 2017.

## 14 NUMBER OF UNITS IN ISSUE

	2017	2016
	----- Number of units -----	
Total units in issue at beginning of the year	84,912,656	97,172,330
Add: units issued	24,835,238	37,168,918
Less: units redeemed	(13,897,621)	(49,428,592)
Total units in issue at end of the year	<u>95,850,273</u>	<u>84,912,656</u>

### 14.1 NET ASSET VALUE PER UNIT

This includes 2,206,059 units issued against Dividend Reinvestment Plan amounting to Rs. 42.611 million, net of taxation, (2016: 2,793,541 units, amounting to Rs. 43.538 million, net of taxation).

	2017	2016
	----- Rupees in '000 -----	
<b>15 AUDITORS' REMUNERATION</b>		
Audit fee	358	326
Half yearly review	143	130
Out of pocket expenses and others including government levy	30	127
	<u>531</u>	<u>583</u>

## 16 TAXATION

The income of the Fund is exempt from income tax as per clause 99 of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend. Furthermore, regulation 63 of the NBFC Regulations, requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders. 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. Subsequent to 30 June 2017, the Management Company intends to distribute the required minimum percentage of the accounting income for the year as reduced by capital gains, whether realised or unrealised, therefore, no provision for taxation has been made in these financial statements.

## 17 DETAILS OF NON-COMPLIANT INVESTMENT WITH THE INVESTMENT CRITERIA OF ASSIGNED CATEGORY

The Securities and Exchange Commission of Pakistan (SECP) vide circular no. 7 of 2009 dated 06 March 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the circular. The Board has approved the category of the fund as 'Balanced Fund'.

The SECP vide circular no. 16 dated 07 July 2010, prescribed specific disclosures for the scheme holding investments that are non-compliant either with the minimum investment criteria specified for the category assigned to such Funds or with investment requirements of their constitutive documents.



# NAFA MULTI ASSET FUND

The following are the details of non-compliant investments:

Name of non-compliant investment	Non-compliance of clause	Type of investment	Value of investment before provision	Provision held, if any	Value of investment after provision	Value as a percentage of net assets	Value as a percentage of gross assets
			(Rupees in '000)		----- (%) -----		
New Allied Electronic Industries (Private) Limited	Rating is below A- (A minus) as prescribed in clause (iv) of circular 7 of 2009	Term finance certificates	10,000	(10,000)		-	-
Saudi Pak Leasing Company	Rating is below A- (A minus) as prescribed in clause (iv) of circular 7 of 2009	Term finance certificates (17.1)	27,547	(27,547)		-	-
Eden Housing Limited	Rating is below A- (A minus) as prescribed in clause (iv) of circular 7 of 2009	Sukuks	9,844	(9,844)		-	-

17.1 At the time of purchase, these term finance certificates and sukuks bonds were in compliance with the aforementioned circular. However, they subsequently defaulted or were downgraded to non investment grade.

17.2 The management is taking steps to ensure compliance with the above requirements.

## 18 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses, including government levies, incurred during the year divided by average net asset value for the year) is 2.28% per annum. Total expense ratio (excluding government levies) is 2.38% per annum.

## 19 FINANCIAL INSTRUMENTS BY CATEGORY

	-----June 30,2017-----		
	Loans and receivables	Assets at fair value through profit or loss	Total
	------(Rupees in '000)-----		
<b>Assets</b>			
Bank balances	730,941	-	-
Investments	-	1,175,430	1,175,430
Dividend and profit receivables	2,967	-	2,967
Deposits	2,850	-	2,850
	<u>736,758</u>	<u>1,175,430</u>	<u>1,912,188</u>

	-----June 30,2017-----		
	Liabilities at fair value through profit or loss	Other financial liabilities	Total
	------(Rupees in '000)-----		
<b>Liabilities</b>			
Payable to NBP Fullerton Asset Management Limited - Management Company	-	5,231	5,231
Payable to Central Depository Company of Pakistan Limited - Trustee	-	404	404
Dividend payable	-	28,244	28,244
Accrued expenses and other liabilities	-	2,203	2,203
	<u>-</u>	<u>36,082</u>	<u>36,082</u>

# NAFA MULTI ASSET FUND

	-----June 30,2016-----		
	Loans and receivables	Assets at fair value through profit or loss	Total
	------(Rupees in '000)-----		
<b>Assets</b>			
Bank balances	350,744	-	350,744
Investments	-	1,045,319	1,045,319
Profit receivables	3,898	-	3,898
Deposits and other receivable	3,506	-	3,506
	<u>358,148</u>	<u>1,045,319</u>	<u>1,403,467</u>

	-----June 30,2016-----		
	Liabilities at fair value through profit or loss	Other financial liabilities	Total
	------(Rupees in '000)-----		
<b>Liabilities</b>			
Payable to NBP Fullerton Asset Management Limited - Management Company	-	3,626	3,626
Payable to Central Depository Company of Pakistan Limited - Trustee	-	280	280
Accrued expenses and other liabilities	-	1,667	1,667
	<u>-</u>	<u>5,573</u>	<u>5,573</u>

## 20 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

20.1 Connected persons include NBP Fullerton Asset Management Limited being the Management Company (NAFA), Central Depository Company of Pakistan Limited (CDC) being the Trustee, National Bank of Pakistan (NBP) and its connected persons, and Alexandra Fund Management Pte. Limited being the sponsors, NAFA Pension Fund, NAFA Provident Fund Trust being the associates of the Management Company, other collective investment schemes managed by the Management Company and directors and officers of the Management Company, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund and unit holders holding 10 percent or more units of the Fund.

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

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

20.4 The details of significant transactions and balances with connected persons at year end except those disclosed elsewhere in these financial statements are as follows:

### 20.5 Transactions during the year:

	2017	2016
	-----Rupees in '000-----	
<b>NBP Fullerton Asset Management Limited Management Company</b>		
Management remuneration	33,354	29,395
Sindh Sales Tax on remuneration of Management Company	4,336	4,774
Allocation of expenses related to registrar services, accounting, operation and valuation services	1,668	861
Sales Load	2,762	1,869
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration of the Trustee	2,668	2,470
CDS charges	200	54
Sindh Sales Tax on remuneration of Trustee	347	346
<b>Employees of the Management Company</b>		
Units issued: 6,857 units (2016: 79,021 units)	129	1,232
Units redeemed: 3,282 units (2016: 78,702 units)	66	1,229
<b>Mr. Humayun Bashir - Director</b>		
Units issued: 3,128 units (2016: 4,398 units)	60	69

# NAFA MULTI ASSET FUND

	2017	2016
	-----Rupees in '000-----	
<b>NBP Employees Pension Fund</b> Units issued: 1,067,338 units (2016: 1,491,778 units)	20,616	23,328
<b>National Bank of Pakistan - NBP</b> Cash paid against distribution	-	2,128
<b>NAFA Employee Provident Fund</b> Units issued: Nil (2016: 1,245,976 units) Units redeemed: Nil (2016: 839,183 units)	- -	19,484 13,123
<b>International Industries Limited</b> Shares purchased: Nil (2016: 216,500 shares) Shares sold: 374,500 (2016: 51,000 shares)	- 44,593	29,938 3,997
<b>International Steel Limited</b> Shares purchased: Nil (2016: 1,024,500 shares) Shares sold: 767,500 (2016: 97,000 shares)	- 42,876	14,218 3,977
<b>Taurus Securities Limited</b> Brokerage Charges	58	618
<b>Askari Bank Limited</b> Markup on balance	61	73
<b>Summit Bank Limited</b> Markup on balance	-	2
<b>BYCO Oil Pakistan Limited - Employee Provident Fund</b> Units issued: 157,905 (2016: Nil) Units redeemed: 157,905 (2016: Nil)	2,708 3,302	- -
<b>BYCO Petroleum Pakistan Limited - Employee Provident Fund</b> Units issued: 2,102,764 (2016: Nil) Units redeemed: 1,060,887 (2016: Nil)	39,093 21,316	- -
<b>20.6 Amounts outstanding as at year end:</b>		
<b>NBP Fullerton Asset Management Limited - Management Company</b> Management remuneration payable Sindh Sales Tax payable Allocation of expenses related to registrar services, accounting, operation and valuation services Sales load and transfer load payable	3,105 404 1,668 48	2,284 371 861 81
<b>Employees of the Management Company</b> Units held: 16,706 units (2016: Nil)	322	-
<b>Central Depository Company of Pakistan Limited - Trustee</b> Remuneration payable Sindh Sales Tax payable Settlement charges payable Security deposit	240 31 131 100	199 27 54 100
<b>Mr. Humayun Bashir - Director</b> Units held: 85,464 units (2016: 82,336 units)	1,647	1,288
<b>Askari Bank Limited</b> Bank Balance in savings account	1,666	1,654
<b>National Bank of Pakistan</b> Bank Balance in current account	4,139	2,810
<b>NBP Employees Pension Fund</b> Units held: 26,353,824 units (2016: 2,528,649 units)	507,859	395,423

# NAFA MULTI ASSET FUND

	2017	2016
	-----Rupees in '000-----	
<b>Byco Petroleum Pakistan Limited - Employee Provident Fund</b> Units held: 1,041,877 units (2016: Nil)	20,078	-
<b>Karachi Electric Provident Fund</b> Units held: 34,224,720 units (2016: 34,224,720 units)	659,538	535,196
<b>Summit Bank</b> Bank Balance in current account	3,177	2,561
<b>International Steel Limited</b> Ordinary shares held: 160,000 (2016: 927,500 shares)	20,462	33,038
<b>International Industries Limited</b> Ordinary shares held: 84,500 (2016: 459,500 shares)	31,144	37,119
<b>Taurus Securities Limited</b> Brokerage payable	-	7
<b>Net amount receivable / (payable) against transfer of units from:</b>		
- NAFA Asset Allocation Fund	-	(11)
- NAFA Income Opportunity Fund	-	655
- NAFA Government Securities Liquid Fund	-	1

## 21 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

Details of members of the Investment Committee of the Fund are as follows:

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

\*Mr. Taha Khan Javed is the Manager of the Fund. He is also managing NAFA Asset Allocation Fund, NAFA Islamic Asset Allocation Fund, NAFA Stock Fund, NAFA Islamic Energy Fund and NAFA Islamic Active Allocation Equity Fund.

## 22 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID / PAYABLE

List of brokers by percentage of commission paid during the year ended 30 June 2017:

S. No.	Particulars	Percentage
1	Taurus Securities Limited	10.31
2	Next Capital Limited	9.09
3	Arif Habib Securities Limited	7.32
4	Optimus Capital Management Limited	6.97
5	IGI Finex Securities Limited	6.55
6	Saao Capital (Private) Limited	5.23
7	Spectrum Securities (Private) Limited	4.94
8	BIPL Securities Limited	4.65
9	Fortune Securities	4.36
10	Global Securities Pakistan Limited	4.29

List of brokers by percentage of commission paid during the year ended 30 June 2016:

# NAFA MULTI ASSET FUND

S. No.	Particulars	Percentage
1	Arif Habib Securities Limited	8.54
2	Taurus Securities Limited	6.99
3	Al Habib Capital Markets (Private) Limited	5.34
4	Topline Securities (Private) Limited	4.92
5	Concordaia Securities (Private) Limited	4.58
6	Aqeel Karim Dehdi Securities (Private) Limited	4.44
7	KASB Securities Limited	4.10
8	Alfalsh Securities (Private) Limited	3.72
9	Shajar Capital Pakistan (Private) Limited	3.64
10	Foundation Securities (Private) Limited	3.57

## 23 PATTERN OF UNIT HOLDING

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

Category	Number of unit holders	Investment amount	Percentage of investment
Rupees in '000			
Category			
Individuals	452	533,458	28.88
Associated company and directors	2	509,506	27.58
Insurance company	1	195	0.01
Retirement funds	19	746,482	40.41
Listed company	1	1,473	0.09
Others	12	56,000	3.03
	<u>487</u>	<u>1,847,114</u>	<u>100.00</u>

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

Category	Number of unit holders	Investment amount	Percentage of investment
Rupees in '000			
Category			
Individuals	402	333,792	25.14
Associated company and directors	1	395,423	29.78
Insurance company	1	153	0.01
Retirement funds	6	552,579	41.61
Listed company	1	1,157	0.09
Others	12	44,738	3.37
	<u>423</u>	<u>1,327,842</u>	<u>100.00</u>

## 24 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

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

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

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

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

24.3 Saiyed Hashim Ishaque retired in Extra Ordinary General Meeting held on 17 March 2017.

24.4 Humayun Bashir opted as director on the Board with effect from 17 March 2017.

Mr.  
Mr.

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

# NAFA MULTI ASSET FUND

## 25 FINANCIAL RISK MANAGEMENT

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are based on limits established by the Management Company, Fund's constitutive documents and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund.

The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed by Board of Directors and Audit Committee regularly to reflect changes in market conditions and the Fund's activities.

The management of these risks is carried out by the Investment Committee (IC) under policies approved by the Board of Directors of the Management Company. The IC is constituted and approved by the Board of Directors of the Management Company. IC is responsible to devise the investment strategy and manage the investment portfolio of the Fund in accordance with limits prescribed in the Non Banking Finance Companies and Notified Entities Regulations, 2008, offering document of the Fund in addition to Fund's internal risk management policies.

The Fund primarily invests in a portfolio of money market investments such as government securities, secured privately placed instruments, spread transactions, continuous funding system transactions and investments in other money market instruments (including the clean placements). Such investments are subject to varying degrees of risk. These risks emanate from various factors that include, but are not limited to market risk, credit risk and liquidity risk.

### 25.1 Market risk

Market risk is the risk that the fair value or future cash flows of the financial instrument will fluctuate as a result of changes in market interest rates or the market price of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk (equity price risk).

#### *Management of market risk*

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Board of Directors and regulations laid down by SECP.

#### 25.1.1 Currency risk

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

#### 25.1.2 Interest rate risk

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

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

As at 30 June 2017, the Fund holds KIBOR based interest bearing term finance certificates exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR on 30 June 2017, with all other variables held constant, the net income for the year and net assets of the Fund would have been higher / lower by Rs. 0.406 million (30 June 2016: Rs. 1.16 million).

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

Presently, the Fund holds no fixed rate instruments.

# NAFA MULTI ASSET FUND

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

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

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

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

## On-balance sheet financial instruments

### Financial assets

Bank balances	3.75 % - 6.50%	723,660	-	-	7,281	730,941
Investments	6.51%	-	-	41,035	1,134,395	1,175,430
Dividend and profit receivables		-	-	-	2,967	2,967
Deposits		-	-	-	2,850	2,850
		723,660	-	41,035	1,147,493	1,912,188

### Financial liabilities

Payable to NBP Fullerton Asset Management Limited - Management Company		-	-	-	5,231	5,231
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	404	404
Accrued expenses and other liabilities		-	-	-	2,203	2,203
		-	-	-	7,838	7,838

## On-balance sheet gap

	723,660	-	41,035	1,139,655	1,904,350
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## Off-balance sheet financial instruments

	-	-	-	-	-
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## Off-balance sheet gap

	-	-	-	-	-
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## Total interest rate sensitivity gap

	723,660	-	41,035	1,139,655	1,904,350
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## Cumulative interest rate sensitivity gap

	723,660	723,660	764,695		
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----- As at June 30, 2016 -----

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

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

## On-balance sheet financial instruments

### Financial assets

Bank balances	4.00% - 7.45%	345,373	-	-	5,371	350,744
Investments	6.09% - 8.24%	-	119,843	-	925,476	1,045,319
Dividend and profit receivables		-	-	-	3,898	3,898
Deposits and other receivable		-	-	-	3,506	3,506
		345,373	119,843	-	938,251	1,403,467

### Financial liabilities

Payable to NBP Fullerton Asset Management Limited - Management Company		-	-	-	3,626	3,626
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	199	199
Accrued expenses and other liabilities		-	-	-	1,667	1,667
		-	-	-	5,492	5,492

## On-balance sheet gap

	345,373	119,843	-	932,759	1,397,975
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## Off-balance sheet financial instruments

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

## Off-balance sheet gap

	-	-	-	-	-
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## Total interest rate sensitivity gap

	345,373	119,843	-	932,759	1,397,975
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## Cumulative interest rate sensitivity gap

	345,373	465,216	465,216		
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# NAFA MULTI ASSET FUND

## 25.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because 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 instrument traded in the market.

The fund is exposed to equity price risk because of investments held by the Fund and classified on the Statement of Assets and Liabilities 'at fair value through profit and loss'.

In case of 5% increase / decrease in PSX 100 index on 30 June 2017, with all other variables held constant, net assets for the year would increase / (decrease) by Rs. 56.720 million (2016: Rs. 44.670 million) as a result of gains / (losses) on equity securities classified 'at fair value through profit and loss'.

The analysis is based on the assumption that equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the PSX 100 index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the PSX 100 index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2017 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the PSX 100 index.

## 25.2 Credit risk

Credit risk represents the risk of a loss if counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to its investment in loans and receivables and bank balances. Risks attributable to investments in National Savings Certificate, Market Treasury Bills and Pakistan Investment Bonds is limited as these are guaranteed by the Federal Government while bank balances are maintained with banks with a reasonably high credit rating.

The analysis below summarises the credit quality of the Fund's bank balances as at 30 June 2017 and 30 June 2016.

Bank balances	2017	2016
	(Rupees in '000)	
AAA	21,023	10,171
AA+	692,070	43,142
AA	861	287,961
AA-	13,391	6,664
A-	3,596	2,806
	<u>730,941</u>	<u>350,744</u>

The maximum exposure to credit risk before any credit enhancement as at 30 June 2017 is the carrying amount of the financial assets.

### Concentration of credit risk

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 financial instruments is mostly concentrated in government sector and deposits held with commercial banks.

## 25.3 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Fund.

### Management of liquidity risk

The Fund is exposed 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 the market and can be readily disposed and are considered readily realisable.

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 ten 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, during the current year, no borrowing was obtained by the Fund.

In order to manage the Fund's overall liquidity, the Fund also has the ability to 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.



# NAFA MULTI ASSET FUND

## Maturity analysis for financial liabilities

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

The maturity profile of the Fund's liabilities based on contractual maturities is given below:

----- June 30, 2017-----				
	Upto three months	Over three months and upto one year	Over one year	Total
------(Rupees in '000)-----				
<b>Financial liabilities</b>				
Payable to NBP Fullerton Asset Management Limited - Management Company	5,231	-	-	5,231
Payable to Central Depository Company of Pakistan Limited - Trustee	404	-	-	404
Accrued expenses and other liabilities	2,203	-	-	2,203
	<u>7,838</u>	<u>-</u>	<u>-</u>	<u>7,838</u>
Unit holders' fund	<u>1,847,114</u>	<u>-</u>	<u>-</u>	<u>1,847,114</u>

----- June 30, 2016-----				
	Upto three months	Over three months and upto one year	Over one year	Total
------(Rupees in '000)-----				
<b>Financial liabilities</b>				
Payable to NBP Fullerton Asset Management Limited - Management Company	3,626	-	-	3,626
Payable to Central Depository Company of Pakistan Limited - Trustee	280	-	-	280
Accrued expenses and other liabilities	1,667	-	-	1,667
	<u>5,573</u>	<u>-</u>	<u>-</u>	<u>5,573</u>
Unit holders' fund	<u>1,327,842</u>	<u>-</u>	<u>-</u>	<u>1,327,842</u>

## 26 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.

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

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market price used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. Quoted prices (unadjusted) in active markets for identical assets or Liabilities (level 1).

IFRS 13, 'Fair Value Measurement' requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- 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 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in fair value hierarchy.

# NAFA MULTI ASSET FUND

		30 June 2017						
		Carrying value			Fair value			
	At fair value through profit or loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<b>On-balance sheet financial instruments</b>								
<b>Financial assets measured at fair value</b>								
Investments								
- Listed equity securities	1,134,395	-	-	1,134,395	1,134,395	-	-	1,134,395
- Term finance certificate	41,035	-	-	41,035	-	41,035	-	41,035
	<b>1,175,430</b>	<b>-</b>	<b>-</b>	<b>1,175,430</b>	<b>1,134,395</b>	<b>41,035</b>	<b>-</b>	<b>1,175,430</b>
<b>Financial assets not measured at fair value</b> 26.1								
Bank balances	-	730,941	-	730,941	-	-	-	-
Dividend and profit receivables	-	2,967	-	2,967	-	-	-	-
Deposits	-	2,850	-	2,850	-	-	-	-
	<b>-</b>	<b>736,758</b>	<b>-</b>	<b>736,758</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities not measured at fair value</b> 26.1								
Payable to National Investment Trust Limited - Management Company	-	-	5,231	5,231	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	404	404	-	-	-	-
Dividend Payable	-	-	28,244	28,244	-	-	-	-
Accrued expenses and other liabilities	-	-	2,203	2,203	-	-	-	-
	<b>-</b>	<b>-</b>	<b>36,082</b>	<b>36,082</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
		30 June 2016						
		Carrying value			Fair value			
	At fair value through profit or loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<b>On-balance sheet financial instruments</b>								
<b>Financial assets measured at fair value</b>								
Investments								
- Listed equity securities	885,979	-	-	885,979	885,979	-	-	885,979
- Term finance certificates and sukuku	119,843	-	-	119,843	-	119,843	-	119,843
- Government securities	39,497	-	-	39,497	-	39,497	-	39,497
	<b>1,045,319</b>	<b>-</b>	<b>-</b>	<b>1,045,319</b>	<b>885,979</b>	<b>159,340</b>	<b>-</b>	<b>1,045,319</b>
<b>Financial assets not measured at fair value</b>								
Bank balances	-	350,744	-	350,744	-	-	-	-
Dividend and profit receivables	-	3,898	-	3,898	-	-	-	-
Deposits and other receivable	-	3,506	-	3,506	-	-	-	-
	<b>-</b>	<b>358,148</b>	<b>-</b>	<b>358,148</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities not measured at fair value</b>								
Payable to National Investment Trust Limited - Management Company	-	-	3,626	3,626	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	280	280	-	-	-	-
Dividend Payable	-	-	33,441	33,441	-	-	-	-
Accrued expenses and other liabilities	-	-	1,667	1,667	-	-	-	-
	<b>-</b>	<b>-</b>	<b>39,014</b>	<b>39,014</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# NAFA MULTI ASSET FUND

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

## 27 UNIT HOLDERS' FUND RISK MANAGEMENT

The units 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 on the statement of movement in unit holders' fund.

The Fund has no restrictions on the subscription and redemption of units.

The Fund meets the requirement of sub-regulation 54 (3a) which requires that the minimum size of an Open End Fund shall be one hundred million rupees at all time during the life of the Fund.

The Fund's objectives when managing unit holders' funds 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 25, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption, such liquidity being augmented by short term borrowing arrangements (which can be entered if necessary) or disposal of investments where necessary.

## 28 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the Management Company in their meeting held on September 15, 2017 (2016: September 23, 2016), approved a final distribution of Rs. 7.5 million, Rs. 0.0765 per unit for the year ended June 30, 2017. The financial statements of the Fund for the year ended June 30, 2017 do not include the effect of the final distribution which will be accounted for in the financial statements of the Fund for the year ending June 30, 2018.

## 29 DATE OF AUTHORISATION FOR ISSUE

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

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# NAFA MULTI ASSET FUND

## PERFORMANCE TABLE

Particulars	For the Year Ended Jun 30,2017	For the Year Ended Jun 30,2016	For the Year Ended Jun 30,2015	For the Year Ended Jun 30,2014	For the Year Ended Jun 30,2013	For the Year Ended Jun 30,2012
Net assets (Rs. '000')	1,847,113	1,327,842	1,487,299	1,026,396	800,275	624,739
Net Income (Rs. '000')	421,936	119,947	289,732	217,190	205,411	41,630
Net Asset Value per units (Rs.)	19.2708	15.6377	15.3058	12.4041	13.4834	10.7183
Selling price per unit	19.9241	16.2581	15.9183	12.9048	13.8879	11.0398
Redemption price per unit	19.2708	15.6377	15.3058	12.4041	13.4834	10.7183
Ex - Highest offer price per unit (Rs.)	22.3718	16.3672	16.0929	12.9048	14.1490	11.4499
Ex - Lowest offer price per unit (Rs.)	16.3820	14.2142	12.1036	10.3262	10.4843	9.9230
Ex - Highest redemption price per unit (Rs.)	20.6768	15.7427	15.4737	12.4041	13.7369	11.1164
Ex - Lowest redemption price per unit (Rs.)	15.0358	13.6718	11.6339	9.9255	10.1789	9.634
Fiscal Year Opening Nav	15.0058	14.3873	12.0708	9.8904	10.0533	9.2769
Total return of the fund	28.42%	8.69%	26.80%	25.42%	34.12%	15.54%
Capital growth	22.99%	2.31%	23.35%	6.15%	8.69%	12.04%
Income distribution as % of Ex-NAV	5.43%	6.38%	3.45%	19.27%	25.43%	3.50%
Income distribution as % of Par Value	8.15%	9.77%	4.17%	19.05%	25.57%	3.25%
<b>Distribution</b>						
Interim Distribution per unit	0.8153	-	0.4168	1.9054	0.4158	-
Final distribution per unit	0.0765	0.9771	-	-	2.1411	0.3247
Distribution dates						
Interim	19-Jun-17	-	29-Jun-15	13-Feb-14	26-Feb-13	Nil
Interim	-	-	-	30-Apr-14	26-Apr-13	Nil
Interim	-	-	-	26-Jun-14	Nil	Nil
Final	15-Sep-17	29-Jun-16	Nil	Nil	11-Jul-13	9-Jul-12
<b>Average annual return (launch date January 19, 2007)</b>						
(Since inception to June 30, 2017)	16.83%	-	-	-	-	-
(Since inception to June 30, 2016)	-	15.67%	-	-	-	-
(Since inception to June 30, 2015)	-	-	16.50%	-	-	-
(Since inception to June 30, 2014)	-	-	-	15.22%	-	-
(Since inception to June 30, 2013)	-	-	-	-	13.71%	-
(Since inception to June 30, 2012)	-	-	-	-	-	10.32%
Portfolio Composition (see Fund Manager report)						

Statement of past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up.

# NAFA MULTI ASSET FUND

## PROXY ISSUED BY THE FUND

The proxy voting policy of **NAFA Multi Asset Fund**, duly approved by its 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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NBP Fullerton  
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