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

NAFA MULTI ASSET FUND

HALF YEARLY
REPORT
December 31, 2017



Your investments & "NAFA" grow together




NBP

**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

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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
Mr. Tariq Jamali	Director
Mr. Abdul Hadi Palekar	Director
Mr. Kamal Amir Chinoy	Director
Mr. Shehryar Faruque	Director
Dr. Foo Chiah Shiung (Kelvin Foo)	Director
Mr. Humayun Bashir	Director
Ms. Anupama Sawhney*	Director

* SECP's approval is in process

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

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

Human Resource and Remuneration Committee

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

Trustee

Central Depository Company of Pakistan Limited (CDC)
CDC House, 99-B, Block "B" S.M.C.H.S.,
Main 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 Taraqiati Bank Limited
JS 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

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

DIRECTORS' REPORT

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

Fund's Performance

The size of NAFA Multi Asset Fund has decreased from Rs.1,847 million to Rs.1,669 million during the period, i.e. a decrease of 10%. During the period, the unit price of NAFA Multi Asset Fund (NMF) has decreased from Rs. 19.1899 (Ex-Div) on June 30, 2017 to Rs. 17.5676 on December 31, 2017, thus showing a decrease of 8.45%. The Benchmark decline during the same period was 6.78%. Thus, the Fund has underperformed its Benchmark by 1.67% during the period under review. Since inception the NAV of the Fund has increased from Rs.3.7741 (Ex-Div) on January 19, 2007 to Rs.17.5676 on December 31, 2017, thus showing an increase of 365.48%. During the said period, the Benchmark increased by 148.38%, translating into outperformance of 217.1%. This performance is net of management fee and all other expenses.

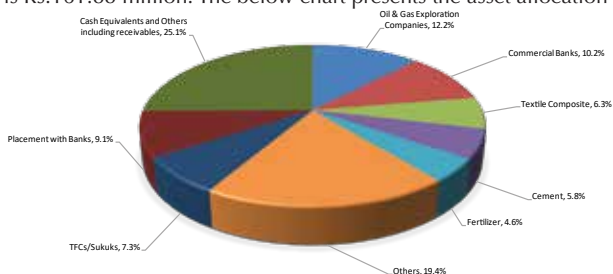
During 1HFY18, the stock market remained in a corrective mode. The euphoria surrounding the up-gradation of KSE-100 Index from MSCI Frontier Market to MSCI Emerging Market petered out and the ongoing heightened political noise took center stage. In addition to this, deteriorating external account position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

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

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

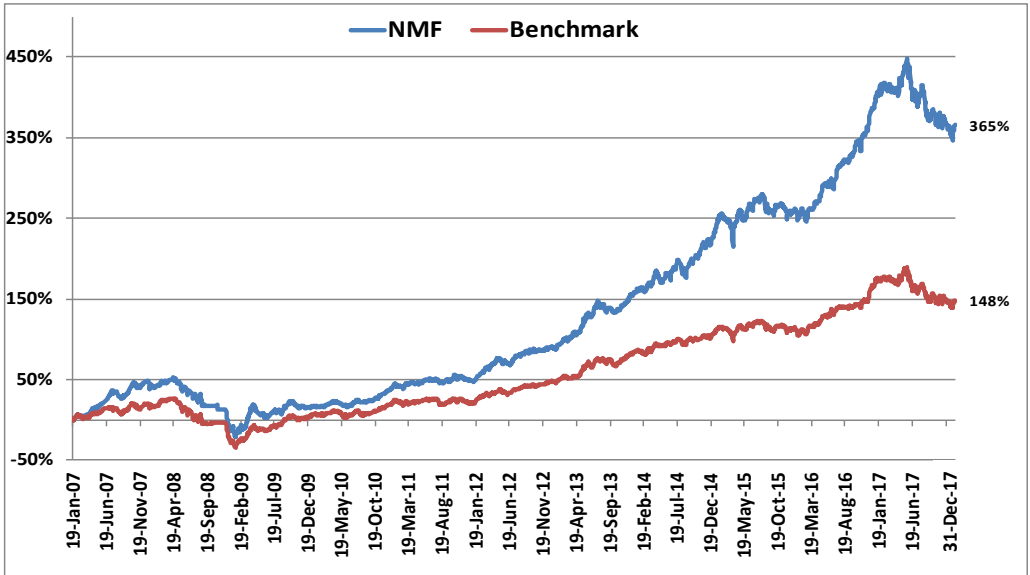
With pickup in private sector investment activity, we have seen increased issuance of corporate debt securities - primarily Banking/Financial sector TFCs during the period. Trading activity in corporate debt securities (TFCs & Sukuks) increased significantly with a cumulative trade value of around Rs. 8.7 billion as compared to Rs. 4.7 billion during the same period last year.

The Fund has incurred loss of Rs.137.48 million during the period. After accounting for expenses of Rs.24.40 million, the net loss is Rs.161.88 million. The below chart presents the asset allocation of NMF.



NAFA MULTI ASSET FUND

NMF Performance versus Benchmark (Since Inception)



Acknowledgement

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

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

On behalf of the Board of
NBP Fullerton Asset Management Limited

Chief Executive

Director

Date: February 22, 2018
Place: Karachi.

NAFA MULTI ASSET FUND

ڈائریکٹرز رپورٹ

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

فنڈ کی کارکردگی

NAFA ملٹی ایسیٹ فنڈ (NMF) کا فنڈ سائز اس مدت کے دوران 1,847 ملین روپے سے کم ہو کر 1,669 ملین روپے ہو گیا، یعنی 10% کی کمی۔ اس مدت کے دوران NAFA ملٹی ایسیٹ فنڈ (NMF) کے یونٹ کی قیمت 30 جون 2017 کو 19.1899 روپے (Ex-Div) سے کم ہو کر 31 دسمبر 2017 کو 17.5676 روپے پر پہنچ چکی ہے۔ لہذا 8.45% کی کمی دیکھنے میں آئی۔ اسی مدت کے دوران بیچ مارک میں 6.78% کمی ہوئی۔ لہذا زیر جائزہ مدت کے دوران فنڈ نے اپنے بیچ مارک سے 1.67% سے کم کارکردگی دکھائی۔ اپنے قیام سے اب تک فنڈ کی NAV 19 جنوری 2007 کو 3.7741 روپے (Ex-Div) سے بڑھ کر 31 دسمبر 2017 کو 17.5676 روپے ہو گئی، لہذا 365.48% کا اضافہ ہوا۔ اس مدت کے دوران بیچ مارک میں 148.38% اضافہ ہوا ہے، جس کا نتیجہ فنڈ کی 217.1% بہتر کارکردگی کی صورت میں سامنے آیا ہے۔ یہ کارکردگی منیجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

مالیاتی سال 2018 کی پہلی ششماہی میں مارکیٹ میں مندی کا رجحان برقرار رہا۔ KSE 100 انڈیکس کی MSCI فرنیچر مارکیٹ سے MSCI امیجرنگ مارکیٹ میں درجہ بندی کی خرابی اثر مارکیٹ سے ختم ہو گیا اور اس کی جگہ زبردست سیاسی گرامری نے مرکزی حیثیت اختیار کر لی۔ اس کے علاوہ بیرونی اکاؤنٹس کی بگڑتی ہوئی صورتحال سے سرمایہ کاروں پر ذہنی دباؤ بڑا جس کے نتیجے میں زیر جائزہ مدت میں KSE 100 انڈیکس نمایاں طور پر 13% نیچے آ گیا۔ سیاسی غیر یقینی کیفیت، بڑھتا ہوا کرنٹ اکاؤنٹ کا خسارہ اور امریکہ - پاکستان کے تعلقات میں کھچاؤ اشاک مارکیٹ میں انحطاط کی بنیادی وجوہات تھیں۔

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

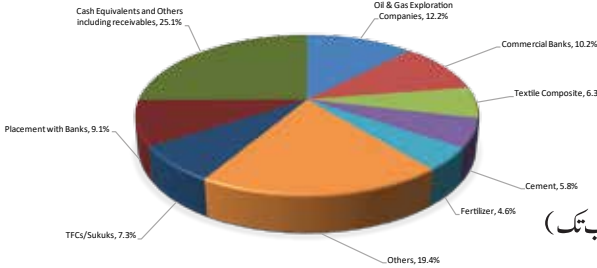
اسٹیٹ بینک آف پاکستان (SBP) نے مفاہمتی مانیٹری پالیسی جاری رکھی اور زیر جائزہ مدت کے دوران پالیسی کی شرح کو 5.75% برقرار رکھا۔ SBP نے اپنی پالیسی کی حمایت میں درج ذیل وجوہات بیان کیں: (ا) مضبوط معاشی سرگرمی، جس کی تصدیق صنعتی پیداوار میں اضافہ سے ہوتی ہے (ب) بڑی فصلوں کی بھرپور پیداوار (ج) نجی شعبہ کے قرضے جات میں اضافہ (د) برآمدات کے اضافے میں بہتری (ر) غیر ملکی براہ راست سرمایہ کاری میں نمایاں اضافہ اور (س) چین پاکستان اقتصادی راہداری (CPEC) سے متعلق سرمایہ کاری کی سرگرمیوں کا مسلسل فروغ۔ SBP نے بیرونی اکاؤنٹس کے بارے میں ان خدشات کی بھی نشاندہی کی جو کموڈٹی / آئل کی قیمتوں میں عالمی سطح پر اضافہ اور اس کے ساتھ ساتھ زرمبادلہ کی ترسیلات میں کمی اور بیرونی قرضہ جات کے بڑھتے ہوئے حجم کے باعث پیدا ہو رہے ہیں (جس سے توازن ادائیگی کی مستقبل قریب سے وسط مدت کیلئے صورتحال غیر مستحکم ہو سکتی ہے)۔ چنانچہ مستحکم شرح پالیسی اور SBP کی جانب سے نمایاں طور پر لیکو ڈینی داخل کرنے سے اس مدت میں بالائی نتائج میں کوئی کمی بیشی نہیں ہوئی اور سرمایہ کاروں نے افراط زر اور شرح سود میں بڑھتے ہوئے خدشات کے پیش نظر قلیل المدت سرمایہ کاری کو ترجیح دی۔

NAFA MULTI ASSET FUND

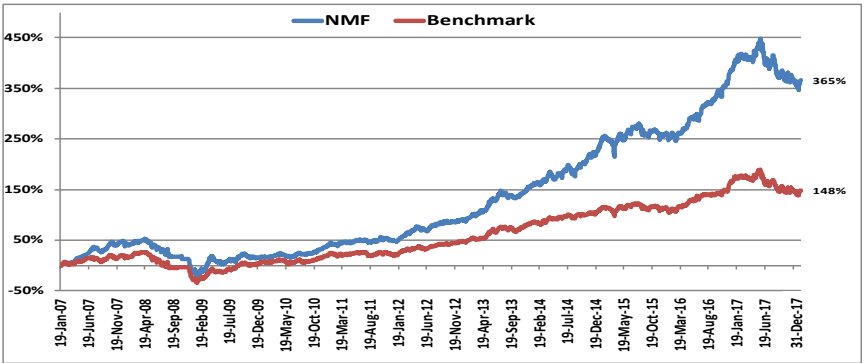
نئی شعبہ میں سرمایہ کاری کی سرگرمیوں کے فروغ سے اس مدت میں کارپوریٹ قرضہ کی سیکورٹیز (خاص طور پر بینکنگ اور مالیاتی شعبہ جات کے TFCs) کے اجراء میں اضافہ دیکھنے میں آیا۔ کارپوریٹ Sukuks/TFCs کی تجارتی سرگرمیوں میں اضافے کے سبب تقریباً 8.7 بلین روپے کی مجموعی تجارتی قدر میں اضافہ ہوا جب کہ گزشتہ سال اسی مدت میں 4.7 بلین روپے کا اضافہ ہوا تھا۔

اس مدت کے دوران فنڈ کو 137.48 بلین روپے کا خسارہ ہوا۔ اخراجات کی مد میں 24.40 بلین روپے منہا کرنے کے بعد خالص خسارہ 161.88 بلین روپے ہے۔

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



بنچ مارک کے مقابلے میں NMF کی کارکردگی (اپنے قیام سے اب تک)



اظہار تشکر

بورڈ اس موقع کا فائدہ اٹھاتے ہوئے منجنت کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر یونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سکیورٹیز اینڈ ایسٹیٹ کیچج کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان سے بھی ان کی سرپرستی اور رہنمائی کے لیے پُر خلوص اظہار تشکر کرتا ہے۔ بورڈ اپنے اسٹاف اور ٹرسٹی کی طرف سے محنت، لگن اور عزم کے مظاہرے پر اپنا خراج تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

NBP فلٹرن ایسیٹ منجنت لمیٹڈ

چیف ایگزیکٹو

بتاریخ

22 فروری 2018ء

مقام: کراچی

ڈائریکٹر

NAFA MULTI ASSET FUND

TRUSTEE REPORT TO THE UNIT HOLDERS

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

We, Central Depository Company of Pakistan Limited, being the Trustee of NAFA 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 six months period ended December 31, 2017 in accordance with the provisions of the following:

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

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

Karachi, February 26, 2018

NAFA MULTI ASSET FUND

Report on review of Condensed Interim Financial Information to the Unit Holders

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **NAFA Multi Asset Fund** ("the Fund") as at 31 December 2017 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the accounts for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.

Other matter

The figures for the three months period ended 31 December 2017 in the condensed interim financial information have not been reviewed and we do not express a conclusion on them.

Date: February 22, 2018

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Nadeem

NAFA MULTI ASSET FUND

Condensed Interim Statement of Assets And Liabilities As at 31 December 2017

	Note	31 December 2017 Unaudited	30 June 2017 Audited
(Rupees in '000)			
Assets			
Bank balances	7	439,919	730,941
Investments	8	1,250,978	1,175,430
Dividend and profit receivable		7,518	2,967
Advance, deposits and prepayment		3,746	3,732
Total assets		<u>1,702,161</u>	<u>1,913,070</u>
Liabilities			
Payable to NBP Fullerton Asset Management Limited - Management Company	9	4,440	5,231
Payable to Central Depository Company of Pakistan Limited - Trustee	10	420	404
Payable to Securities and Exchange Commission of Pakistan		757	1,417
Accrued expenses and other liabilities	11	27,463	30,660
Dividend payable		-	28,244
Total liabilities		<u>33,080</u>	<u>65,956</u>
Net assets		<u>1,669,081</u>	<u>1,847,114</u>
Unit holders' fund (as per statement attached)		<u>1,669,081</u>	<u>1,847,114</u>
Contingency and commitment	12		
(Number of units)			
Number of units in issue		<u>95,009,198</u>	<u>95,850,273</u>
(Rupees)			
Net assets value per unit		<u>17.5676</u>	<u>19.2708</u>

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA MULTI ASSET FUND

Condensed Interim Income Statement (Unaudited) For the six and three months period ended 31 December 2017

	Note	Six months period ended 2017	2016	Three months period ended 2017	2016
------(Rupees in '000)-----					
Income					
(Loss) / gain on sale of investments - net		(22,658)	52,844	(17,774)	32,282
Profit on bank deposits		14,836	11,161	8,228	5,906
Income from term finance certificates and sukuk bonds		4,709	5,168	2,404	2,481
Income from government securities		4,193	2,127	874	1,064
Dividend income		32,761	29,267	24,515	18,761
Net unrealised (diminution) / appreciation on re-measurement of investments 'at fair value through profit or loss -held-for trading'	8.7	(171,319)	252,678	(60,559)	152,153
Total (loss) / income		(137,478)	353,245	(42,312)	212,647
Expenses					
Remuneration of NBP Fullerton Asset Management Limited - Management Company	9.1	17,810	15,011	8,597	7,957
Sindh Sales Tax on remuneration of Management Company	9.2	2,315	1,951	1,117	1,034
Remuneration of Central Depository Company of Pakistan Limited - Trustee		1,395	1,255	682	650
Sindh Sales Tax on remuneration of Trustee	10.1	181	163	88	84
Allocation of expenses related to registrar services, accounting, operation and valuation services	9.3	890	751	429	398
Annual fee - Securities and Exchange Commission of Pakistan		757	638	365	338
Annual listing fee		14	27	6	17
Securities transaction costs		301	446	132	242
Settlement and bank charges		202	459	90	120
Auditors' remuneration		388	301	198	163
Professional charges		30	18	17	18
Fund rating fee		90	-	45	-
Printing and other charges		29	52	10	52
Total expenses		24,402	21,072	11,776	11,073
Net (loss) / income from operating activities		(161,880)	332,173	(54,088)	201,574
Element of income and capital gains included in prices of units issued less those in units redeemed - net	3.2	-	12,346	-	11,988
Provision for Sindh Workers' Welfare Fund	11.1	-	-	-	-
Net (loss) / income for the period before taxation		(161,880)	344,519	(54,088)	213,562
Taxation	13	-	-	-	-
Net (loss) / income for the period		(161,880)	344,519	(54,088)	213,562
Allocation of net (loss) / income for the period:					
Net loss for the period		(161,880)		(54,088)	
Income already paid on units redeemed		-		-	
		(161,880)		(54,088)	
Accounting income available for distribution:					
- Relating to capital gains		-		-	
- Excluding capital gains		-		-	
		-		-	

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director

NAFA MULTI ASSET FUND

Condensed Interim Statement of Comprehensive Income (Unaudited) For the six and three months period ended 31 December 2017

	Six months period ended 2017	2016	Three months period ended 2017	2016
	------(Rupees in '000)-----			
Net (loss) / income for the period after taxation	(161,880)	344,519	(54,088)	213,562
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss) / income for the period	<u>(161,880)</u>	<u>344,519</u>	<u>(54,088)</u>	<u>213,562</u>

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA MULTI ASSET FUND

Condensed Interim Statement of Movement in Unit Holders' Fund (Unaudited) For the six months period ended 31 December 2017

Note	2017			2016		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
----- (Rupees in '000) -----						
Net assets at beginning of the period	1,077,061	770,053	1,847,114	906,022	421,820	1,327,842
Issue of 9,120,269 units (2016: 8,309,592 units)						
- Capital value	175,479	-	175,479			
- Element of loss	(5,987)	-	(5,987)			
Total proceeds on issuance of units	169,492	-	169,492	129,942	19,227	149,169
Redemption of 9,961,344 units (2016: 3,521,178 units)						
- Capital value	(191,470)	-	(191,470)			
- Element of income	13,327	-	13,327			
Total payments on redemption of units	(178,143)	-	(178,143)	(55,063)	(6,881)	(61,944)
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	3.2	-	-	-	(12,346)	(12,346)
Total comprehensive (loss) / income for the period	-	(161,880)	(161,880)	-	344,519	344,519
Distribution during the period	-	(7,502)	(7,502)	-	-	-
	-					
Net assets at end of the period	1,068,410	600,671	1,669,081	980,901	766,339	1,747,240
Undistributed income brought forward						
- Realised		528,024			357,355	
- Unrealised		242,029			64,465	
		770,053			421,820	
Accounting income available for distribution:						
- Relating to capital gains		-				
- Excluding capital gains		-				
		-				
Net (loss) / income for the period		(161,880)			344,519	
Distribution during the period		(7,502)			-	
Undistributed income carried forward		600,671			766,339	
Undistributed income carried forward						
- Realised		771,990			513,661	
- Unrealised		(171,319)			252,678	
		600,671			766,339	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the period		19.2708			15.6377	
Net assets value per unit at end of the period		17.5676			19.4785	

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director

NAFA MULTI ASSET FUND

Condensed Interim Cash Flow Statement (Unaudited) For the six months period ended 31 December 2017

	Note	Half year ended December 31, 2017	December 31, 2016 -----Rupees in '000 -----
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss) / income for the period before taxation		(161,880)	344,519
Adjustments			
Unrealised (appreciation) / diminution on re-measurement of investments at fair value through profit or loss -held for trading - net		171,319	(252,678)
(Gain) / loss on sale of investments - net		22,658	(52,844)
less those in units redeemed - net		-	(12,346)
		<u>32,097</u>	<u>26,651</u>
(Increase) / decrease in assets			
Investments		(269,525)	58,665
Dividend and profit receivable		(4,551)	(280)
Advances, deposits and prepayments		(14)	(111)
		<u>(274,090)</u>	<u>58,274</u>
(Decrease) / increase in liabilities			
Payable to NBP Fullerton Asset Management Limited - Management Company		(791)	1,890
Payable to Central Depository Company of Pakistan Limited - Trustee		16	34
Payable to Securities and Exchange Commission of Pakistan		(660)	(611)
Payable against purchase of investments - net		-	3,962
Payable against redemption of units		-	(11)
Accrued expenses and other liabilities		(3,197)	(2,245)
		<u>(4,632)</u>	<u>3,019</u>
Net cash (used in) / generated from operating activities		<u>(246,625)</u>	<u>87,944</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Amounts received on issuance of units		169,492	149,169
Payment against redemption of units		(178,143)	(61,944)
Distribution paid		(35,746)	(33,441)
Net cash (used in) / flows from financing activities		<u>(44,397)</u>	<u>53,784</u>
Net (decrease) / increase in cash and cash equivalents during the period		<u>(291,022)</u>	<u>141,728</u>
Cash and cash equivalents at beginning of the period		730,941	350,744
Cash and cash equivalents at end of the period	7	<u>439,919</u>	<u>492,472</u>

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director

NAFA MULTI ASSET FUND

Notes to and forming part of the Condensed Interim Financial Information (Unaudited) For the six and three months period ended 31 December 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 NBP Fullerton Asset Management Limited and Central Depository Company of Pakistan Limited (CDC), as Trustee. The Trust Deed was executed on 06 December 2006 and was approved 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 (NBFC Rules).
- 1.2 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 Mutual Fund Association of Pakistan (MUFAP).
- 1.3 The Fund is an open-ended mutual fund and is listed on Pakistan Stock Exchange Limited (PSX). Units are offered for subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund is categorized as an Balanced Scheme as per the criteria for categorisation of open end collective investment scheme as specified by Securities and Exchange Commission of Pakistan (SECP) and other allied matters.
- 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.
- 1.6 Title of the assets of the Fund is held in the name of Central Depository Company of Pakistan (CDC) Limited as Trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the repealed Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the 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 requirements of the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of the IFRS, the requirements of the NBFC Rules, the NBFC Regulations or the directives issued by the SECP shall prevail (Refer 4.2.2).

- 2.1.1 This condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the annual financial statements of the Fund as at and for the year ended 30 June 2017. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Fund's financial position and performance since the last financial statements.
- 2.1.2 This condensed interim financial information is being submitted to the unit holders as required under Regulation 38 (2) (f) of the Non-Banking Finance Companies and notified Entities Regulations, 2008 (NBFC Regulations).

2.2 Functional and presentation currency

This condensed interim financial information is presented in Pak Rupees, which is the Fund's functional and presentation currency. All financial information presented in Pak Rupees has been rounded off to the nearest thousand of rupees except otherwise stated.

NAFA MULTI ASSET FUND

3 SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended 30 June 2017 except for the changes in accounting policies as explained in notes 3.2.
- 3.2 Up to 30 June 2017, the element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed to the extent that it is represented by income earned during the accounting period is recognized in income statement and to the extent that it is represented by unrealised appreciation / (diminution) arising during the year on available for sale securities is included in distribution statement.

SECP through its SRO 756(I)/2017 dated 03 August 2017 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". As per SRO, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. It also specifies that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution.

The said SRO also deleted 'Distribution Statement' and requires additional disclosures with respect to "Income Statement" and "Statement of Movement in Unit Holders' Fund" 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.

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from 01 July 2017 as clarified by SECP vide its email dated 07 February 2018. Accordingly, corresponding figures have not been restated.

Had the element of income been recognised as per the previous accounting policy, the loss of the Fund would have been lower by Rs 7.340 million. However, the change in accounting policy does not have any impact on NAV per unit.

4 NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS OF IFRSs

4.1 Amendments to published approved accounting standards that are effective in the current period

There are certain amendments to the approved accounting standards that are mandatory for the Fund's annual accounting period beginning on 01 July 2017. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in this condensed interim financial information.

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

- 4.2.1 During the current period the SECP has adopted IFRS 9: 'Financial Instruments' and IFRS 15: 'Revenue from Customers', which are applicable with effect from 01 July 2018. The management is currently assessing the impacts of these standards on the Fund's future financial statements. There are certain other new standards, interpretations and amendments to the approved accounting standards that are mandatory for the Fund's annual accounting periods beginning on or after 01 July 2018. The Fund is currently in the process of analysing the potential impact of changes required in classification and measurement of financial instruments and the other impact on adoption of the Standards. However, these are not expected to have any significant impacts on the Fund's operations and are, therefore, not detailed in this condensed interim financial information.
- 4.2.2 The Companies Act, 2017 was enacted on 30 May 2017 and SECP vide its circular 23 of 2017 has clarified that the companies whose financial year closes on or before 31 December 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Hence, the provision of the Companies Act, 2017 will be applicable for the preparation of financial statements for the reporting periods ending after 31 December 2017. The Companies Act, 2017 requires certain additional disclosures and Section 235 of the repealed Companies Ordinance, 1984 relating to treatment of surplus arising out of revaluation of assets has not been carried forward in the Companies Act, 2017. The amendments are not likely to have an impact on the Fund's financial statements except extended disclosures.

NAFA MULTI ASSET FUND

5 USE OF ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires management to make judgments, estimates and assumption that affect the application of accounting policies and reported amount of assets and liabilities, income and expenses. Actual result may differ from these estimates.

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

6 FINANCIAL RISK MANAGEMENT

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

		31 December 2017	30 June 2017
	Note	Unaudited	Audited
(Rupees in '000)			
7 BANK BALANCES			
In current accounts		5,906	7,281
In savings accounts	7.1	434,013	723,660
		<u>439,919</u>	<u>730,941</u>

7.1 These carry a rate of return ranging from 3.75% to 6.75% (30 June 2017: 3.75% to 6.50%) per annum.

		31 December 2017	30 June 2017
	Note	Unaudited	Audited
(Rupees in '000)			
8 INVESTMENTS			
Financial assets 'at fair value through profit or loss' - held for trading			
- Listed equity securities	8.1	975,959	1,134,395
- Term finance certificates - unlisted	8.3	122,551	41,035
- Term deposit receipts	8.5	152,468	-
		<u>1,250,978</u>	<u>1,175,430</u>

8.1 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 which have a face value of Rs 5.

Name of the investee company	As at 1 July 2017	Purchases during the period	Bonus issue during the period	Right shares purchased/ subscribed during the period	Sales during the period	As at 31 December 2017	Market value / carrying value as at 31 December 2017	Market value as a percentage of net assets	Market value as a percentage of investments	Market value as Percentage of paid-up capital of the investee company held
(Number of Shares)										
(Rupees in '000)										
----- (%) -----										
Oil & Gas Exploration Companies										
Oil and Gas Development Company Limited	173,096	106,000	-	-	-	279,096	45,434	0.03	0.04	0.00
Pakistan Oilfields Limited	78,569	39,400	-	-	7,000	110,969	65,945	0.04	0.05	0.03
Pakistan Petroleum Limited	210,084	27,000	-	-	22,000	215,084	44,289	0.03	0.04	0.00
Mari Petroleum Limited	33,300	-	-	-	-	33,300	48,314	0.03	0.04	0.04
	<u>495,049</u>	<u>172,400</u>	<u>-</u>	<u>-</u>	<u>29,000</u>	<u>638,449</u>	<u>203,982</u>	<u>0.13</u>	<u>0.17</u>	
Oil & Gas Marketing Companies										
Pakistan State Oil Company Limited (Refer 8.1.2)	79,152	-	15,830	-	-	94,982	27,840	0.02	0.02	0.01
Attock Petroleum Limited	18,951	-	-	-	-	18,951	9,913	0.01	0.01	0.01
Shell Pakistan Limited	62,300	-	-	-	-	62,300	19,137	0.01	0.02	0.02
Hascol Petroleum Limited (Refer 8.1.2)	565	-	-	-	-	565	140	-	-	0.00
	<u>160,968</u>	<u>-</u>	<u>15,830</u>	<u>-</u>	<u>-</u>	<u>176,798</u>	<u>57,030</u>	<u>0.04</u>	<u>0.05</u>	
Refinery										
Attock Refinery Limited	29,100	-	-	-	27,000	2,100	492	-	-	0.00
	<u>29,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,000</u>	<u>2,100</u>	<u>492</u>	<u>-</u>	<u>-</u>	

NAFA MULTI ASSET FUND

Name of the investee company	As at 1 July 2017	Purchases during the period	Bonus issue during the period	Right shares purchased/ subscribed during the period	Sales during the period	As at 31 December 2017	Market value / carrying value as at 31 December 2017 (Rupees in '000)	Market value as a percentage of net assets	Market value as a percentage of investments (%)	Market value as Percentage of paid-up capital of the investee company held
Refinery										
Attock Refinery Limited	29,100	-	-	-	27,000	2,100	492	-	-	0.00
	29,100	-	-	-	27,000	2,100	492	-	-	
Fertilizers										
Engro Fertilizers Limited	547,001	-	-	-	160,000	387,001	26,208	0.02	0.02	0.00
Fauji Fertilizer Bin Qasim Limited	299,000	-	-	-	261,500	37,500	1,333	-	-	0.00
Engro Corporation Limited	142,218	32,000	-	-	-	174,218	47,866	0.03	0.04	0.01
Dawood Hercules Corporation Limited	9,000	-	-	-	-	9,000	1,007	-	-	0.00
	997,219	32,000	-	-	421,500	607,719	76,414	0.05	0.06	
Chemicals										
Akzo Nobel Pakistan Limited	27,800	-	-	-	-	27,800	5,921	-	-	0.01
Engro Polymer & Chemicals Limited	938,000	-	-	-	530,000	408,000	11,653	0.01	0.01	0.00
	965,800	-	-	-	530,000	435,800	17,574	0.01	0.01	
Cement										
Attock Cement Pakistan Limited	109,700	24,700	-	-	-	134,400	24,328	0.01	0.02	0.02
Cherat Cement Company Limited	-	139,800	-	-	-	139,800	15,505	0.01	0.01	0.01
D.G. Khan Cement Pakistan Limited	112,500	23,500	-	-	-	136,000	18,186	0.01	0.01	0.00
Fauji Cement Company Limited	50,500	-	-	-	-	50,500	1,263	-	-	0.00
Kohat Cement Company Limited	-	35,000	-	-	-	35,000	4,969	-	-	0.00
Lucky Cement Limited	51,664	-	-	-	6,000	45,664	23,627	0.01	0.02	0.01
Maple Leaf Cement Cement Factory Limited	61,000	16,000	-	9,625	86,625	-	-	-	-	-
Pioneer Cement Limited	140,500	-	-	-	-	140,500	8,868	0.01	0.01	0.00
	525,864	239,000	-	9,625	92,625	681,864	96,746	0.05	0.07	
Automobile Parts & Accessories										
Thal Limited	34,636	-	-	-	8,850	25,786	13,174	0.01	0.01	0.03
	34,636	-	-	-	8,850	25,786	13,174	0.01	0.01	
Textile Composite										
Azgard Nine Limited (Non-voting shares)	807,000	-	-	-	-	807,000	5,649	-	-	0.10
Crescent Textile Mills Limited	233,500	-	-	-	-	233,500	6,970	-	0.01	0.01
Kohinoor Textile Mills Limited (Refer 8.1.2)	560,275	-	-	33,338	138,000	455,613	30,184	0.02	0.02	0.01
Nishat (Chunian) Limited	364,000	273,000	-	-	262,000	375,000	17,164	0.01	0.01	0.01
Nishat Mills Limited	330,700	-	-	-	30,000	300,700	44,955	0.03	0.04	0.01
	2,295,475	273,000	-	33,338	430,000	2,171,813	104,922	0.06	0.08	
Transport										
Pakistan National Shipping Corporation	32,000	-	-	-	-	32,000	3,320	-	-	0.00
	32,000	-	-	-	-	32,000	3,320	-	-	
Engineering										
Amreli Steels Limited	-	164,100	-	-	-	164,100	15,206	0.01	0.01	0.01
Dost Steels Limited	1,300,000	-	-	-	-	1,300,000	13,078	0.01	0.01	0.00
International Steels Limited	160,000	-	-	-	37,500	122,500	13,030	0.01	0.01	0.00
International Industries Limited	84,500	-	-	-	-	84,500	20,289	0.01	0.02	0.02
	1,544,500	164,100	-	-	37,500	1,671,100	61,603	0.04	0.05	
Power Generation & Distribution										
Kot Addu Power Company Limited	286,000	-	-	-	60,000	226,000	12,181	0.01	0.01	0.00
Saif Power Limited	130,000	-	-	-	-	130,000	3,760	-	-	0.00
The Hub Power Company Limited	164,748	55,500	-	-	-	220,248	20,043	0.01	0.02	0.00
	580,748	55,500	-	-	60,000	576,248	35,984	0.02	0.03	
Commercial Banks										
Allied Bank Limited	304,300	15,000	-	-	-	319,300	27,134	0.02	0.02	0.00
Bank Al-Falah Limited	-	425,500	-	-	-	425,500	18,084	0.01	0.01	0.00
Bank Al-Habib Limited	317,900	-	-	-	95,000	222,900	13,009	0.01	0.01	0.00
Faysal Bank Limited (Refer 8.1.2)	257,715	413,500	-	-	-	671,215	14,270	0.01	0.01	0.00
Habib Bank Limited	115,980	50,000	-	-	100	165,880	27,717	0.02	0.02	0.00
MCB Bank Limited	164,400	-	-	-	-	164,400	34,906	0.02	0.03	0.00
Meezan Bank Limited	617	-	-	37	-	654	44	-	-	0.00
United Bank Limited	135,691	50,000	-	-	-	185,691	34,904	0.02	0.03	0.00
	1,296,603	954,000	-	37	95,100	2,155,540	170,068	0.11	0.13	
Cable and Electrical Goods										
Pakistan Elektron Limited	220,500	-	-	-	60,700	159,800	7,589	-	0.01	0.00
	220,500	-	-	-	60,700	159,800	7,589	-	0.01	
Glass and Ceramics										
Tariq Glass Industries Limited	319,500	-	-	-	-	319,500	30,349	0.02	0.02	0.04
Shabbir Tiles & Ceramics Ltd	1,243,000	-	-	-	733,000	510,000	7,512	-	0.01	0.00
	1,562,500	-	-	-	733,000	829,500	37,861	0.02	0.03	

NAFA MULTI ASSET FUND

Name of the investee company	As at 1 July 2017	Purchases during the period	Bonus issue during the period	Right shares purchased/ subscribed during the period	Sales during the period	As at 31 December 2017	Market value / carrying value as at 31 December 2017 (Rupees in '000)	Market value as a percentage of net assets	Market value as a percentage of investments	Market value as Percentage of paid-up capital of the investee company held
				(Number of Shares)					(%)	
Paper & Board										
Century Paper & Board Mills Ltd	259,000	13,900	-	-	-	272,900	16,955	0.01	0.01	0.01
	259,000	13,900	-	-	-	272,900	16,955	0.01	0.01	
Automobile Assembler										
Indus Motor Company Limited	22,420	-	-	-	7,100	15,320	25,740	0.02	0.02	0.03
Millat Tractors Ltd	31,650	-	-	-	6,000	25,650	30,052	0.02	0.02	0.07
	54,070	-	-	-	13,100	40,970	55,792	0.04	0.04	
Pharma And Biotech										
Abbott Lab (Pakistan) Limited.	10,300	-	-	-	-	10,300	7,185	-	0.01	0.01
GlaxoSmithKline (Pakistan) Limited	34,500	-	-	-	-	34,500	5,792	-	-	0.00
	44,800	-	-	-	-	44,800	12,977	-	0.01	
Inv. Banks / Inv. Cos. / Securities Cos.										
Pakistan Stock Exchange Limited	173,454	-	-	-	25,000	148,454	3,325	-	-	0.00
	173,454	-	-	-	25,000	148,454	3,325	-	-	
Miscellaneous										
Synthetic Products Limited	-	2,500	-	-	-	2,500	151	-	-	0.00
	-	2,500	-	-	-	2,500	151	-	-	
Total - 31 December 2017	11,272,286	1,906,400	15,830	43,000	2,563,375	10,674,141	975,959	0.59	0.76	
Carrying value before fair value adjustment as at 31 December 2017							1,148,294			

8.1.1 Investments include shares with market value of Rs. 38.35 million (30 June 2017: Rs. 44.03 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.

8.1.2 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. 0.837 million (30 June 2017: 1.093) and not yet deposited in CDC account of department of Income Tax.

8.2 Term finance certificates - listed

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 31 December 2017 Market value / carrying value (Rupees in '000)	Market value as a percentage of net assets	Market value as a percentage of total investments
	As at 01 July 2017	Purchases during the period	Disposals during the period	As at 31 December 2017			
Saudi Pak Leasing Company Limited (note 8.2.1)	10,000	-	-	10,000	-	-	-
Provision for impairment losses as at 31 December 2017					27,547		

8.2.1 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.

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8.3 Term finance certificates - unlisted

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 31 December 2017 Market value/ carrying value	Market value as a percentage of net assets	Market value as a percentage of total investments
	As at 01 July 2017	Purchases during the period	Disposals during the period	As at 31 December 2017			
					(Rupees in '000)	(%)	(%)
Jahangir Siddiqui and Company Limited	8,000	-	-	8,000	35,446	0.02	0.03
Jahangir Siddiqui and Company Limited	-	17,100	-	17,100	87,105	0.05	0.07
	8,000	17,100	-	25,100	122,551	0.07	0.10

Carrying value before fair value adjustment as at 31 December 2017

121,535

8.3.1 The term finance certificates held by the Fund are generally secured against hypothecation of stocks and receivables and mortgage of fixed assets of the issuer.

8.4 Significant terms and conditions of term finance certificates and sukus outstanding at the period end are as follows:

	Number of certificates	Unredeemed face value (Rupees)	Mark-up rate (per annum)	Issue date	Tenor	Secured / Unsecured	Rating
Listed term finance certificates							
Saudi Pak Leasing Company Limited	10,000	2,755	6.87% Fixed rate	13 March 2008	9 Years	Unsecured	Unrated
Unlisted term finance certificates							
Jahangir Siddiqui and Company Limited	8,000	4,375	6 Month KIBOR offer rate plus 1.65%	16 May 2016	5 years	Secured	AA+
Jahangir Siddiqui and Company Limited	17,100	5,000	6 Month KIBOR offer rate plus 1.40%	18 July 2017	5 years	Secured	AA+

8.5 This represents term deposit receipts placed with JS Bank Limited carrying markup rate of 6.6% and having maturity of upto 28 March 2018.

8.6 Sukuk bonds - available for sale

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

Name of the investee company	Number of certificates				As at 31 December 2017 Market value/ carrying value	Market value as a percentage of net assets	Market value as a percentage of total investments
	As at 1 July 2017	Purchases during the period	Disposals during the period	As at 31 December 2017			
					(Rupees in '000)	(%)	(%)
New Allied Electronics Industries (Private) Limited (note 8.6.1)	32,000	-	-	32,000	-	-	-
Eden Housing Limited (note 8.6.2)	10,000	-	-	10,000	-	-	-
Total as at 31 December 2017	42,000	-	-	42,000	-	-	-

Provision for impairment losses as at 31 December 2017

19,844

8.6.1 This represents investment in privately placed sukus 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 1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circular.

8.6.2 This represents investment in privately placed sukuk bonds issue with a term of seven years. 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 33 of 2012 has been maintained by valuing the investment in terms of the said circular.

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8.6.3 This represents investment in privately placed sukuk bonds with a term of five years. On 6 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.

8.6.4 The sukuks held by the Fund are generally secured against hypothecation of stocks and receivables and mortgage of fixed assets of the issuer.

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

8.7 Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'

31 December 2017 31 December 2016
Unaudited
(Rupees in '000)

Market value of investments	8	1,098,510	1,292,176
Less: Carrying value of investments		(1,297,376)	(1,067,045)
		(198,866)	225,131
Add: Provision against non-performing TFCs	8.9	27,547	27,547
		(171,319)	252,678

8.8 Net unrealised appreciation on re-measurement of investments classified as 'available for sale'

31 December 2017 31 December 2016
Unaudited
(Rupees in '000)

Market value of investments	-	-
Less: Carrying value of investments	(19,844)	-
	(19,844)	-
Add: Provision against non-performing TFCs	19,844	-
	-	-

8.9 Movement in provision against non-performing term finance certificates and sukuk bonds

Balance as at 1 July	27,547	47,391
Reversal of provision due to redemption of principal	-	-
Balance as at 31 December	27,547	47,391

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9 PAYABLE TO NBP FULLERTON MANAGEMENT LIMITED - MANAGEMENT COMPANY

31 December 2017	30 June 2017
(Rupees in '000)	
Unaudited	Audited
Management remuneration	3,105
Sindh Sales Tax	404
Allocation of expenses related to registrar services, accounting, operation and valuation services	1,668
Sales and transfer load	48
Sindh Sales Tax on sales load	6
4,440	5,231

- 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 period, Sindh Sales Tax at the rate of 13% (30 June 2017: 13%) 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.

10 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

31 December 2017	30 June 2017
Unaudited	Audited
(Rupees in '000)	
Remuneration payable to the Trustee	240
Sindh Sales Tax on remuneration of the Trustee	31
Settlement charges	133
420	404

- 10.1 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 period, Sindh Sales Tax at the rate of 13% (30 June 2017: 13%) was charged on trustee remuneration.

11 ACCRUED EXPENSES AND OTHER LIABILITIES

31 December 2017	30 June 2017
Unaudited	Audited
(Rupees in '000)	
Provision for Sindh Workers' Welfare Fund	12,213
Federal excise duty on management remuneration	11,587
Federal excise duty on sales load	818
Auditors' remuneration	426
Settlement charges	128
Brokerage payable	656
Dividend payable to brokers	493
Legal and professional charges	22
Withholding Tax	3,839
Mutual fund rating fee	90
Others	388
1,129	388
27,463	30,660

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- 11.1 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. 0.1285 (30 June 2017: 0.1274).

- 11.2 The status of Federal Excise Duty (FED) is same as disclosed in annual financial statements for the year ended 30 June 2017. 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 2017: 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. 0.1343 (30 June 2017: Rs. 0.1331) per unit.

12 CONTINGENCY AND COMMITMENT

There was no contingency and commitment as at 31 December 2017 (30 June 2017: Nil).

13 TAXATION

The Fund's income 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 the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Provided that for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains / loss to the unit holders. The Fund has not recorded any tax liability in respect of income relating to the current period as the Management Company intends to distribute in cash at least 90 percent of the Fund's accounting income for the year ending 30 June 2018 as reduced by capital gains (whether realised or unrealised) to its unit holders in the form of cash.

14 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 6 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 Scheme'.

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The SECP vide circular no. 16 dated 7 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 schemes or with investment requirements of their constitutive documents.

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)	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	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)	-	-	-

14.1 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.

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

15 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses incurred during the period divided by Average net assets value for the period) is 2.74% p.a. including 0.37% representing government levies on Collective Investment scheme such as Sales tax, Sindh Worker's Welfare Fund and Securities & Exchange Commission of Pakistan fee for the period.

16 TRANSACTIONS WITH CONNECTED PERSONS

16.1 Connected persons include NBP Fullerton Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan (NBP) and Alexandra Fund Management Pte. Limited being the sponsors, other collective investment schemes managed by the Management Company, directors and officers of the Management Company, entities under common management or directorships, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company and unit holders holding 10 percent or more units of the Fund.

16.2 The transactions with connected persons are in the normal course of business, at contracted / agreed rates.

16.3 Remuneration and front-end load payable to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

16.4 Remuneration payable to the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

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16.5 Details of transactions with connected persons are as follows:

	(Un-audited)	
	31 December 2017	31 December 2016
	(Rupees in '000)	
NBP Fullerton Asset Management Limited - Management Company		
Remuneration of NBP Fullerton Asset Management Limited - Management Company	17,810	15,011
Sindh Sales Tax on remuneration of the Management Company	2,315	1,951
Allocation of expenses related to registrar services, accounting, operation and valuation services	890	751
Sales Load	1,581	1,458
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of Central Depository Company of Pakistan Limited - Trustee	1,395	1,255
Sindh Sindh Sales Tax on remuneration of Trustee	181	163
CDS charges	55	23
Employees of Management Company		
Units redeemed / transferred out 9,458 units (31 December 2016: 828 units)	171	16
Units issued / dividend re - invest 6 units (31 December 2016: 4,218 units)	1	75
NBP Employees Pension Fund		
Units held: 111,079 units (2016: Nil units)	2,016	-
Humayun Bashir - Directors		
Units issued / dividend re - invest 315 units	6	-
Byco Oil Pakistan Limited - Employee Provident Fund - Related Party		
Units issued / transferred in Nil units (31 December 2016: 157,905 units)	-	2,708
Byco Petroleum Pakistan Limited - Employee Provident Fund - Related		
Units redeemed / transferred out 1,045,171 units (31 December Nil units)	18,562	-
Units issued / dividend re - invest 3,294 units (31 December 2016: 800,603 units)	60	13,729
Taurus Securities Limited - Subsidiary of Parent Company		
Brokerage charges	37	46
International Industries - Common Directorship		
Shares sold: Nil shares (31 December 2016: 355,500 shares)	-	40,241
International Steels Limited - Common Directorship		
Shares sold: Nil shares (31 December 2016: 723,500 shares)	-	38,394
Summit Bank Limited - Common Directorship		
Bank profit	1	1
National Bank of Pakistan		
Treasury bill	148,826	-
Askari Bank - Common Directorship		
Bank Profit	32	-

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16.6 Amounts outstanding as at period end are as follows:

31 December 30 June
2017 2017
Unaudited Audited
(Rupees in '000)

NBP Fullerton Asset Management Limited - Management Company

Management remuneration	2,819	3,105
Sindh Sales Tax	367	404
Allocation of expenses related to registrar services, accounting, operation and valuation services	890	1,668
Sales and transfer load	322	48

Employees of the Management Company

Units held: 7,251 units (2017: 16,706 units)	127	322
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Central Depository Company of Pakistan Limited - Trustee

Remuneration payable to the Trustee	228	240
Sindh Sales Tax on remuneration of the Trustee	29	31
Settlement charges payable	163	133
Security deposit	100	100

Mr. Humayun Bashir - Director

Units held: 85,779 units (2017: 85,464 units)	1,507	1,647
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Askari Bank Limited

Bank Balance in savings account	1,797	1,666
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National Bank of Pakistan

Bank Balance in current account	3,289	4,139
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NBP Employees Pension Fund

Units held: 26,464,902 units (2017: 26,353,824 units)	464,925	507,859
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Byco Petroleum Pakistan Limited - Employee Provident Fund

Units held: Nil units (2017: 1,041,877 units)	-	20,078
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Karachi Electric Provident Fund

Units held: Nil units (2016: 34,224,720 units)	-	659,538
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Summit Bank

Bank Balance in current account	2,617	3,177
Bank Balance in saving account	36	-

International Steel Limited

Ordinary shares held: 122,500 shares (2017: 160,000 shares)	13,030	20,462
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International Industries Limited

Ordinary shares held: 84,500 shares (2017: 84,500 shares)	20,289	31,144
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NAFA MULTI ASSET FUND

17 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.

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 the fair value hierarchy.

31 December 2017									
Carrying amount				Fair Value					
At fair value through profit	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total		
				(Unaudited)					
				(Rupees in '000)					
On-balance sheet financial instruments									
Financial assets measured at fair value									
Investment									
- Equity securities - listed	975,959	-	-	975,959	975,959	-	-	975,959	
- Term finance certificates - unlisted	122,551	-	-	122,551	-	122,551	-	122,551	
	1,098,510	-	-	1,098,510	975,959	122,551	-	1,098,510	
Financial assets not measured at fair value									
17.1									
Bank balances	-	439,919	-	439,919	-	-	-	-	
Investment in term deposit receipts	-	152,468	-	152,468	-	-	-	-	
Dividend and profit receivable	-	7,518	-	7,518	-	-	-	-	
Deposits and other receivable	-	2,850	-	2,850	-	-	-	-	
	-	602,755	-	602,755	-	-	-	-	
Financial liabilities not measured at fair value									
17.1									
Payable to NBP Fullerton Asset Management Limited - Management Company	-	-	4,440	4,440	-	-	-	-	
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	420	420	-	-	-	-	
Accrued expenses and other liabilities	-	-	2,320	2,320	-	-	-	-	
	-	-	7,180	7,180	-	-	-	-	

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30 June 2017								
Carrying amount				Fair Value				
At fair value through profit and loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
(Audited)								
(Rupees in '000)								
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
- Equity securities - listed	1,134,395	-	1,134,395	1,134,395	-	-	1,134,395	
- Term finance certificates - unlisted	41,035	-	41,035	-	41,035	-	41,035	
	1,175,430	-	1,175,430	1,134,395	41,035	-	1,175,430	
Financial assets not measured at fair value								
Bank balances	-	730,941	730,941	-	-	-	-	
Profit receivables	-	2,967	2,967	-	-	-	-	
Deposits and other receivable	-	2,850	2,850	-	-	-	-	
	-	736,758	736,758	-	-	-	-	
Financial liabilities not measured at fair value								
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	-	-	-	-	
Dividend payable	-	28,244	28,244	-	-	-	-	
	-	36,082	36,082	-	-	-	-	

- 17.1 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.

18 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on February 22, 2018.

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

Chief Financial Officer

Chief Executive Officer

Director



NBP Fullerton
Asset Management Ltd.

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National Bank of Pakistan

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