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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 2016**




Your investments & "NAFA" grow together



**FULLERTON FUND
MANAGEMENT**

Joint - Venture Partners

MISSION STATEMENT



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

NAFA 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. Nausherwan Adil	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Aamir Sattar	Director
Mr. Abdul Hadi Palekar	Director
Mr. Foo Chiah Shiung (Kelvin Foo)	Director
Mr. Lui Mang Yin (Martin Lui)	Director
Mr. Kamal Amir Chinoy	Director
Mr. Shehryar Faruque	Director
Mr. Saiyed Hashim Ishaque	Director

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

Mr. Shehryar Faruque	Chairman
Mr. Foo Chiah Shiung (Kelvin Foo)	Member
Mr. Aamir Sattar	Member

Human Resource and Remuneration Committee

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

Trustee

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

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, 2016.

Fund's Performance

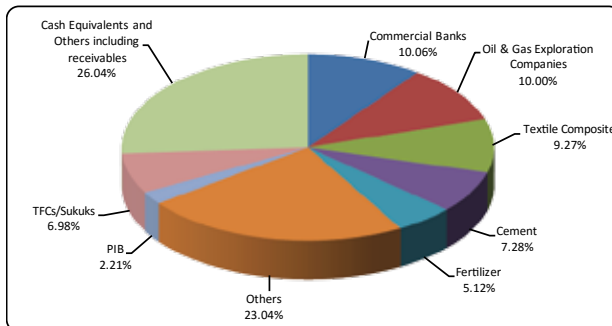
The size of NAFA Multi Asset Fund has increased from Rs.1,328 million to Rs.1,747 million during the period, i.e. a increase of 32%. During the period, the unit price of NAFA Multi Asset Fund (NMF) has increased from Rs. 15.6377 on June 30, 2016 to Rs. 19.4785 on December 31, 2016, thus showing a increase of 24.56%. The Benchmark increased during the same period was 15.14%. Thus, the Fund has outperformed its Benchmark by 9.42% during the period under review. Since inception the NAV of the Fund has increased from Rs.3.9496 (Ex-Div) on January 19, 2007 to Rs.19.4785 on December 31, 2016, thus showing an increase of 393.18%. During the said period, the Benchmark increased by 168.80%, translating into outperformance of 224.38%. This performance is net of management fee and all other expenses.

During 1HFY17, riding on the positive momentum built on the Pakistan Stock Exchange (PSX) reclassification into MSCI Emerging Market and driven primarily by the price-to-earnings (PE) re-rating, the stock market delivered a handsome return of about 27%. Positives on the macroeconomic front such as improved economic growth outlook coupled with benign inflation reading and anchored near-term expectations; and stable exchange rate helped the market achieve historic highs. Domestic liquidity unleashed amid low interest rates that helped counter heavy foreign selling of USD298mn. Automobile Assembler, Engineering, Oil & Gas Marketing Companies, and Textile Composite sectors performed better than the market whereas, Power Generation & Distribution Companies and Fertilizer sectors lagged behind. Going forward, expected domestic and foreign liquidity flows amid low interest rates, expected amnesty scheme, and MSCI upgrade theme are likely to keep the market strong while, rising global policy uncertainty pose downside risk.

State Bank of Pakistan (SBP) maintained discount rate and policy rate at 6.25% and 5.75% respectively during the period under review. SBP cited improvement in macroeconomic stability, comfortable liquidity conditions coupled with healthy reserve accumulation, manageable in-flationary backdrop, and CPEC related projects gathering momentum being balanced against latent risks to external accounts/factors. However, there are risks to the external account emanating from expected increase in commodity/global oil prices, confluence of declining remittances, challenged exports outlook and mounting external debt levels that may imperil the medium-term sustainability of the Balance of Payments position and warrant decisive policy action. Long-term sovereign yields witnessed an average increase of around 50 basis points, reflecting an uptick in inflation and interest rates.

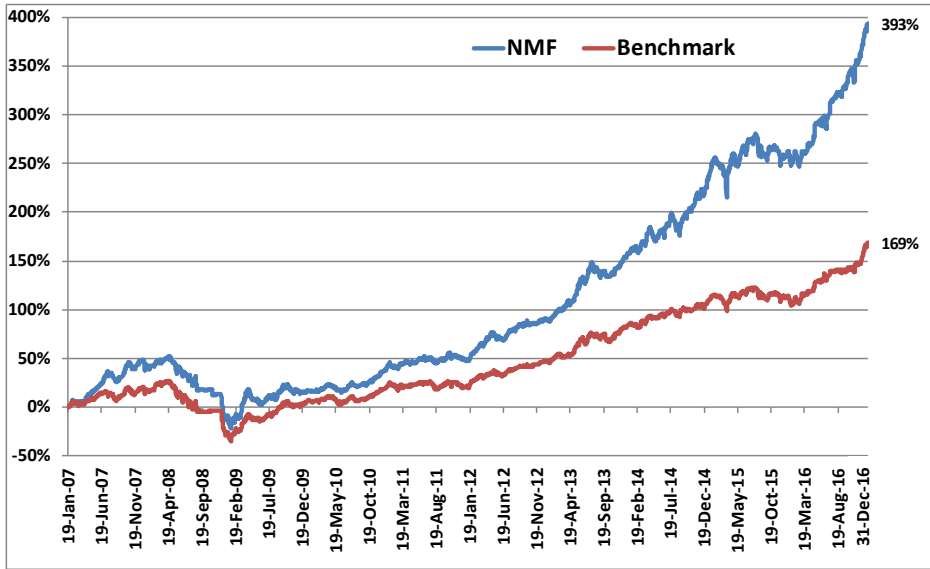
Trading activity in corporate debt securities (TFCs & Sukuks) remained thin and was recorded at around Rs.5 billion during the reported period. Demand for the high credit quality corporate bonds issuance was again witnessed. All TFCs/Sukuks in the Fund are floating rate linked to KIBOR, mitigating the interest rate risk.

The Fund has earned total income of Rs.365.59 million during the period. After accounting for expenses of Rs.21.07 million, the net income is Rs.344.52 million. The asset allocation of the Fund as on December 31, 2016 is as follows:



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 28, 2017
Place: Karachi.

NAFA MULTI ASSET FUND

ڈائریکٹرز رپورٹ

NBP فلٹرن ایسٹ منجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بصدِ مسرت 31 دسمبر 2016ء کو ختم ہونے والی ششماہی کے لیے NAFA ملٹی ایسٹ فنڈ (NMF) کے جانچ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

فنڈ کی کارکردگی

NAFA ملٹی ایسٹ فنڈ (NMF) کا فنڈ سائز اس مدت کے دوران پر 1,328 ملین روپے سے بڑھ کر 1,747 ملین روپے ہو گیا، یعنی %32 کا اضافہ۔ اس مدت کے دوران NAFA ملٹی ایسٹ فنڈ (NMF) کے یونٹ کی قیمت 30 جون 2016 کو 15.6377 روپے سے بڑھ کر 31 دسمبر 2016 پر 19.4785 روپے پر پہنچ چکی ہے۔ لہذا %24.56 اضافہ ہوا ہے۔ اسی مدت کے دوران بیچ مارک میں %15.14 اضافہ ہوا ہے۔ لہذا زبردست مدت کے دوران فنڈ نے اپنے بیچ مارک سے %9.42 سے بہتر کارکردگی رہی۔ اپنے قیام سے اب تک فنڈ کی NAV 19 جنوری 2007 کو 3.9496 روپے (Ex-Div) سے بڑھ کر 31 دسمبر 2016 کو 19.4785 روپے ہو گئی، لہذا %393.18 کا اضافہ ہوا۔ اس مدت کے دوران بیچ مارک میں %168.80 اضافہ ہوا ہے، جس کا نتیجہ فنڈ کی %224.38 بہتر کارکردگی کی صورت میں سامنے آیا ہے۔ یہ کارکردگی منجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

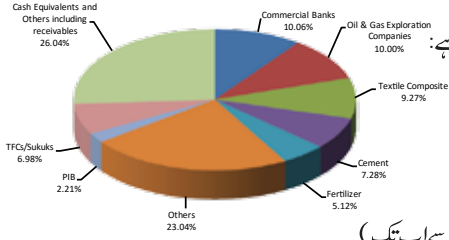
مالی سال 2017 کی پہلی ششماہی کے دوران مثبت رجحان کے ساتھ MSCI ایمرجنگ مارکیٹ میں پاکستان اسٹاک ایکسچینج (PSX) کی ازسرنو تشکیل ہوئی اور اس میں نرخ آمدن تناسب کی دوبارہ درجہ بندی بنیادی طور پر کارفرما تھی، اسٹاک مارکیٹ نے تقریباً %27 کا شاندار منافع فراہم کیا۔ کلیاتی معاشیات کے مثبت پہلو جیسے ترقی کے بہتر امکانات، افراط زر میں کمی، مستقبل قریب میں بہتری کی توقعات اور مستحکم شرح مبادلہ مارکیٹ کو تاریخی اونچائی حاصل کرنے میں معاون ثابت ہوئی۔ گھریلو لیکویڈیٹی کم شرح سود کا باعث بنا جس کی بدولت USD298m کی بھاری غیر ملکی فروخت کے اثر کو زائل کرنے میں مدد ملی۔ آٹوموبیل اسمبلر ز، انجنیئرنگ، آئل اور گیس کی مارکیٹنگ کمپنیاں اور ٹیکسٹائل کمپوزٹ سیکٹرز نے مارکیٹ کے مقابلے میں بہتر کارکردگی کا مظاہرہ کیا جب کہ پاور جنریشن، ڈسٹریبوشن کمپنیاں اور فریٹ لائزر سیکٹرز کی کارکردگی نسبتاً اتر رہی۔ آگے بڑھتے ہوئے، متوقع ملکی اور غیر ملکی لیکویڈیٹی کا بہاؤ، کم شرح سود کی متوقع رعایتی اسکیموں اور MSCI کی ازسرنو شمولیت مارکیٹ کو مضبوط کرنے کا باعث ہے، جبکہ بڑھتی ہوئی عالمی منصوبہ سازی کی غیر یقینی صورتحال خطرے کے منفی پہلو کو ظاہر کرتی ہے۔

اسٹیٹ بینک آف پاکستان (SBP) نے مذکورہ بالا مدت کے دوران ڈسکاؤنٹ ریٹ اور پالیسی ریٹ بالترتیب %6.25 اور %5.75 پر برقرار رکھی۔ SBP کے موقف کے مطابق مستحکم کلیاتی معیشت، لیکویڈیٹی کی باسہولت صورت حال کے ساتھ زرمبادلہ کے ذخیرہ میں خاطر خواہ اضافہ، محدود افراط زر اور CPEC سے متعلقہ منصوبے بیرونی اکاؤنٹ اور عوامل کے پوشیدہ خطرات سے نبرد آزما ہونے کے لئے برسرِ پیکار ہیں۔ تاہم بیرونی اکاؤنٹ کو عالمی تیل اور اشیاء صرف کی قیمتوں میں متوقع اضافہ، گرتی ہوئی ترسیلات، برآمدات سے متعلق چیلنجز اور بڑھتی ہوئی بیرونی قرض کی سطح سے خطرات لاحق ہیں جو کہ ادائیگی کے توازن کو وسط مدتی دورانیہ میں متاثر کر سکتا ہے جس کے لئے منصوبہ سازی کی ضرورت ہوگی۔ طویل المیعاد خود مختار منافع میں تقریباً %50 پیس پوائنٹ کا اوسط اضافہ دیکھا گیا، جو افراط زر اور سود کی شرح میں معتدل اضافے کی عکاسی کرتا ہے۔

NAFA MULTI ASSET FUND

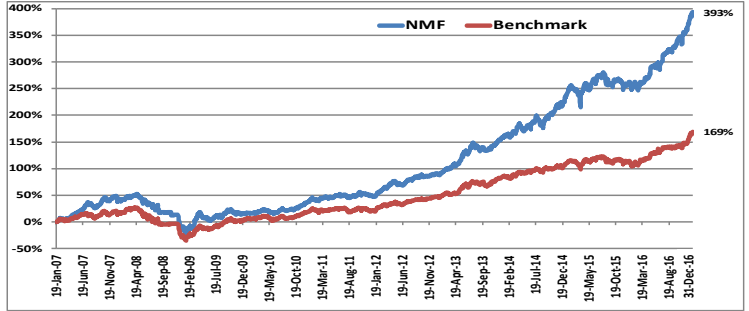
کارپوریٹ ڈبٹ سکیورٹیز (TFCS اور سٹاک) میں ہونے والی تجارتی سرگرمیوں میں جھکاؤ دیکھنے میں آیا اور تقریباً 5 بلین روپے پر ریکارڈ کیا۔ اعلیٰ کریڈٹ معیاری کارپوریٹ بانڈ کی اجراء کے مقابلہ کا رجحان دوبارہ دیکھنے میں آیا۔ فنڈ میں تمام TFCS اور سٹاک رواں شرح ہیں جو کہ KIBOR سے منسلک ہیں، جو سود کی شرح میں خطرے کی کمی کا باعث ہے۔

اس مدت کے دوران فنڈ نے 365.59 ملین روپے کی مجموعی آمدنی کمائی۔ اخراجات کی مدد میں 21.07 ملین روپے منہا کرنے کے بعد خالص آمدنی 344.52 ملین روپے ہے۔



فنڈ کی ایسیٹ ایلوکیشن 31 دسمبر 2016 کو برعکس ذیل ہے:

بچ مارک کے مقابلہ میں NMF کی کارکردگی (اپنے قیام سے اب تک)



اظہار تشکر

بورڈ اس موقع کا فائدہ اٹھاتے ہوئے منجمنت کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر یونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سکیورٹیز ایجنڈا کی پیکیج 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 منجمنت لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

تاریخ

28 فروری 2017ء

مقام: کراچی

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, 2016 in accordance with the provisions of the following:

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

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

Karachi: February 27, 2017

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 2016 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, 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 2016 in the condensed interim financial information have not been reviewed and we do not express a conclusion on them.

The interim financial information of the Fund for the six months period ended 31 December 2015 and financial statements for the year ended 30 June 2016 were reviewed and audited by another firm of auditors whose reports dated 29 February 2016 and 30 September 2016 expressed an unmodified conclusion and opinion thereon respectively.

Date: February 28, 2017

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Nadeem

NAFA MULTI ASSET FUND

Condensed Interim Statement Of Assets And Liabilities As at 31 December 2016

	Note	31 December 2016 Unaudited	30 June 2016 Audited
(Rupees in '000)			
Assets			
Bank balances	6	492,472	350,744
Investments	7	1,292,176	1,045,319
Dividend and profit receivable		4,178	3,898
Advance, deposits and prepayment		3,761	3,650
Total assets		<u>1,792,587</u>	<u>1,403,611</u>
Liabilities			
Payable to NBP Fullerton Asset Management Limited - Management Company	8	17,921	16,031
Payable to Central Depository Company of Pakistan Limited - Trustee	9	260	226
Payable to Securities and Exchange Commission of Pakistan		638	1,249
Payable against purchase of investments		3,962	-
Payable against redemption of units		-	11
Accrued expenses and other liabilities	10	22,566	24,811
Dividend payable		-	33,441
Total liabilities		<u>45,347</u>	<u>75,769</u>
Net assets		<u>1,747,240</u>	<u>1,327,842</u>
Unit holders' fund (as per statement attached)		<u>1,747,240</u>	<u>1,327,842</u>
Contingency and commitment	11		
(Number of units)			
Number of units in issue		<u>89,701,070</u>	<u>84,912,656</u>
(Rupees)			
Net asset value per unit		<u>19.4785</u>	<u>15.6377</u>

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA MULTI ASSET FUND

Condensed Interim Income Statement (Unaudited) For the six and three months period ended 31 December 2016

	Note	Six months period ended		Three months period ended	
		2016	2015	2016	2015
------(Rupees in '000)-----					
Income					
Gain / (loss) on sale of investments - net		52,844	(3,481)	32,282	(2,761)
Profit on bank deposits		11,161	17,219	5,906	8,871
Income from term finance certificates and sukuk bonds		5,168	6,221	2,481	2,982
Income from government securities		2,127	2,127	1,064	1,064
Dividend income		29,267	25,744	18,761	13,859
Net unrealised appreciation / (diminution) on re-measurement of investments 'at fair value through profit or loss -held-for trading' 7.8		252,678	(58,766)	152,153	(4,418)
Total income / (loss)		<u>353,245</u>	<u>(10,936)</u>	<u>212,647</u>	<u>19,597</u>
Expenses					
Remuneration of NBP Fullerton Asset Management Limited - Management Company	8.1	15,011	15,093	7,957	7,372
Sindh Sales Tax on remuneration of Management Company	8.2	1,951	2,451	1,034	1,198
Federal Excise Duty on remuneration of Management Company	8.3	-	2,415	-	1,180
Remuneration of Central Depository Company of Pakistan Limited - Trustee		1,255	1,257	650	620
Sindh Sales Tax on remuneration of Trustee	9.1	163	176	84	87
Allocation of expenses related to registrar services, accounting, operation and valuation services	8.4	751	146	398	146
Annual fee - Securities and Exchange Commission of Pakistan		638	641	338	313
Annual listing fee		27	20	17	10
Securities transaction costs		446	600	242	242
Settlement and bank charges		459	266	120	133
Auditors' remuneration		301	328	163	198
(Reversal) against non-performing securities		-	(5,714)	-	(2,857)
Professional charges		18	-	18	-
Fund rating fee		-	85	-	38
Printing and other charges		52	-	52	-
Total expenses		<u>21,072</u>	<u>17,764</u>	<u>11,073</u>	<u>8,680</u>
Net income / (loss) from operating activities		<u>332,173</u>	<u>(28,700)</u>	<u>201,574</u>	<u>10,917</u>
Element of income and capital gains included in prices of units issued less those in units redeemed - net		12,346	1,514	11,988	242
Provision for Workers' Welfare Fund	10.1	-	-	-	-
Net income / (loss) for the period before taxation		<u>344,519</u>	<u>(27,186)</u>	<u>213,562</u>	<u>11,159</u>
Taxation	12	-	-	-	-
Net income / (loss) for the period		<u>344,519</u>	<u>(27,186)</u>	<u>213,562</u>	<u>11,159</u>

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA MULTI ASSET FUND

Condensed Interim Statement of Comprehensive Income (Unaudited) For the six and three months period ended 31 December 2016

	Six months period ended 2016	2015	Three months period ended 2016	2015
	------(Rupees in '000)-----			
Net income / (loss) for the period after taxation	344,519	(27,186)	213,562	11,159
Other comprehensive income for the period				
Items to be reclassified to income statement in subsequent periods:				
Net unrealised appreciation on the re-measurement of investments classified as 'available for sale'	-	5,738	-	4,594
Total comprehensive income / (loss) for the period	<u>344,519</u>	<u>(21,448)</u>	<u>213,562</u>	<u>15,753</u>

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA MULTI ASSET FUND

Condensed Interim Distribution Statement (Unaudited) For the six and three months period ended 31 December 2016

	Six months period ended		Three months period ended	
	2016	2015	2016	2015
	------(Rupees in '000)-----			
Undistributed income brought forward comprising of :				
- Realised income	357,355	225,818	400,624	397,736
- Unrealised income / (loss)	64,465	155,927	152,153	(54,348)
	<u>421,820</u>	<u>381,745</u>	<u>552,777</u>	<u>343,388</u>
Element of (loss) / income and capital (loss) / gain included in prices of units issued less those in units redeemed - net				
Net income / (loss) for the period	<u>344,519</u>	<u>(27,186)</u>	<u>213,562</u>	<u>11,159</u>
Undistributed income carried forward	<u><u>766,339</u></u>	<u><u>354,526</u></u>	<u><u>766,339</u></u>	<u><u>354,526</u></u>
Undistributed income carried forward comprising of :				
- Realised income	513,661	413,292	614,186	358,944
- Unrealised income / (loss)	252,678	(58,766)	152,153	(4,418)
	<u>766,339</u>	<u>354,526</u>	<u>766,339</u>	<u>354,526</u>

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA MULTI ASSET FUND

Condensed Interim Statement of Movement in Unit Holders' Fund (Unaudited) For the six and three months period ended 31 December 2016

	Six months period ended		Three months period ended	
	2016	2015	2016	2015
	------(Rupees in '000)-----			
Net assets at beginning of the period [Rs. 15.6377 per unit (2015: Rs. 15.3058 per unit)]	1,327,842	1,487,299	1,460,003	1,438,888
Issue of 8,309,592 units (2015: 31,621,089 units)	149,169	496,389	124,464	27,792
Redemption of 3,521,178 units (2015: 32,383,962 units)	(61,944) 87,225	(506,509) (10,120)	(38,801) 85,663	(27,974) (182)
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 condensed interim income statement	-	33	-	21
- amount representing income transferred to condensed interim distribution statement	(12,346)	(1,514)	(11,988)	(242)
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	252,678	(58,766)	152,153	(4,418)
Gain / (loss) on sale of investments - net	52,844	(3,481)	32,282	(2,761)
Other net income for the period	38,997	40,799	29,127	22,932
Total comprehensive income for the period	344,519	(21,448)	213,562	15,753
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - net	-	(33)	-	(21)
Net assets at end of the period [Rs. 19.4785 per unit (2015: Rs. 15.0838 per unit)]	<u>1,747,240</u>	<u>1,454,217</u>	<u>1,747,240</u>	<u>1,454,217</u>

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA MULTI ASSET FUND

Condensed Interim Cash Flow Statement (Unaudited) For the six and three months period ended 31 December 2016

	Note	Six months period ended		Three months period ended	
		2016	2015	2016	2015
		------(Rupees in '000)-----			
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income / (loss) for the period before taxation		344,519	(27,186)	213,562	11,159
Adjustments					
Unrealised (appreciation) / diminution on re-measurement of investments at fair value through profit or loss -held for trading - net		(252,678)	58,766	(152,153)	4,418
(Gain) / loss on sale of investments - net		(52,844)	3,481	(32,282)	2,761
Element of (income) and capital (gains) included in prices of units issued less those in units redeemed - net		(12,346)	(1,514)	(11,988)	(242)
(Reversal) against non-performing securities		-	(5,714)	-	(2,857)
		<u>26,651</u>	<u>27,833</u>	<u>17,139</u>	<u>15,239</u>
Increase / (decrease) in assets					
Investments		58,665	77,553	560	(87,248)
Dividend and profit receivable		(280)	3,992	9,886	8,372
Advances, deposits and prepayments		(111)	87,758	2,766	9
		<u>58,274</u>	<u>169,303</u>	<u>13,212</u>	<u>(78,867)</u>
Increase / (decrease) in liabilities					
Payable to NBP Fullerton Asset Management Limited - Management Company		1,890	2,310	1,425	1,862
Payable to Central Depository Company of Pakistan Limited - Trustee		34	(29)	32	5
Payable to Securities and Exchange Commission of Pakistan		(611)	(498)	(911)	313
Payable against purchase of investments - net		3,962	-	3,962	-
Payable against redemption of units		(11)	-	(11)	-
Accrued expenses and other liabilities		(2,245)	(79,454)	(17)	(724)
		<u>3,019</u>	<u>(77,671)</u>	<u>4,480</u>	<u>1,456</u>
Net cash generated from / (used in) operating activities		<u>87,944</u>	<u>119,465</u>	<u>34,831</u>	<u>(62,172)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Amounts received on issuance of units		149,169	496,389	124,464	27,792
Payment against redemption of units		(61,944)	(506,509)	(38,801)	(27,974)
Distribution paid		(33,441)	(2,128)	-	-
Net cash flows from / (used in) financing activities		<u>53,784</u>	<u>(12,248)</u>	<u>85,663</u>	<u>(182)</u>
Net increase / (decrease) in cash and cash equivalents during the period		141,728	107,217	120,494	(62,354)
Cash and cash equivalents at beginning of the period		350,744	390,010	371,978	559,581
Cash and cash equivalents at end of the period	6	<u>492,472</u>	<u>497,227</u>	<u>492,472</u>	<u>497,227</u>

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

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 2016

1 LEGAL STATUS AND NATURE OF BUSINESS

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).

- 1.1 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).
- 1.2 The Fund is an open-ended mutual fund and is listed on Paksitan 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.
- 1.3 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.
- 1.4 The Pakistan Credit Rating Agency (PACRA) has assigned an asset manager rating of 'AM2++' to the Management Company.
- 1.5 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 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.

- 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 2016. 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Fund as at and for the year ended 30 June 2016.

4 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 financial statements as at and for the year ended 30 June 2016.

5 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 2016.

		31 December 2016	30 June 2016
	Note	Unaudited	Audited
(Rupees in '000)			
6 BANK BALANCES			
In current accounts		5,702	5,371
In savings accounts	6.1 & 6.2	486,770	345,373
		<u>492,472</u>	<u>350,744</u>

6.1 These carry a rate of return ranging from 4% to 6.45% (30 June 2016: 4% to 7.45%) per annum.

6.2 This includes an amount of Rs. 0.157 million on account of redemption of units and Rs. 0.025 million on account of issuance of units relating to various funds under management against switching of units at close of financial period which have been cleared subsequently.

		31 December 2016	30 June 2016
	Note	Unaudited	Audited
(Rupees in '000)			
7 INVESTMENTS			
At fair value through profit or loss - held for trading			
Equity Securities	7.1	1,131,703	885,979
- Listed equity securities	7.2	38,534	39,497
Government Securities	7.4	41,244	40,000
- Pakistan Investment Bonds	7.5	80,695	79,843
Term Finance Certificates and Sukuk Bonds			
- Term finance certificates - unlisted			
- Sukuk bonds		<u>1,292,176</u>	<u>1,045,319</u>

NAFA MULTI ASSET FUND

7.1 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 July 01, 2016	Purchases during the period	Bonus issue during the year	Right shares purchased/ subscribed during the year	Sales during the period	As at 31 December 2016	Market value / carrying value as at 31 December 2016	Market value as a percentage of net assets	Market value as a percentage of investments	Percentage of paid-up capital of the investee company held
							Rupees in '000	-----%-----		
Oil & Gas Exploration Companies										
Oil and Gas Development Company Limited	254,096	-	-	-	25,500	228,596	37,798	2.16	2.93	0.01
Pakistan Oilfields Limited	87,069	-	-	-	8,500	78,569	42,004	2.40	3.25	0.03
Pakistan Petroleum Limited	240,083	-	-	-	30,000	210,083	39,534	2.26	3.06	0.01
Mari Petroleum Limited	42,200	-	-	-	1,900	40,300	55,409	3.17	4.29	0.04
	623,448	-	-	-	65,900	557,548	174,745	10.00	13.52	
Oil & Gas Marketing Companies										
Pakistan State Oil Company Limited	96,152	-	-	-	17,000	79,152	34,369	1.97	2.66	0.03
Attock Petroleum Limited	18,951	-	-	-	-	18,951	12,974	0.74	1.00	0.02
Shell Pakistan Limited	-	62,300	-	-	-	62,300	32,228	1.84	2.49	0.06
Hascol Petroleum Limited (Refer 7.1.2)	565	-	-	-	-	565	191	0.01	0.01	0.00
	115,668	62,300	-	-	17,000	160,968	79,762	4.57	6.17	
Refinery										
Attock Refinery Limited	73,600	-	-	-	35,000	38,600	16,417	0.94	1.27	0.05
	73,600	-	-	-	35,000	38,600	16,417	0.94	1.27	
Fertilizers										
Engro Fertilizers Limited	238,500	175,500	-	-	-	414,000	28,144	1.61	2.18	0.03
Fauji Fertilizer Bin Qasim Limited	210,000	-	-	-	-	210,000	10,754	0.62	0.83	0.02
Fauji Fertilizer Company Limited	11	-	-	-	11	-	-	-	-	-
Engro Corporation Limited	122,817	46,100	-	-	13,200	155,717	49,221	2.82	3.81	0.03
Dawood Hercules Corporation Limited	9,000	-	-	-	-	9,000	1,299	0.07	0.10	0.00
	580,328	221,600	-	-	13,211	788,717	89,418	5.12	6.92	
Chemicals										
Akzo Nobel Pakistan Limited	41,800	-	-	-	14,000	27,800	6,506	0.37	0.50	0.06
Engro Polymer & Chemicals Ltd N	-	985,000	-	-	-	985,000	18,183	1.04	1.41	0.15
	41,800	985,000	-	-	14,000	1,012,800	24,689	1.41	1.91	
Cement										
Attock Cement Pakistan Limited	105,300	4,400	-	-	-	109,700	36,888	2.11	2.85	0.10
D.G. Khan Cement Pakistan Limited	140,500	-	-	-	18,000	122,500	27,162	1.55	2.10	0.03
Fauji Cement Company Limited	100,000	-	-	-	49,500	50,500	2,276	0.13	0.18	0.00
Lucky Cement Limited	40,264	-	-	-	7,000	33,264	28,815	1.65	2.23	0.01
Maple Leaf Cement Cement Factory Limited	130,500	-	-	-	36,000	94,500	12,056	0.69	0.93	0.02
Pioneer Cement Limited	140,500	-	-	-	-	140,500	19,964	1.14	1.54	0.06
	657,064	4,400	-	-	110,500	550,964	127,161	7.28	9.84	
Automobile Parts & Accessories										
Thal Limited	132,336	-	-	-	88,700	43,636	22,190	1.27	1.72	0.11
	132,336	-	-	-	88,700	43,636	22,190	1.27	1.72	
Personal Goods (Textile)										
Azzard Nine Limited (Non-voting shares)	807,000	-	-	-	-	807,000	5,649	0.32	0.44	14.61
Kohinoor Textile Mills Limited (Refer 7.1.2)	639,275	-	-	-	79,000	560,275	65,104	3.73	5.04	1.10
Nishat Mills Limited	409,700	58,000	-	-	107,500	360,200	54,848	3.14	4.24	0.15
	1,855,975	58,000	-	-	186,500	1,727,475	125,601	7.19	9.72	
Transport										
Pakistan National Shipping Corporation	96,000	-	-	-	31,500	64,500	10,409	0.60	0.81	0.05
	96,000	-	-	-	31,500	64,500	10,409	0.60	0.81	
Engineering										
International Steels Limited	927,500	-	-	-	723,500	204,000	19,937	1.14	1.54	0.05
International Industries Limited	459,000	-	-	-	355,500	103,500	21,086	1.21	1.63	0.09
	1,386,500	-	-	-	1,079,000	307,500	41,023	2.35	3.17	
Power Generation & Distribution										
Kot Addu Power Company Limited	431,500	-	-	-	92,000	339,500	26,753	1.53	2.07	0.04
Saif Power Limited	257,000	-	-	-	-	257,000	9,139	0.52	0.71	0.07
The Hub Power Company Limited	270,748	-	-	-	106,000	164,748	20,343	1.16	1.57	0.01
	959,248	-	-	-	198,000	761,248	56,235	3.22	4.35	
Commercial Banks										
Allied Bank Limited	263,900	36,000	-	-	-	299,900	35,751	2.05	2.77	0.03
Bank Al-falah Limited	486,500	-	-	-	-	486,500	18,467	1.06	1.43	0.03
Bank Al-Habib Limited	569,400	-	-	-	3,500	565,900	33,381	1.91	2.58	0.05
Faysal Bank Limited (Refer 7.1.2)	20,650	-	-	-	-	20,650	450	0.03	0.03	0.00
Habib Bank Limited	83,180	14,000	-	-	-	97,180	26,554	1.52	2.05	0.01
MCB Bank Limited	70,900	80,000	-	-	9,000	141,900	33,747	1.93	2.61	0.01
Meezan Bank Limited	617	-	-	-	-	617	42	0.00	0.00	0.00
United Bank Limited	117,691	15,000	-	-	18,000	114,691	27,400	1.57	2.12	0.01
	1,612,838	145,000	-	-	30,500	1,727,338	175,792	10.06	13.60	

NAFA MULTI ASSET FUND

Name of the investee company	As at July 01, 2016	Purchases during the period	Bonus issue during the year	Right shares purchased/ subscribed during the year	Sales during the period	As at 31 December 2016	Market value / carrying value as at 31 December 2016	Market value as a percentage of net assets	Market value as a percentage of investments	Percentage of paid-up capital of the investee company held
Rupees in '000 -----%-----										
Cable and Electrical Goods										
Pakistan Elektron Limited	184,500	-	-	-	19,000	165,500	11,797	0.68	0.91	0.03
	<u>184,500</u>				<u>19,000</u>	<u>165,500</u>	<u>11,797</u>	<u>0.68</u>	<u>0.91</u>	
Glass and Ceramics										
Tariq Glass Industries Limited	424,000	-	-	-	104,500	319,500	32,094	1.84	2.48	0.43
Shabir Tiles & Ceramics Ltd	-	1,243,000	-	-	-	1,243,000	13,872	0.79	1.07	0.76
	<u>424,000</u>	<u>1,243,000</u>			<u>104,500</u>	<u>1,562,500</u>	<u>45,966</u>	<u>2.63</u>	<u>3.56</u>	
Technology Hardware And Equipment										
Avanceon Limited	31,000	-	-	-	-	31,000	1,080	0.06	0.08	0.03
	<u>31,000</u>					<u>31,000</u>	<u>1,080</u>	<u>0.06</u>	<u>0.08</u>	
Textile Composite										
Crescent Textile Mills Ltd	-	496,500	-	-	-	496,500	13,654	0.78	1.06	0.62
Nishat (Chunian) Ltd	-	364,000	-	-	-	364,000	22,724	1.30	1.76	0.15
		<u>860,500</u>				<u>860,500</u>	<u>36,378</u>	<u>2.08</u>	<u>2.82</u>	
Paper & Board										
Century Paper & Board Mills Ltd	-	259,000	-	-	-	259,000	16,071	0.92	1.24	0.18
		<u>259,000</u>				<u>259,000</u>	<u>16,071</u>	<u>0.92</u>	<u>1.24</u>	
Automobile Assembler										
Indus Motor Company Limited	33,520	-	-	-	9,800	23,720	38,297	2.19	2.96	0.03
Millat Tractors Ltd	-	33,850	-	-	-	33,850	30,623	1.75	2.37	0.08
	<u>33,520</u>	<u>33,850</u>			<u>9,800</u>	<u>57,570</u>	<u>68,920</u>	<u>3.94</u>	<u>5.33</u>	
Pharma And Biotech										
GlaxoSmithKline (Pakistan) Limited	34,500	-	-	-	-	34,500	8,049	0.46	0.62	0.01
	<u>34,500</u>					<u>34,500</u>	<u>8,049</u>	<u>0.46</u>	<u>0.62</u>	
Total - 31 December 2016	8,842,325	3,872,650	-	-	2,003,111	10,711,864	1,131,703	65	88	
Carrying value before fair value adjustment as at 31 December 2016							<u>880,158</u>			

- 7.1.1 Investments include shares with market value of Rs. 52.82 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.
- 7.1.2 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 and not yet deposited in CDC account of department of Income Tax.

7.2 Pakistan Investment Bonds

Issue date	Tenor	Face Value				As at 31 December 2016 Market value/ carrying value	Market value as a percentage of net assets	Market value as a percentage of total investments	
		As at July 01, 2016	Purchases during the period	Sales/ matured during the period	As at 31 December 2016				
17 July 2014	3 years	37,500	-	-	37,500	38,534	0.04	2.98	
Carrying value before mark to market as at 31 December 2016							<u>39,497</u>		

NAFA MULTI ASSET FUND

7.2.1 This carry rate of return 11.25% per annum (30 June 2016: 11.25%).

7.3 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 2016 Market value/ carrying value	Market value as a percentage of net assets	Market value as a percentage of total investments
	As at July 01, 2016	Purchases during the period	Disposals during the period	As at 31 December 2016			
Saudi Pak Leasing Company Limited (note 7.3.1)	10,000	-	-	10,000	-	-	-
Provision for impairment losses as at 31 December 2016 (note 7.10)					27,547		

7.3.1 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.

7.4 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 2016 Market value/ carrying value	Market value as a percentage of net assets	Market value as a percentage of total investments
	As at July 01, 2016	Purchases during the period	Disposals during the period	As at 31 December 2016			
Jahangir Siddiqui and Company Limited	8,000	-	-	8,000	41,244	0.05	3.19
Carrying value before fair value adjustment as at 31 December 2016					40,000		

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

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

Name of the investee company	Number of certificates				As at 31 December 2016 Market value/ carrying value	Market value as a percentage of net assets	Market value as a percentage of total investments
	As at July 01, 2016	Purchases during the period	Disposals during the period	As at 31 December 2016			
K - Electric AZM Sukuk	16,000	-	-	16,000	80,695	0.09	6.24
Carrying value before fair value adjustment as at 31 December 2016					79,843		

7.5.1 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.

7.6 Significant terms and conditions of term finance certificates and sukuk 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	5,000	6.87% Fixed rate	13 March 2008	9 Years	Unsecured	Unrated
Unlisted term finance certificates							
Jahangir Siddiqui and Company Limited	8,000	5,000	6 Month KIBOR offer rate plus 1.65%	16 May 2016	5 years	Unsecured	AA+
Listed Sukuk							
K - Electric AZM Sukuk	16,000	5,000	3 Month KIBOR offer rate plus 2.25%	19 March 2014	3 Years	Unsecured	AA

NAFA MULTI ASSET FUND

7.7 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 2016 Market value/ carrying value	Market value as a percentage of net assets	Market value as a percentage of total investments
	As at July 01, 2016	Purchases during the period	Disposals during the period	As at 31 December 2016			
					Rupees in '000	-----%	-----
New Allied Electronics Industries (Private) Limited (note 7.7.2)	32,000	-	-	32,000	-	-	-
Eden Housing Limited (note 7.7.3)	10,000	-	-	10,000	-	-	-
Total as at 31 December 2016	42,000	-	-	42,000	-	-	-
Provision for impairment losses as at 31 December 2016 (note 7.10)					<u>19,844</u>		

7.7.1 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.

7.7.2 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.

7.7.3 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.

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

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

		31 December 2016	31 December 2015
		Unaudited	
		(Rupees in '000)	
Market value of investments	7	1,292,176	945,917
Less: Carrying value of investments		(1,067,045)	(1,032,230)
		<u>225,131</u>	<u>(86,313)</u>
Add: Provision against non-performing TFCs	7.10	27,547	27,547
		<u>252,678</u>	<u>(58,766)</u>

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

		31 December 2016	31 December 2015
		Unaudited	
		(Rupees in '000)	
Market value of investments	7.7	-	39,508
Less: Carrying value of investments		-	(62,186)
		-	<u>(22,678)</u>
Add: Provision against non-performing TFCs		-	28,416
		-	<u>5,738</u>

NAFA MULTI ASSET FUND

7.10 Movement in provision against non-performing term finance certificates and sukuk bonds		31 December 2016	31 December 2015
		Unaudited (Rupees in '000)	
Balance as at 1 July		47,391	61,677
Reversal of provision due to redemption of principal		-	(5,714)
Balance as at 31 December		<u>47,391</u>	<u>55,963</u>
8 PAYABLE TO NBP FULLERTON MANAGEMENT LIMITED - MANAGEMENT COMPANY		31 December 2016	30 June 2016
		(Rupees in '000)	
		Unaudited	Audited
Management remuneration	8.1	2,854	2,284
Sindh Sales Tax	8.2	371	371
Federal Excise Duty	8.3	11,587	11,587
Allocation of expenses related to registrar services, accounting, operation and valuation services	8.4	751	861
Front - end load payable to Management Company		2,358	928
		<u>17,921</u>	<u>16,031</u>
8.1	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 two percent of average annual net assets. Accordingly, the Management Company has charged its remuneration at the rate of two percent of the average annual net assets of the Fund.		
8.2	The Sindh Provincial Government levied Sindh Sales Tax at the rate of 13% on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011, effective from 1 July 2016 (30 June 2016: 14%)		
8.3	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.		
	The Honorable Sindh High Court (SHC) through its recent order dated 2 June 2016, in CPD-3184 of 2014 (and others) filed by various taxpayers, has inter alia 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 Honorable 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 Honorable Supreme Court against the Sindh High Court's decision dated 2 June 2016. Therefore, as a matter of abundant caution, without prejudice to the above, the Management Company has made a provision with effect from 13 June 2013, aggregating to Rs. 11.942 million out of which Rs. 0.355 million have been paid to the Management Company. Had the provision not been made, the Net Assets Value (NAV) per unit of the Fund as at 31 December 2016 would have been higher by Rs. 0.1331 per unit (30 June 2016: Rs. 0.1406 per unit). 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.		
8.4	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 Scheme or actual whichever is less" from the mutual funds managed by it. The allocation of expenses relating to registrar services, accounting, operations and valuation services at 0.1% of average net annual assets of the Fund has been charged with effect from 25 November 2015.		

NAFA MULTI ASSET FUND

9	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE		31 December 2016	31 December 2015
			Unaudited	
			(Rupees in '000)	
	Remuneration payable to the Trustee		230	199
	Sindh Sales Tax on remuneration of the Trustee	9.1	<u>30</u>	<u>27</u>
			<u>260</u>	<u>226</u>

9.1 The Sindh Provincial Government levied Sindh Sales Tax at the rate of 13% on the remuneration of the Trustee through Sindh Sales Tax on Services Act, 2011, effective from 1 July 2016 (30 June 2016: 14%).

10	ACCRUED EXPENSES AND OTHER LIABILITIES	10.1	31 December 2016	31 December 2015
			Unaudited	
			(Rupees in '000)	
	Provision for Workers' Welfare Fund		20,023	20,023
	Auditors' remuneration		367	433
	Settlement charges		139	54
	Dividend payable		493	493
	Legal and professional charges		13	5
	Withholding Tax		801	3,078
	Others		<u>730</u>	<u>725</u>
			<u>22,566</u>	<u>24,811</u>

10.1 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:

- 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 a prudent basis on 12 January 2017 with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e. starting from 21 May 2015).

Accordingly, the provision for SWWF is being made on a daily basis going forward.

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 1 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 upto 31 December 2016 and recording of provision for SWWF of Rs. 10.492 million upto 31 December 2016 have been made on 12 January 2017. The net effect of these adjustments as at 31 December 2016 amounted to Rs. 9.531 million.

NAFA MULTI ASSET FUND

Had above adjustments been made on 31 December 2016 the net assets value per unit of the Fund would have been higher by Rs. 0.1063.

11 CONTINGENCY AND COMMITMENT

There was no contingency and commitment as at 31 December 2016 (30 June 2016: Nil).

12 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 2017 as reduced by capital gains (whether realised or unrealised) to its unit holders in the form of cash.

13 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'.

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	net assets	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)	-	-	-

- 13.1 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.

NAFA MULTI ASSET FUND

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

14 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses incurred during the period divided by Average net assets value for the period) is 2.81% p.a. including 0.37% representing government levies on Collective Investment scheme such as Sales tax, Worker's Welfare Fund and Securities & Exchange Commission of Pakistan fee for the period.

15 TRANSACTIONS WITH CONNECTED PERSONS

15.1 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.

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

15.3 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.

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

15.5 Details of transactions with connected persons are as follows:

	(Unaudited)			
	Six months period ended		Three months period ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	----- (Rupees in '000) -----			
NBP Fullerton Asset Management Limited - Management Company				
Remuneration of NBP Fullerton Asset Management Limited - Management Company	15,011	15,093	7,957	7,372
Allocated expenses	751	146	-	-
Front-end load	1,458	1,714	1,363	368
Sindh Sales Tax on remuneration of the Management Company	1,951	2,451	1,034	1,198
Federal Excise Duty on remuneration of Management Company	-	2,415	-	1,180
Central Depository Company of Pakistan Limited - Trustee				
Remuneration of Central Depository Company of Pakistan Limited - Trustee	1,255	1,257	650	620
Sindh Sales Tax on remuneration of the Trustee	163	176	84	87
CDS charges	23	50	10	30
Employees of Management Company				
Units redeemed / transferred out 828 units (31 December 2015: 78,001 units)	16	1,218	16	110
Units issued / transferred in 4,218 units (31 December 2015: 70,155 units)	75	1,097	75	51
National Fullerton Asset Management Limited - Employee Provident Fund				
Units redeemed / transferred out Nil units (31 December 2015: 87,460 units)	-	1,280	-	1,280
Byco Oil Pakistan Limited - Employee Provident Fund - Related Party				
Units issued / transferred in 157,905 units (31 December 2015: Nil units)	2,708	-	2,708	-
Byco Petroleum Pakistan Limited - Employee Provident Fund - Related				
Units issued / transferred in 800,603 units (31 December 2015: Nil units)	13,729	-	13,729	-

NAFA MULTI ASSET FUND

	(Unaudited)			
	Six months period ended		Three months period ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	----- (Rupees in '000) -----			
Taurus Securities Limited - Subsidiary of Parent Company				
Brokerage charges	46	22	32	17
International Industries - Common Directorship				
Shares purchased: Nil shares (31 December 2015: 54,500 shares)	-	3,470	-	3,470
Shares sold: 355,500 shares (31 December 2015: 51,000 shares)	40,241	3,978	40,241	-
Dividend income	-	606	-	-
International Steels Limited - Common Directorship				
Shares purchased: Nil shares (31 December 2015: 521,500 shares)	-	14,524	-	14,524
Shares sold: 723,500 shares (31 December 2015: Nil shares)	38,394	-	38,394	-
Summit Bank Limited - Common Directorship				
Bank profit	1	1	1	-
			31 December	30 June
			2016	2016
			Unaudited	Audited
			----- (Rupees in '000) -----	

15.6 Amounts outstanding as at period end are as follows:

NBP Fullerton Asset Management Limited - Management Company			
Management remuneration		2,854	2,284
Sindh Sales Tax		371	371
Federal Excise Duty		11,587	11,587
Allocation of expenses related to registrar services, accounting, operation and valuation services		751	861
Front - end load payable to Management Company		2,358	928
National Bank of Pakistan - Sponsor			
Balance in current account		3,051	2,810
NBP Employees Pension Fund			
Investment held in the Fund: 2,528,649 units (30 June 2016: 2,528,649 units)		492,543	395,423
Central Depository Company of Pakistan Limited - Trustee			
Remuneration payable Remuneration payable to the Trustee		230	226
Sindh Sales Tax on remuneration of the Trustee		30	27
CDC charges payable		12	54
Security deposit		100	100
Byco Oil Pakistan Limited - Employee Provident Fund			
Investment held in the Fund: 157,905 units (30 June 2016: held units)		3,076	-
Byco Petroleum Pakistan Limited - Employee Provident Fund			
Investment held in the Fund: 800,603 units (30 June 2016: held units)		15,595	-
Employees of Management Company			
Investment held in the Fund: 16,520 units (30 June 2016: Nil units)		322	-

NAFA MULTI ASSET FUND

	31 December 2016 Unaudited	30 June 2016 Audited
Summit Bank of Pakistan - Common Directorship	----- (Rupees in '000) -----	
Bank balance	2,685	2,561
International Industries Limited - Common Directorship		
Ordinary shares held 103,500 (30 June 2016: 297,000 shares)	21,086	37,119
International Steels Limited - Common Directorship		
Ordinary shares held 204,000 (30 June 2016: 927,500 shares)	19,937	33,038
Taurus Securities Limited - Subsidiary of Parent Company		
Brokerage payable	-	7
Net amount receivable / (payable) against transfer of units from:		
- NAFA Asset Allocation Fund	-	(11)
- NAFA Income Opportunity Fund	-	655
- NAFA Government Securities Liquid Fund	-	1

16 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.

NAFA MULTI ASSET FUND

31 December 2016

Unaudited

	Carrying amount			Total	Fair value			Total
	At fair value through profit and loss	Loans and receivables	Other financial liabilities		Level 1	Level 2	Level 3	

On-balance sheet financial instruments

Financial assets measured at fair value

Investment

- Equity securities - listed	1,131,703	-	-	1,131,703	1,131,703	-	-	1,131,703
- Pakistan Investment Bonds	38,534	-	-	38,534	-	38,534	-	38,534
- Term finance certificates - unlisted	41,244	-	-	41,244	-	41,244	-	41,244
- Sukuk bonds	80,695	-	-	80,695	-	80,695	-	80,695
	<u>1,292,176</u>	<u>-</u>	<u>-</u>	<u>1,292,176</u>	<u>1,131,703</u>	<u>160,473</u>	<u>-</u>	<u>1,292,176</u>

Financial assets not measured at fair value

Bank balances	-	492,472	-	492,472	-	-	-	-
Dividend and profit receivable	-	4,178	-	4,178	-	-	-	-
Deposits and other receivable	-	2,878	-	2,878	-	-	-	-
	<u>-</u>	<u>499,528</u>	<u>-</u>	<u>499,528</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Financial liabilities not measured at fair value

Payable to NBP Fullerton Asset Management Limited - Management Company	-	-	17,921	17,921	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	260	260	-	-	-	-
Payable against purchase of investment	-	-	3,962	3,962	-	-	-	-
Accrued expenses and other liabilities	-	-	1,742	1,742	-	-	-	-
	<u>-</u>	<u>-</u>	<u>23,885</u>	<u>23,885</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

30 June 2016

Audited

	Carrying amount			Total	Fair value			Total
	At fair value through profit and loss	Loans and receivables	Other financial liabilities		Level 1	Level 2	Level 3	

On-balance sheet financial instruments

Financial assets measured at fair value

Investments

- Equity securities - listed	885,979	-	-	885,979	885,979	-	-	885,979
- Pakistan Investment Bonds	39,497	-	-	39,497	-	39,497	-	39,497
- Term finance certificates - unlisted	40,000	-	-	40,000	-	40,000	-	40,000
- Sukuk bonds	79,843	-	-	79,843	-	79,843	-	79,843
	<u>1,045,319</u>	<u>-</u>	<u>-</u>	<u>1,045,319</u>	<u>885,979</u>	<u>159,340</u>	<u>-</u>	<u>1,045,319</u>

Financial assets not measured at fair value

Bank balances	-	350,744	-	350,744	-	-	-	-
Profit receivables	-	3,898	-	3,898	-	-	-	-
Deposits and other receivable	-	3,506	-	3,506	-	-	-	-
	<u>-</u>	<u>358,148</u>	<u>-</u>	<u>358,148</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Financial liabilities not measured at fair value

Payable to NBP Fullerton Asset Management Limited - Management Company	-	-	16,031	16,031	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	226	226	-	-	-	-
Payable against redemption of units	-	-	11	11	-	-	-	-
Accrued expenses and other liabilities	-	-	1,710	1,710	-	-	-	-
Dividend payable	-	-	33,441	33,441	-	-	-	-
	<u>-</u>	<u>-</u>	<u>51,419</u>	<u>51,419</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

NAFA MULTI ASSET FUND

16.1 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.

17 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 28, 2017.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director



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

Head Office

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

UAN: 021-111-111-632

Toll Free: 0800-20002

Sms: NAFA INVEST to 8080

Fax: 021-35825335

Email: info@nafafunds.com

Website: www.nafafunds.com

 /nafafunds