


## MISSION STATEMENT



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

# NAFA ASSET ALLOCATION FUND

## Contents

FUND'S INFORMATION	03
DIRECTORS' REPORT	05
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES	07
CONDENSED INTERIM INCOME STATEMENT	08
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME	09
CONDENSED INTERIM DISTRIBUTION STATEMENT	10
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND	11
CONDENSED INTERIM CASH FLOW STATEMENT	12
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS	13

# NAFA ASSET ALLOCATION FUND

## FUND'S INFORMATION

### Management Company

NBP Fullerton Asset Management Limited – Management Company

### Board of Directors of the Management Company

Mr. Shahid Anwar Khan	Chairman
Mr. Amir Shehzad	Director
Mr. Wah Geok Sum	Director
Mr. Koh Boon San	Director
Mr. Shehryar Faruque	Director
Mr. Kamal Amir Chinoy	Director
Dr. Asif A. Brohi	Director
Dr. Amjad Waheed	Chief Executive Officer

### Company Secretary & CFO of the Management Company

Mr. Muhammad Murtaza Ali

### Audit & Risk Committee

Mr. Koh Boon San	Chairman
Mr. Shehryar Faruque	Member
Mr. Amir Shehzad	Member

### Trustee

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

### Bankers to the Fund

Allied Bank Limited  
Askari Bank Limited  
Bank Alfalah Limited  
Bank Al-Habib Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
MCB Bank Limited  
NIB Bank Limited  
Soneri Bank Limited  
United Bank Limited  
National Bank of Pakistan  
Summit Bank Limited  
Standard Chartered Bank Pakistan Limited  
The Bank of Panjab

# NAFA ASSET ALLOCATION FUND

## **Auditors**

A.F. Ferguson & Co. Chartered Accountants  
State Life Building No. 1-C  
I.I. Chundrigar Road,  
P.O.Box 4716  
Karachi.

## **Legal Advisor**

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

## **Head Office:**

9th Floor, Adamjee House,  
I.I. Chundrigar Road, Karachi  
UAN: 021-111-111-NFA (632)  
Toll Free: 0800-20001  
Fax: 021-32467605

## **Lahore Office:**

House # 10 - A, Block -S, Gulberg - II, Lahore.  
UAN: (+92-42) 111-111-NFA (632)  
Fax No: (+92-42) 35760373

## **Islamabad Office:**

Plot No. 395, 396  
Industrial Area, 1-9/3 Islamabad.  
UAN: 051-111-111-632  
Phone: 051-2514987  
Fax: 051-4859031

## **Peshawar Office:**

1st Floor, Haji Tehmas Centre,  
Near KFC, Tehkal Payan  
University Road, Peshawar.  
Phone: 92-91-5711784, 5711782  
Fax: 92-91-5211780

## **Multan Office:**

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

# NAFA ASSET ALLOCATION FUND

## DIRECTORS' REPORT

The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the unaudited financial statements of NAFA Asset Allocation Fund for the quarter ended September 30, 2012.

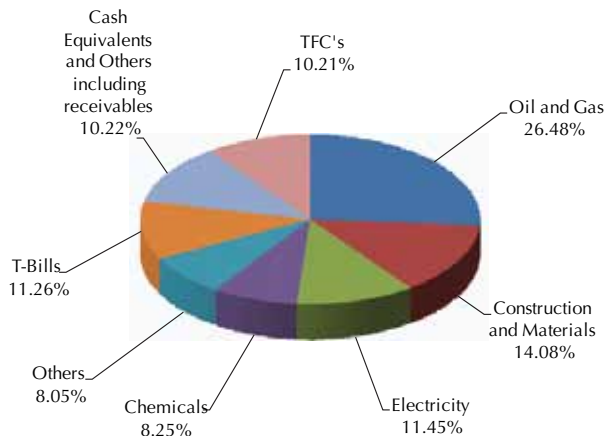
### Fund's Performance

During the first quarter, the unit price of NAFA Asset Allocation Fund (NAAF) has increased from Rs. 10.3349 (Ex-Div) on June 30, 2012 to Rs.11.1675 on September 30, 2012, thus showing a growth of 8.06%, as compared to its Benchmark (1/3 of average 3-month bank deposit rate; 1/3 of 6-months KIBOR; 1/3 of KSE 30 Index) return of 4.55% during the same period. Thus, the Fund has outperformed its Benchmark by 3.51% during the period under review. Since inception the NAV of the Fund has increased from Rs. 7.5629 (Ex-Div) on August 20, 2010 to Rs.11.1675 on September 30, 2012, thus showing an increase of 47.66%. During the said period, the Benchmark increased by 26.75%, translating into outperformance of 20.91%. The performance of the Fund is net of management fee and all other expenses. The size of NAFA Asset Allocation Fund has increased from Rs.489 million to Rs.636 million during the period, i.e. an increase of 30.06%.

The stock market depicted a bullish trend during 1QFY13. The KSE-100 Index surged by 11.9% to the 15,445 levels as against 13,801 levels at the beginning of the quarter. During the period under review the key factors for the upbeat performance of the market were (i) relaxation of the monetary regime with 150bps cut in the Policy Rate by the SBP; (ii) healthy corporate earnings and payouts; (iii) improved trading activity and foreign flows; and (iv) improvement on the internal and external political fronts. The Food Producers, Personal Goods and Fixed Line Telecommunication sectors performed better than the market. On the other hand, Oil & Gas, Chemicals, Electricity and Banking sectors lagged the market.

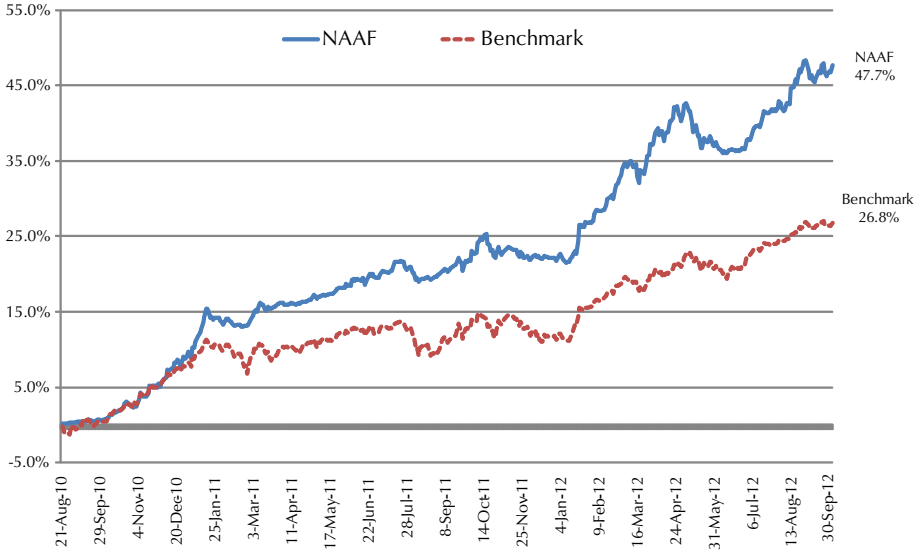
The coupon rates of most TFCs in your Fund are floating and linked to KIBOR, which depicted a falling trend during the quarter.

The Fund has earned total income of Rs.45.65 million during the period. After deducting expenses of Rs.5.55 million, the net income is Rs.40.10 million. The asset allocation of the Fund as on September 30, 2012 is as follows:



# NAFA ASSET ALLOCATION FUND

NAAF Performance versus Benchmark (Since Inception)



## Acknowledgement

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

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

On behalf of the Board of  
NBP Fullerton Asset Management Limited

Chief Executive

Director

Date: October 23, 2012

Place: Karachi.

# NAFA ASSET ALLOCATION FUND

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2012

	Note	As at September 30, 2012	June 30, 2012
Rupees in '000			
<b>ASSETS</b>			
Balances with banks		63,093	56,225
Investments	4	571,082	464,756
Dividend and profit receivable	5	6,857	4,608
Deposits, prepayments and other receivables		3,010	3,049
Preliminary expenses and floatation costs		578	628
<b>Total assets</b>		<b>644,620</b>	<b>529,266</b>
<b>LIABILITIES</b>			
Payable to the Management Company		4,477	3,247
Payable to Central Depository Company of Pakistan Limited - Trustee		100	80
Payable to the Securities and Exchange Commission of Pakistan		130	376
Payable against purchase of investments		230	34,394
Payable against redemption of units		-	0
Accrued expenses and other liabilities	6	3,632	2,619
<b>Total liabilities</b>		<b>8,569</b>	<b>40,716</b>
<b>NET ASSETS</b>		<b>636,051</b>	<b>488,550</b>
<b>UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)</b>		<b>636,051</b>	<b>488,550</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	7		
-----Number of units-----			
<b>NUMBER OF UNITS IN ISSUE</b>		<b>56,955,646</b>	<b>42,872,643</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>11.1675</b>	<b>11.3954</b>

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ASSET ALLOCATION FUND

## CONDENSED INTERIM INCOME STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	Note	For the quarter ended September 30, 2012	For the quarter ended September 30, 2011
(Rupees in '000)			
<b>INCOME</b>			
Capital gain on sale of investments - net		6,352	(2,063)
Income from term finance certificates		3,224	2,429
Income from government securities		1,040	4,448
Income from margin trading system		-	168
Profit on bank deposits		1,566	979
Dividend income		6,633	662
Net unrealised appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss'		26,834	2,722
<b>Total Income</b>		<b>45,649</b>	<b>9,345</b>
<b>EXPENSES</b>			
Remuneration of the Management Company		2,747	1,564
Sindh Sales Tax on Management Company's remuneration		440	252
Remuneration of Central Depository Company of Pakistan Limited - Trustee		275	176
Annual fee - Securities and Exchange Commission of Pakistan		130	74
Amortisation of preliminary expenses and floatation costs		50	50
Auditors' remuneration		138	126
Annual listing fee		7	6
Printing charges		-	46
NCCPL Fee		63	63
Securities transaction cost		724	293
Mutual fund rating fee		-	22
Settlement and bank charges		157	265
<b>Total Expenses</b>		<b>4,731</b>	<b>2,937</b>
<b>Net income from operating activities</b>		<b>40,918</b>	<b>6,408</b>
Element of income and capital gains included in the prices of units issued less those in units redeemed		-	-
Provision for Workers' Welfare Fund		(818)	(128)
<b>Net income for the year / period before taxation</b>		<b>40,100</b>	<b>6,280</b>
Taxation	9	-	-
<b>Net income for the year / period after taxation</b>		<b>40,100</b>	<b>6,280</b>
<b>Earnings per unit</b>	10		

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director



# NAFA ASSET ALLOCATION FUND

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	For the quarter ended September 30, 2012	For the quarter ended September 30, 2011
	(Rupees in '000)	
Net income for the year / period after taxation	40,100	6,280
Other comprehensive income for the year / period	-	-
<b>Total comprehensive income for the year / period</b>	<u>40,100</u>	<u>6,280</u>

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ASSET ALLOCATION FUND

## CONDENSED INTERIM DISTRIBUTION STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	For the quarter ended September 30, 2012	For the quarter ended September 30, 2011
	(Rupees in '000)	
<b>Undistributed income brought forward</b>		
Realised income	52,778	29,808
Unrealised income	1,096	2,060
	<u>53,874</u>	<u>31,868</u>
Net income for the year / period after taxation	40,100	6,280
<b>Final distribution during the year / period</b>		
- Rs 1.08 per unit declared on July 09, 2012		
- Bonus units	(46,444)	(26,220)
-Cash distribution	(10)	(4)
Element of income and capital gains included in the prices of units issued less those in units redeemed	8,516	941
Undistributed income carried forward	<u>56,036</u>	<u>12,865</u>
<b>Undistributed income comprising of :</b>		
Realised income	29,202	10,143
Unrealised income	26,834	2,722
	<u>56,036</u>	<u>12,865</u>

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ASSET ALLOCATION FUND

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	For the quarter ended September 30, 2012	For the quarter ended September 30, 2011
	(Rupees in '000)	
Net assets at the beginning of the year / period	488,550	282,722
Issue of 24,563,163 units including 4,414,860 bonus units (2011: 11,203,180 units including 2,552,922 bonus units)	222,068	89,895
Redemption of 10,480,160 units (2011 : 1,864,665 units)	(114,657) 107,411	(19,263) 70,632
Net unrealised appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	26,834	2,722
Capital gain on sale of investments - net	6,352	(2,063)
Other net income for the year / period	6,914 40,100	5,621 6,280
Element of income and capital gains included in the prices of units issued less those in units redeemed		
- amount representing income that forms part of unit holder's fund - amount transferred to distribution statement	(8,516)	(941)
<b>Distributions of bonus units during the year / period</b>		
Interim distributions	-	-
Final distribution	(46,444)	-
<b>Final distribution made during the year / period</b>		
Issue of bonus units for the period from August 02, 2010 to June 30, 2011	-	26,220
<b>Final distribution made during the year / period</b>		
- Rs 1.08 per unit declared on July 09, 2012		
- Issue of bonus Units	46,444	(26,220)
- Cash distribution	(10)	(4)
Element of income and capital gains included in the prices of units issued less those in units redeemed	8,516	941
<b>Net assets at the end of the year / period</b>	<b>636,051</b>	<b>359,630</b>

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ASSET ALLOCATION FUND

## CONDENSED INTERIM CASH FLOW STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	For the quarter ended September 30, 2012	For the quarter ended September 30, 2011
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year / period	40,100	6,280
<b>Adjustments for:</b>		
Net unrealised appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	(26,834)	(2,722)
Amortisation of preliminary expenses and floatation costs	50	50
Element of income and capital gains included in the prices of units issued less those in units redeemed	-	-
	<u>13,316</u>	<u>3,608</u>
<b>(Increase) / decrease in assets</b>		
Investments - net	(79,492)	(132,996)
Receivable against margin trading system	-	12,676
Receivable against sale of investments	-	5,654
Dividend and profit receivable	(2,249)	488
Deposits, prepayments and other receivable	39	49
	<u>(81,702)</u>	<u>(114,129)</u>
<b>Increase in liabilities</b>		
Payable to the Management Company	1,230	652
Payable to the Central Depository Company of Pakistan Limited - Trustee	20	-
Payable to the Securities and Exchange Commission of Pakistan	(246)	(90)
Payable against purchase of investments	(34,164)	14,001
Accrued expenses and other liabilities	1,013	652
	<u>(32,147)</u>	<u>15,215</u>
<b>Net cash used in operating activities</b>	<u>(100,533)</u>	<u>(95,306)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issue of units	222,068	89,895
Payments on redemption of units	(114,657)	(19,316)
Distributions paid	(10)	(4)
<b>Net cash generated from financing activities</b>	<u>107,401</u>	<u>70,575</u>
<b>Net (decrease) / increase in cash and cash equivalents during the year / period</b>	<u>6,868</u>	<u>(24,731)</u>
Cash and cash equivalents at the beginning of the year / period	56,225	62,963
<b>Cash and cash equivalents at the end of the year / period</b>	<u><u>63,093</u></u>	<u><u>38,232</u></u>

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ASSET ALLOCATION FUND

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2012

### 1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Asset Allocation Fund (the Fund) was established under a Trust Deed executed between NBP Fullerton Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on June 29, 2010 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on July 14, 2010.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 9th Floor, Adamjee House, I.I. Chundrigar Road, Karachi. The Management Company is a member of Mutual Funds Association of Pakistan (MUFAP).

The Fund is an open-ended mutual fund and is listed on the Lahore Stock Exchange. Units are offered for public subscription on a continuous basis. The units of the Fund are transferable and can be redeemed by surrendering these to the Fund. The Fund is categorized as an Open-End "Asset Allocation Scheme" as per the criteria laid down by the SECP for categorization of Collective Investment Schemes (CIS).

The objective of the Fund is to generate income by investing in debt and money market securities and to generate capital appreciation by investing in equity and equity related securities. The Fund also undertakes transactions under margin trading system.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of AM2 to the Management Company.

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

### 2 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, 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 SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail. The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'.

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

### 3 Accounting Policies

The accounting policies adopted for the preparation of the condensed interim financial statements for the quarter ended September 30, 2012 are same as those applied in the preparation of annual audited financial statements for the year ended June 30, 2012.

### 4 INVESTMENTS

	Note	September 30, 2012	September 30, 2011
		(Rupees in '000)	
At fair value through profit or loss:			
- Equity securities - listed	4.1	434,531	145,275
- Term finance certificates - listed	4.2	64,933	67,320
- Government securities	4.3	71,618	214,161
Loans and receivables		-	38,000
		<u>571,082</u>	<u>464,756</u>

# NAFA ASSET ALLOCATION FUND

## 4.1 Investment in shares of listed companies at fair value through profit or loss

Share of Listed Companies - Fully paid ordinary of Rs. 10 each unless stated otherwise

Name of the investee company	Number of shares				Market value as at September 30, 2012	Investment as a percentage of			
	As at July 01, 2012	Purchases during the period	Bonus / Right Issues	Sales during the period		As at September 30, 2012	Net assets	Market value of total investments	Paid up capital of the investee company
Rupees in '000						----- % -----			
<b>Oil &amp; Gas</b>									
Attock Petroleum Limited	-	31,000	-	-	31,000	16,236	2.55	2.84	0.04
Attock Refinery Limited	-	-	-	-	-	-	-	-	-
National Refinery Limited	-	-	-	-	-	-	-	-	-
Oil and Gas Development Company Limited	31,093	234,000	-	33,800	231,293	41,489	0.07	7.26	0.05
Pakistan Oilfields Limited	28,500	120,697	-	14,300	134,897	58,459	0.09	10.24	0.06
Pakistan Petroleum Limited	83,798	206,300	59,275	53,000	296,373	52,141	0.08	9.13	0.02
Pakistan State Oil Company Limited	300	-	60	-	360	78	0.00	0.01	0.00
<b>Chemicals</b>									
Engro Corporation Limited	4	244,500	-	-	244,504	26,106	4.10	4.57	0.06
Fatima Fertilizer Company Limited	-	210,000	-	-	210,000	5,074	0.80	0.89	0.25
Fauji Fertilizer Bin Qasim Limited	-	413,500	-	413,500	-	-	-	-	-
Fauji Fertilizer Company Limited	142,250	273,500	-	225,000	190,750	21,320	0.03	3.73	0.02
<b>Industrial Engineering</b>									
Millat Tractors Limited	-	25,200	-	-	25,200	12,171	1.91	2.13	0.07
<b>Construction and Materials</b>									
Attock Cement Pakistan Limited	266,193	-	-	-	266,193	28,810	0.05	5.04	0.31
D.G. Khan Cement Company Limited	3,000	880,000	-	418,000	465,000	23,390	0.04	4.10	0.11
Lucky Cement Limited	174,500	406,400	-	300,300	280,600	37,359	0.06	6.54	0.09
<b>Personal Goods</b>									
Nishat Mills Limited	-	190,000	-	-	190,000	10,765	1.69	1.89	0.05
<b>Electricity</b>									
The Hub Power Company Limited	198,841	939,500	-	-	1,138,341	53,365	0.08	9.34	0.10
Kot Addu Power Company Limited	-	403,500	-	-	403,500	19,493	3.06	3.41	0.05
Nishat Chunian Power Limited	-	-	-	-	-	-	-	-	-
<b>Banks</b>									
Allied Bank Limited	130,394	-	-	25,000	105,394	6,769	0.01	1.19	0.01
Bank Al-Falah Limited	567,000	672,000	-	1,239,000	-	-	-	-	-
MCB Bank Limited	91,755	96,000	-	186,800	955	178	0.00	0.03	-
National Bank of Pakistan	220,100	165,000	-	325,000	60,100	2,641	0.00	0.46	-
United Bank Limited	63,690	121,500	-	185,000	190	14	0.00	-	-
<b>Technology / Communication</b>									
Pakistan Telecommunication Company Ltd.	2,000	961,000	-	-	963,000	18,673	0.03	3.27	0.38
<b>Total as at September 30, 2012</b>						<b>434,531</b>	<b>14.67</b>	<b>76.07</b>	<b>1.67</b>

Carrying Value as at September 30, 2012

407,848

Investments include shares with market value of Rs 3.99 million (June 30, 2012: Rs. 3.462 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular number 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan.

## 4.2 Listed term finance certificates at fair value through profit or loss

Name of the investee company	Number of certificates				Market value as at September 30, 2012	Investment as a percentage of		
	As at July 01, 2012	Purchases during the period	Sales during the period	As at September 30, 2012		Net assets	Market value of total investments	Issue size
Rupees in '000						----- % -----		
<b>Listed*</b>								
Allied Bank Limited	5,000	-	-	5,000	25,284	0.04	4.43	1.00%
United Bank Limited	3,000	-	-	3,000	9,777	0.02	1.71	0.62%
Bank Alfalah Limited	2,000	-	-	2,000	3,329	0.01	0.58	0.27%
Engro Rupiya Certificate	3,400	-	-	3,400	16,755	0.03	2.93	0.42%
Engro Fertilizers Limited	2,000	-	-	2,000	9,788	0.02	1.71	0.25%
<b>Total as at September 30, 2012</b>					<b>64,933</b>	<b>0.10</b>	<b>11.36</b>	<b>3.00%</b>

Total as at September 30, 2012

64,933

Carrying Value as at September 30, 2012

64,822

\* Having face value Rs 5,000 each

# NAFA ASSET ALLOCATION FUND

## 4.3 Investment in Government Securities - Market Treasury Bills - at fair value through profit or loss

Issue date	Face value					Market Value as at September 30, 2012	Investment as a percentage of	
	Tenor	As at July 1, 2012	Purchases during the period	Sales during the period	As at September 30, 2012		Net Assets	Market Value of total investments
-----Rupees in '000-----						----- % -----		
January 12, 2012	6 months	40,000	-	40,000	-	-	-	-
April 19, 2012	3 months	75,000	-	75,000	-	-	-	-
July 14, 2011	12 months	100,000	-	100,000	-	-	-	-
August 11, 2011	12 months	-	78,000	78,000	-	-	-	-
August 25, 2011	12 months	-	65,000	65,000	-	-	-	-
September 20, 2012	6 months	-	75,000	-	75,000	71,618	11.26	12.57
Total as at September 30, 2012						<b>71,618</b>	<b>11.26</b>	<b>12.57</b>
Carrying Value as at September 30, 2012						71,578		

## 5 DIVIDEND AND PROFIT RECEIVABLE

Profit receivable on saving deposits  
Dividend receivable  
Profit receivable on term finance certificates

(Rupees in '000)

Note	September 30, 2012	June 30, 2012
	567	627
	4,076	1
	2,214	3,980
	<u>6,857</u>	<u>4,608</u>

## 6 ACCRUED EXPENSES AND OTHER LIABILITIES

Auditors' remuneration  
Provision for Workers' Welfare Fund  
Brokerage  
Settlement charges  
Printing charges  
Others

Note	September 30, 2012	June 30, 2012
	417	279
	2,783	1,964
	233	231
	88	9
	102	102
	9	34
	<u>3,632</u>	<u>2,619</u>

## 7 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at September 30, 2012 and June 30, 2012.

## 8 PROVISION FOR WORKERS' WELFARE FUND

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

A clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However, on December 14, 2010 the Ministry filed its response against the Constitutional petition requesting the court to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in Court.

The Honourable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. The Management Company is hopeful that the decision of the LHC will lend further support to the Constitutional Petition which is pending in the SHC. However, pending the decision of the said constitutional petition, the Management Company, as a matter of abundant caution, has decided to continue to maintain the provision for WWF amounting to Rs. 2.783 million (including Rs. 0.819 million for the current year) (June 30, 2012: Rs 1,964 million for the last year) in these financial statements. Had the same not been made the net asset value per unit / return of the Fund would have been higher by Rs 0.0489 / 0.53% per unit.

# NAFA ASSET ALLOCATION FUND

## 9 TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. The Fund has not recorded a tax liability in respect of income relating to the current period as the management company has decided to distribute at least 90 percent of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders.

## 10 Earnings per unit

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

## 11 TRANSACTIONS WITH CONNECTED PERSONS

11.1 Connected persons include NBP Fullerton Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan, and Alexandra Fund Management Pte. Limited being the sponsors, other collective investment schemes managed by the Management Company and directors and officers of the Management Company.

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

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

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

11.5 Details of transactions with connected persons are as follows:

	For the quarter ended September 30, 2012	For the quarter ended September 30, 2011
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	For the quarter ended September 30, 2012	For the quarter ended September 30, 2011
(Rupees in '000)		
<b>NBP Fullerton Asset Management Limited - Management Company</b>		
Remuneration for the year / period	2,747	1,564
Sindh sales tax on remuneration	440	-
Front-end load	1,013	-
<b>NAFA Employees Provident Fund</b>		
Units Issued / Transferred in 212,149 units (2011: Nil units)	2,340	-
<b>Alexandra Fund Management Pte. Limited - Sponsor</b>		
Bonus Units Issued 2,006,778 units (2011 : 1,759,330 units)	-	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration for the year / period	275	176
CDS charges	15	8
<b>Employees of the Management Company</b>		
Units Issued/ transfer in of 143,647 units (2011 : 311,508 units)	1,579	3,236
Units Redeemed / transfer out of 123,531 units (2011 : 390,639 units)	1,383	4,054
Bonus Units Issued 10,079 units (2011 : 11,942 units)	-	-
<b>Muhammad Murtaza Ali - Company Secretary / CFO</b>		
Bonus Units Issued Nil units (2011 : Nil units)	-	-
Units Redeemed / transfer out of 20,508 units (2011 : Nil units)	227	-
Units Issued/ transfer in 20,508 units (2011: Nil units)	222	-
<b>NAFA Government Securities Liquid Fund</b>		
Sold Treasury Bills	38,910	-
<b>NAFA Financial Sector Income Fund</b>		
Sold Term Finance Certificate	38,430	-
<b>Taurus Securities Limited</b>		
Brokerage expense	55	20
<b>International Industries Ltd. Employees Provident Fund</b>		
Units Issued/ transfer in 1,449,096 units (2011: Nil units)	15,927	-
<b>International Steels Ltd. Employees Provident Fund</b>		
Units Issued/ transfer in 424,129 units (2011: Nil units)	4,662	-



# NAFA ASSET ALLOCATION FUND

	September 30, 2012	June 30, 2012
11.6 Amounts outstanding as at year / period end	(Rupees in '000)	
<b>NBP Fullerton Asset Management Limited - Management Company</b>		
Management fee payable	1,000	797
Sindh Sales Tax on remuneration of management company	160	127
Preliminary expenses and floatation costs	1,000	1,000
Initial deposit on opening of bank accounts	75	75
Professional charges	38	38
Listing fee	20	20
Front-end load	2,184	1,190
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	100	80
CDS charges payable	6	9
Security deposit	100	100
<b>National Bank of Pakistan</b>		
Balance in current account	2,654	1,526
<b>Alexandra Fund Management Pte. Limited - Sponsor</b>		
Investment held by the sponsor in the Fund 21,563,934 units (2012: 19,557,156 units)	240,815	222,862
<b>NBP Fullerton Asset Management Ltd- Employees Provident Fund</b>		
Investment held in the Fund 163,244 units (2012 : Nil units)	2,369	-
<b>Employees of the Management Company</b>		
Investment held in the Fund 163,244 units (2012 : 133,050 units)	1,823	1,516
<b>International Industries Ltd. Employees Provident Fund</b>		
Investment held in the Fund 1,449,096 units (2012 : Nil units)	16,183	-
<b>International Steels Ltd. Employees Provident Fund</b>		
Investment held in the Fund 424,129 units (2012 : Nil units)	4,736	-

## 12 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on October 23, 2012.

## 13 GENERAL

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

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director