


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.

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NAFA FINANCIAL SECTOR INCOME 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

Askari Bank Limited
Bank Alfalah Limited
NIB Bank Limited
National Bank of Pakistan
Allied Bank Limited
Faysal Bank Limited
MCB Bank Limited

NAFA FINANCIAL SECTOR INCOME 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 FINANCIAL SECTOR INCOME FUND

DIRECTORS' REPORT

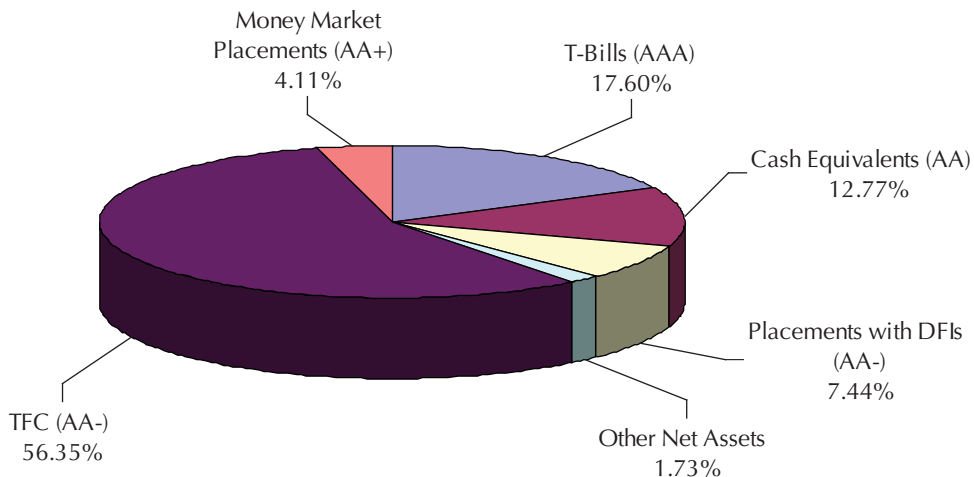
The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the unaudited financial statements of NAFA Financial Sector Income Fund for the quarter ended September 30, 2012.

Fund's Performance

The size of NAFA Financial Sector Income Fund has increased from Rs. 2,768 million to Rs. 3,360 million during the quarter, i.e. a growth of 21.38%. During the quarter, the unit price of the Fund has increased from Rs. 10.1238 (Ex - Div) on June 30, 2012 to Rs. 10.3913 on September 30, 2012, thus showing an annualized return of 10.90% as compared to its Benchmark (70% 6 month KIBOR & 30% average 3 month deposit rates of A & above rated banks) annualized return of 10.08% for the same period.

NFSIF is an Income Scheme that invests a minimum of 70% of its assets in financial sector debt securities, instruments or deposits. Minimum entity rating of issuers of debt securities (mainly banks) is AA-. Duration of the Fund cannot be more than one year. This minimizes interest rate risk. The Fund invests at least 25% of its assets in less than 90 days T-Bills or saving accounts with banks rated A and above, which further enhances the liquidity profile of the Fund. The Fund has been awarded stability rating of A+(f) by PACRA. The Fund is categorized as an Income Scheme.

The Fund has earned total income of Rs.98.75 million during the period. After deducting expenses of Rs.17.35 million, the net income is Rs.81.40 million. The asset allocation of the Fund as on September 30, 2012 is as follows:



NAFA FINANCIAL SECTOR INCOME FUND

Income Distribution

The Board of Directors of the Management Company has approved interim distribution of 2.75% of opening ex-NAV (2.784% of the par value) for the quarter.

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 FINANCIAL SECTOR INCOME FUND

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

		(Un-audited) September 30, 2012	(Audited) June 30, 2012
	Note	Rupees in '000	
ASSETS			
Balances with banks		420,245	125,856
Investments	4	2,872,835	2,595,324
Profit receivable	5	75,926	59,557
Preliminary expenses and floatation costs		890	945
Security deposit		100	100
Receivable against sale of units		6,143	-
Prepayments and other receivables		51	108
Total assets		3,376,190	2,781,890
LIABILITIES			
Payable to the Management Company		8,542	5,078
Payable to Central Depository Company of Pakistan Limited - Trustee		343	257
Payable to the Securities and Exchange Commission of Pakistan		591	838
Payable against redemption of units		101	4,465
Accrued expenses and other liabilities	6	6,413	3,585
Total liabilities		15,990	14,223
NET ASSETS		3,360,200	2,767,667
Unit holders' fund (as per statement attached)		3,360,200	2,767,667
CONTINGENCIES AND COMMITMENTS			
Number of units in issue	9	323,365,933	265,532,658
		Rupees	Rupees
Net asset value per unit		10.3913	10.4231

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA FINANCIAL SECTOR INCOME FUND

CONDENSED INTERIM INCOME STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2012 (UN-AUDITED)

	Note	Quarter ended September 30, 2012 (Rupees in '000)
INCOME		
Capital gain on sale of investments - net		599
Income from term finance certificates		60,998
Income from government securities		23,542
Profit on bank deposits		6,508
Income on money market placements		2,285
Income from certificate of investments		1,155
Net unrealised appreciation in the value of investments classified as financial assets at fair value through profit or loss ¹		3,436
Other income		227
Total income		98,750
EXPENSES		
Remuneration of the Management Company		11,825
Sindh sales tax on remuneration of the Management Company		1,892
Remuneration of the Trustee		884
Annual fee - Securities and Exchange Commission of Pakistan		591
Securities transaction cost		92
Settlement and bank charges		109
Annual listing fee		10
Auditors' remuneration		127
Printing charges		47
Fund's Rating fee		56
Amortisation of preliminary expenses and floatation costs		55
Total expenses		15,688
Net income from operating activities		83,062
Provision for workers' welfare fund	8	(1,661)
Net income for the period before taxation		81,401
Taxation	10	-
Net income for the period after taxation		81,401
Earnings per unit	7	

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA FINANCIAL SECTOR INCOME FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED SEPTEMBER 30, 2012 (UN-AUDITED)

Quarter ended
September 30, 2012

---Rupees in '000 ---

Net income for the period after taxation	81,401
Other comprehensive income for the period	-
Total comprehensive income for the period	<u><u>81,401</u></u>

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA FINANCIAL SECTOR INCOME FUND

CONDENSED INTERIM DISTRIBUTION STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2012 (UN-AUDITED)

	Quarter ended September 30, 2012
	Rupees in '000
Accumulated income brought forward	
- Realised income	94,644
- Unrealised income	17,699
	<u>112,343</u>
Net income for the period after taxation	81,401
Element of Income and Capital gains included in the prices of units issued less those in units redeemed	6,574
Final distribution for the year ended June 30, 2012: 3.00%	
Date of Distribution: July 09, 2012	
- Bonus units	(35,968)
- Cash distribution	(44,925)
Undistributed income carried forward	<u>119,425</u>
Undistributed income comprising of :	
- Realised income	115,989
- Unrealised income	3,436
	<u>119,425</u>

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA FINANCIAL SECTOR INCOME FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE QUARTER ENDED SEPTEMBER 30, 2012 (UN-AUDITED)

	Quarter ended September 30, 2012
	Rupees in '000
Net assets at the beginning of the period	2,767,667
Issue of 79,263,976 units including 3,544,826 bonus units	776,574
Redemption of 21,430,701 units	(220,517)
	556,057
Final distribution for the year ended June 30, 2012: 3.00% Date of Distribution: July 09, 2012	
- Bonus distribution	35,968
- amount representing (income) / loss that form part of unit holders' fund - transferred to distribution statement	(6,574)
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	3,436
Capital gain on sale of investments - net	599
Other operating income	77,366
	81,401
Final distribution for the year ended June 30, 2012: 3.00% Date of Distribution: July 09, 2012	
- Bonus units	(35,968)
- Cash distribution	(44,925)
	(80,893)
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	6,574
Net assets as at the end of the period	3,360,200

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA FINANCIAL SECTOR INCOME FUND

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2012

Quarter ended
September 30, 2012

Rupees in '000

CASH FLOW FROM OPERATING ACTIVITIES

Net income for the period before taxation 81,401

Adjustments :

Net unrealised appreciation on re-measurement of investments classified
as 'financial assets at fair value through profit or loss' (3,436)

Amortisation of preliminary expenses and floatation costs 55

78,020

(Increase) / decrease in assets

Investments (274,075)

Profit receivable (16,369)

Receivable against sale of units (6,143)

Prepayments and other receivables 57

(296,530)

Increase / (decrease) in liabilities

Payable to the Management Company 3,464

Payable to the Trustee 86

Payable to the Securities and Exchange Commission of Pakistan (247)

Payable against redemption of units (4,364)

Accrued expenses and other liabilities 2,828

1,767

Net cash used in operating activities (216,743)

CASH FLOW FROM FINANCING ACTIVITIES

Receipts from issue of units 776,574

Payment on redemption of units (220,517)

Cash distribution (44,925)

Net cash inflow from financing activities 511,132

Net increase in cash and cash equivalents during the period 294,389

Cash and cash equivalents at the beginning of the period 125,856

Cash and cash equivalents as at the end of the period 420,245

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA FINANCIAL SECTOR INCOME FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2012 (UN-AUDITED)

1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Financial Sector Income Fund (the Fund) was established under a Trust Deed executed between NBP Fullerton Asset Management Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on July 28, 2011 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on August 16, 2011.

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 Fund is an open-ended mutual fund and is listed on the Lahore Stock Exchange. Units of the Fund are offered for public subscription on a continuous basis. These units are transferable and can be redeemed by surrendering them to the Fund. The Fund has been categorized as "Income Scheme" as per the categories defined by the Securities and Exchange Commission of Pakistan.

The core objective of the Fund is to provide income enhancement and preservation of capital by investing in prime quality Financial Sector TFCs / Sukuks, Bank deposits and short-term money market instruments.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM2' to the Management Company. The rating of the Fund has not been obtained as the minimum time required by the credit rating agency for assigning the rating has not been completed by the Fund.

Title of the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

2 STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, 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, 2007 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulation or directives issued by SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by 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 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 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

At fair value through profit or loss - held for trading

	Note	September 30, 2012 (Un-audited)	June 30, 2012 (Audited)
-----Rupees in '000-----			
Term finance certificates - listed	4.1	1,342,460	1,342,460
Term finance certificates - unlisted	4.2	551,020	551,020
Sukuk bonds	4.3	138,000	138,000
Government securities	4.4	591,355	591,355
Loans and receivables			
Investment in letter of Placement	4.6	250,000	250,000
		2,872,835	2,872,835

NAFA FINANCIAL SECTOR INCOME FUND

4.1 Term finance certificates - listed

All term finance certificates have a face value of Rs. 5,000 each, except for Askari Bank Limited -IV of Rs. 1 million each.

Name of the investee company	Number of certificates / bonds				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						% -----			
Term finance certificates - listed									
Bank Al-Habib Limited -II	1,077	-	-	1,077	5,438	0.16	0.19	0.36	
Faysal Bank Limited - III	60,000	-	1,000	59,000	299,007	8.90	10.41	9.83	
Allied Bank Ltd	4,400	-	-	4,400	22,249	0.66	0.77	0.88	
United Bank Limited -III	3,900	-	-	3,900	12,710	0.38	0.44	0.81	
United Bank Limited -IV	83,100	5,000	-	88,100	444,642	13.23	15.48	7.34	
NIB Bank Limited	47,600	7,000	-	54,600	273,204	8.13	9.51	6.83	
Askari Bank Limited -II	3,000	-	-	3,000	15,048	0.45	0.52	1.00	
Askari Bank Limited -III	2,600	19,936	-	22,536	119,040	3.54	4.14	3.75	
Askari Bank Limited -IV	-	25	-	25	26,552	0.79	0.92	2.50	
Soneri Bank Limited	24,000	-	-	24,000	59,658	1.78	2.08	4.99	
Allied Bank Ltd II	13,000	-	-	13,000	64,912	1.93	2.26	2.16	
					273,638	1,342,460	39.95	46.73	

Carrying Value as at September 30, 2012

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

1,344,090

(1,630)

4.2 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 / bonds				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						% -----			
Term finance certificates - unlisted									
Bank Alfah Limited -IV	70,200	-	-	70,200	370,609	11.03	12.90	7.01	
Bank Alfah Limited -IV FX	11,500	-	-	11,500	61,607	1.83	2.14	1.15	
Jahangir Siddiqui & Company Limited	13,500	-	-	13,500	68,159	2.03	2.37	5.39	
Standard Chartered Bank	10,000	-	-	10,000	50,645	1.51	1.76	0.02	
					105,200	551,020	16.40	19.17	

Carrying Value as at September 30, 2012

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

546,171

4,849

4.3 Sukuk bonds

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

Name of the investee company	Number of certificates / bonds				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	
HUBCO	-	27,600	-	27,600	138,000	4.11	4.80	-	
					27,600	138,000	4.11	4.80	

Carrying Value as at September 30, 2012

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

138,000

-

NAFA FINANCIAL SECTOR INCOME FUND

4.4 Government securities

Issue date	Tenor	as at July 01, 2012	Face value			Market Value as at September 30, 2012	Investment as a percentage of	
			Purchases during the period	Sales / matured during the period	As at September 30, 2012		Net assets	Market value of total investments
Market Treasury Bills						Rupees in '000	----- % -----	
19-Apr-12	6 months	25,000	-	25,000	-	-	-	-
3-May-12	3 months	320,000	40,000	360,000	-	-	-	-
17-May-12	3 months	275,000	-	275,000	-	-	-	-
14-Jun-12	3 months	50,000	-	50,000	-	-	-	-
28-Jun-12	3 months	12,500	-	12,500	-	-	-	-
26-Jul-12	3 months	-	175,000	-	175,000	174,110	5.18	6.06
25-Aug-12	12 months	-	100,000	100,000	-	-	-	-
12-Jul-12	3 months	-	250,000	250,000	-	-	-	-
26-Jul-12	6 months	-	50,000	-	50,000	48,451	1.44	1.69
9-Aug-12	3 months	-	375,000	150,000	225,000	123,874	3.69	4.31
23-Aug-12	3 months	-	150,000	150,000	-	-	-	-
6-Sep-12	3 months	-	250,000	250,000	-	-	-	-
20-Sep-12	3 months	-	250,000	-	250,000	244,920	7.29	8.53
						<u>591,355</u>		
Carrying Value as at September 30, 2012						591,138		
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'						<u>217</u>		

4.5 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.

4.6 Letter of Placement

Name of Issuer	Maturity Date	Rate	As at September 30, 2012
(Rs. In '000')			
Pak Libya Holding Company (Private) Limited	December 14, 2012	10.95	150,000
Pak Libya Holding Company (Private) Limited	December 18, 2012	10.95	100,000
			<u>250,000</u>

5 PROFIT RECEIVABLE	Note	September 30, 2012	June 30, 2012
		(Un-audited)	(Audited)
-----Rupees in '000-----			
Profit receivable on bank deposits		5,423	750
Profit receivable on term finance certificates		69,348	58,653
Profit receivable on letter of placement		1,155	154
		<u>75,926</u>	<u>59,557</u>
6 ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration		403	294
Provision for Workers' Welfare Fund	8	4,382	2,721
Brokerage		130	37
Printing charges		170	124
Legal fee		40	40
Withholding tax payable		1,275	369
Other		13	-
		<u>6,413</u>	<u>3,585</u>

7 EARNINGS PER UNIT

Earnings per unit (EPU) for the period ended September 30, 2012 has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

NAFA FINANCIAL SECTOR INCOME FUND

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 ("the Court"/"SHC"), challenging the applicability of WWF to the CISs, which is pending adjudication.

Subsequent to the year ended June 30, 2010, 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. This clarification was forwarded by Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its members for necessary action. Based on this clarification, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF. Notices of demand have also been issued to several other mutual funds and the matter has been taken up by the respective mutual funds with the FBR for their withdrawal on the basis of the above referred clarification of the Ministry.

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. 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.4.382 million in these financial statements. Had the same not been made the net asset value per unit / return since inception of the Fund would have been higher by Rs 0.0135/ 0.16% respectively.

9 CONTINGENCIES AND COMMITMENTS

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

10 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 provision for taxation in respect of income relating to the current period as the Management Company has distributed the required minimum percentage of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders.

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 (NBP), and Alexandra Fund Management Pte. Limited being the sponsors, NAFA Provident Fund Trust being the employee contribution plan of the Management Company, 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 and remuneration payable to the Trustee are determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

NAFA FINANCIAL SECTOR INCOME FUND

	(Un-Audited) Quarter ended September 30, 2012 (Rupees in '000)
11.4 Details of the transactions with connected persons are as follows:	
NBP Fullerton Asset Management Limited - Management Company	
Remuneration of the Management Company	11,825
Sindh sales tax on remuneration of the Management Company	1,892
Front end load	1,512
Alexandra Fund Management Pte. Limited - Sponsor	
Bonus units issued during the period (308,204 units)	-
National Bank of Pakistan	
Units issued/ transferred in during the period (20,220 units)	211
PIBs purchased from sponsor	25,937
Dividend paid to sponsor	44,925
Central Depository Company of Pakistan Limited - Trustee	
Remuneration of the Trustee	884
Settlement charges	46
Employees of the Management Company	
Bonus units issued during the period (14,646 units)	-
Units issued / transferred in during the period (644,950 units)	6642
Units redeemed / transferred out during the period (472,934 units)	4847
Chief Financial Officer	
Units issued / transferred in during the period (39,144 units)	400
Units redeemed / transferred out during the period (39,144 units)	407
NAFA Asset Allocation Fund	
Sukuks purchased from NAFA Asset Allocation Fund	38,430

	September 30, 2012 (Un-audited)	June 30, 2012 (Audited)
	-----Rupees in '000-----	
11.5 Balances outstanding as at period end		
NBP Fullerton Asset Management Limited - Management Company		
Preliminary expenses and floatation costs paid by Management Company on behalf of the Fund	1,092	1,092
Deposit on CDC accounts, initial deposit and annual listing fee paid by the Management Company on behalf of the Fund	151	151
Remuneration payable	4,103	3,306
Sindh sales tax payable on remuneration of the Management Company	657	529
Front end load payable	2,539	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	343	257
Security deposit	100	100
Alexandra Fund Management Pte. Limited - Sponsor		
Investment held by the sponsor in the Fund 10,732,199 (June 30: 10,423,994 units)	111,521	108,650
National Bank of Pakistan - Sponsor		
Investment held by the sponsor in the Fund 149,751,565 (June 30: 149,731,345 units)	1,556,113	1,560,665
Employees of the Management Company		
Investment held in the Fund 591,474 units (June 30: 404,812 units)	6,146	4,219

NAFA FINANCIAL SECTOR INCOME FUND

12 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on October 23, 2012 by the Board of Directors of the Management Company.

13 GENERAL

13.1 Figures have been rounded off to the nearest thousand rupees, unless otherwise specified.

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

Chief Executive

Director