

Quarterly Report For the period ended September 30, 2007



Your investments & "NAFA" grow together

FULLERTON FUND

MANAGEMENT



Joint - Venture Partners

NBP

NIBBank

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 Funds

FUND'S INFORMATION

Management Company

National Fullerton Asset Management Limited.

Board of Directors of the Management Company

Mr. Masood Karim Shaikh	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Gerard Lee How Cheng	Director
Khawaja Iqbal Hassan	Director
Mr. Patrick Pang Chin Hwang	Director
Mr. Shahid Anwar Khan	Director
Mr. Masroor Ahmed Qureshi	Director

Company Secretary & CFO of the Management Company

Mr. Muhammad Murtaza Ali

Audit & Risk Committee

Mr. Gerard Lee How Cheng	Chairman
Mr. Shahid Anwar Khan	Member
Mr. Masroor Ahmed Qureshi	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

NAFA CASH FUND

Allied Bank Limited Askari Commercial Bank Limited Bank Alfalah Limited Bank Al-Habib Limited Habib Bank Limited **KASB Bank Limited** MCB Bank Limited Mv Bank Limited National Bank of Pakistan **NIB Bank Limited** PICIC Commercial Bank Limited Saudi Pak Commercial Bank Ltd. Soneri Bank Limited United Bank Limited Atlas Bank Limited The Bank of Punjab Habib Metropolitan Bank Limited JS Bank Limited The Bank of Khyber Standard Chartered Bank Ltd.

NAFA Funds

Auditors

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

Legal Advisor

Aly Shah & Co. Advocates and Legal Consultants Suite 502, 5th Floor Marine Pride, BC-2, Block-7, Khayaban-e-Iqbal Clifton, Karachi.

Head Office

9th Floor, Adamjee House I.I. Chundrigar Road Karachi.

Lahore Office

83-A-E/1, Main Boulevard Gulberg III Lahore.

Islamabad Office

4th Floor, Ali Plaza 1-E, Blue Area Islamabad.

NAFA CASH FUND

QUARTERLY REPORT 2007

DIRECTORS' REPORT

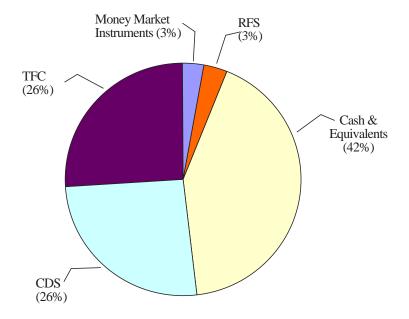
The Board of Directors of National Fullerton Asset Management Limited is pleased to present the un-audited financial statements of **NAFA Cash Fund** for the quarter ended September 30, 2007.

Fund's Performance

NAFA Cash Fund has grown from Rs.18.25 billion to Rs.20.74 billion during the period from July 1, 2007 to September 30, 2007, a growth of 13.64%. During this period, the Unit Price of the Fund has grown from Rs.10.0273 on June 30, 2007 to Rs.10.2709 on September 30, 2007, which translates into annualized return of 9.66%.

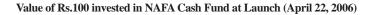
NAFA Cash Fund has earned a total income of Rs.609.59 million during the said period. After deducting total expenses of Rs.110.31 million, the net profit is Rs.499.28 million, which translates into an earning per unit of Rs.0.2436.

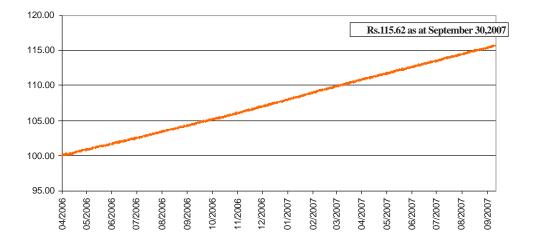
The asset allocation of the Fund as at September 30, 2007 is as follows:



Asset Allocation as on September 30, 2007

NAFA Cash Fund has not observed a decline in unit price by even one paisa on any one day since launch of NAFA Cash Fund in April 2006. The following chart shows a uniform growth in the value of investment of NAFA Cash Fund.





Acknowledgement

The Board takes this opportunity to thank its valued unit-holders for their confidence and trust in the management, and providing us with 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 for their continued support and cooperation.

On behalf of the Board of National Fullerton Asset Management Limited

Masood Karim Shaikh, FCA Chairman

Date: October 18, 2007 Place: Karachi. Dr. Amjad Waheed, CFA Chief Executive

NAFA Cash Fund

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2007 (UN-AUDITED)

AS AT SEPTEMBER 30, 2007 (UN-AUDITED)		September 30, 2007	June 30, 2007
	Note	(Rupe	es in '000')
ASSETS			
Balances with banks	4	8,444,167	7,011,277
Receivable against Continuous Funding System			
(CFS) transactions	_	5,480,949	7,755,443
Investments	5	6,050,703	3,059,370
Loans and receivables		525,928	230,017
Advances, deposits and prepayments		1,111	1,115
Dividend and profit receivable	6	387,186	256,468
Preliminary expenses and floatation costs		1,778	1,904
Total assets		20,891,822	18,315,594
LIABILITIES			
Accrued expenses and other liabilities	7	30,124	37,780
Payable against redemption of units		-	-
Payable to brokers		83,799	-
Payable to National Fullerton Asset Management Limited			
-Management Company		24,793	20,287
Payable to Central Depository Company of Pakistan			
Limited -Trustee		1,717	1,417
Payable to Securities and Exchange Commission			
of Pakistan - Annual fee		12,784	7,933
Total liabilities		153,217	67,417
Total habilities		155,217	07,417
Net assets		20,738,605	18,248,177
Unit Holders' Funds (as per statement attached)		20,738,605	18,248,177
Commitments	9		-
Number of units in issue		2,019,170,063	1,647,351,153
Net asset value per unit		10.2709	11.0773

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

For National Fullerton Asset Management Limited (Management Company)

Dr. Amjad Waheed Chief Executive

CONDENSED INTERIM INCOME STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2007 (UN-AUDITED)

TOR THE GOARTER ERDED OET TEMBER 00, 2007 (OR ADD			
	Q Note	September 30, 2007	Quarter Ended September 30, 2006 in '000')
Income			
Profit on bank deposits		177,853	49,191
Income from Continuous Funding System (CFS) transactions		213,174	60,612
Gain on sale of investments		1,026	12,297
Income from Term Finance Certificates		126,542	25,057
Income on certificates of deposit and clean placements		14,255	20,887
Other income		420	
Unrealized gain on investments at fair value through		120	
profit or loss - net		38,996	2,557
profit of loss - het		30,990	2,007
Total income		572,266	170,601
Expenses			
Remuneration of National Fullerton Asset Management Limited			
– Management Company		72,777	20,210
Remuneration of Central Depository Company of Pakistan		,	-, -
Limited - Trustee		5,103	1,599
Brokerage		19,718	10,739
Annual fee - Securities and Exchange Commission of Pakistan		4,852	1,347
Annual listing fee		7	9
Settlement and bank charges		3,526	1,330
Auditors' remuneration		112	129
		126	
Amortization of preliminary expenses and floatation costs			126
Provision against impairment in loans and receivables		4,089	-
Total expenses		110,310	35,489
Net income from operating activities		461,956	135,112
Element of income and capital gains included in prices of units issued less those in units redeemed		37,319	(3,219)
Net income for the period		499,275	131,893
Earnings per unit	9	-	-

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

For National Fullerton Asset Management Limited (Management Company)

Dr. Amjad Waheed Chief Executive

CONDENSED INTERIM DISTRIBUTION STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2007 (UN-AUDITED)

	September 30, 2007	d Quarter Ended September 30, 2006 es in '000')
Undistributed income brought forward	1,775,971	72,844
Distribution: Bonus issue at the rate of 10.50% for the year ended June 30, 2007 (2006: 1.90%)	(1,729,719)	(72,229)
Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units repurchased - amount representing income / (losses) that form part of the unit holders' funds	5,441	-
Net income for the period	499,275	131,893
Undistributed income carried forward	550,968	132,508

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

For National Fullerton Asset Management Limited (Management Company)

Dr. Amjad Waheed Chief Executive

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS FOR THE QUARTER ENDED SEPTEMBER 30, 2007 (UN-AUDITED)

	September 30, 2007	I Quarter Ended September 30, 2006 es in '000')
Net assets at the beginning of the period	18,248,177	3,874,369
Issue of 1,964,870,908 units including 172,500,943 bonus units. (347,099,664 units for the quarter ended September 30, 2006)	18,246,843	3,435,648
Redemption of 1,593,051,998 units (212,938,977 units for the quarter ended September 30, 2006)	(16,218,371) 2,028,472	(2,169,489) 1,266,159
Element of income and capital gains included in prices of units issued less those in units redeemed		
 amount representing accrued (income) / loss and capital (gains) / losses - transferred to Income Statement 	(37,319)	3,219
- amount representing (income) / losses that form part of the unit holders' funds transferred to Distribution Statement	(5,441) (42,760)	3,219
Net unrealized appreciation in the value of investments classified as 'financial assets at fair value through profit or loss'	38,996	2,557
Net income from operations	460,279	129,336
Net income for the period	499,275	131,893
Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units repurchased - amount representing income / (losses) that form part of the unit holders' funds	5,441	-
Net assets as at the end of the period	20,738,605	5,275,640

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

For National Fullerton Asset Management Limited (Management Company)

Dr. Amjad Waheed Chief Executive

CONDENSED INTERIM CASH FLOW STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2007 (UN-AUDITED)

Quarter Ended SeptemberSeptember September30, 200730, 200730, 200730, 200730, 200730, 2007CASH FLOW FROM OPERATING ACTIVITIES499,275Net income for the period499,275Adjustments Unrealized gain on investments at fair value through profit or loss - net Gain on sale of investments Amortization of preliminary expenses and floatation costs Element of income and capital gains included in of units issued less those in units redeemed(38,996) (12,297) (126)Increase in assets Receivable against pread transactions Investments Loans and receivables Advances, deposits and prepayments Payable to National Fullerton Asset Management Limited Payable to National Fullerton Asset Management Limited Payable to Securities and Exchange Commission of Pakistan Limited Payable to Securities and Exchange Commission of Pakistan - Annual fee7,261 (1,824,074) (55,084) (1,940,504)CASH FLOW FROM FINANCING ACTIVITIES Receivable to National Fullerton Asset Management Limited Payable to Securities and Exchange Commission of Pakistan - Annual fee18,246,843 (1,817,151)CASH FLOW FROM FINANCING ACTIVITIES Receipts from issue of units Payments on redemption of units18,246,843 (1,6218,371) (2,169,489) 2,028,4723,435,647 (2,169,489) 2,028,472Net increase in cash and cash equivalents3,111,277 (2,111,086 (550,993)2,011,086 (550,993)	FOR THE QUARTER ENDED SEPTEMBER 30, 2007 (UN-AUDITED)		
Net income for the period499,275131,893Adjustments499,275131,893Adjustments(2,557)Gain on sale of investments(38,996)(2,557)Amotization of preliminary expenses and floatation costs126126Element of income and capital gains included in of units issuel less those in units redeemed(37,319)3,219Increase in assets(77,215)(11,824,074)Receivable against Continuous Funding System (CFS) transactions Investments2,274,494(1,824,074)Loans and receivables3,604,089220,000Advances, deposits and prepayments3,604,089220,000Advances, deposits and prepayments3,604,089220,000Increase in liabilities(7,565)7,261Payable to National Fullerton Asset Management Limited83,799(5,802)Payable to Securities and Exchange Commission of Pakistan - Annual fee4,8511,348Receipts from issue of units18,246,843(1,817,151)CASH FLOW FROM FINANCING ACTIVITIES Receipts from issue of units18,246,8433,435,647Net cash outflow on operating activities18,246,843(550,993)Opening balance of cash and cash equivalents during the period5,332,890(550,993)Opening balance of cash and cash equivalents3,111,2772,111,086		September 30, 2007	September 30, 2006
Adjustments Unrealized gain on investments at fair value through profit or loss - net Gain on sale of investments(38,996) (1,026) 	CASH FLOW FROM OPERATING ACTIVITIES		
Unrealized gain on investments at fair value through profit or loss - net Gain on sale of investments(38,996) (1,026)(2,557) (12,297)Amortization of preliminary expenses and floatation costs126126Element of income and capital gains included in of units issued less those in units redeemed(37,319)126Increase in assets(37,319)3,219Receivable against Continuous Funding System (CFS) transactions2,274,494(1,824,074)Receivable against spread transactions Investments(2,951,311)(1,824,074)Loans and receivables(2,951,311)(360,089)4Advances, deposits and prepayments(1,30,718)(17,505)Dividend and profit receivable(1,30,718)(1,940,504)Accrued expenses and other liabilities(7,656)7,261Payable to brokers(3,304,418)(1,817,151)Payable to Securities and Exchange Commission of Pakistan Limited Payable to Securities and Exchange Commission of Pakistan - Annual fee(1,824,643)Net cash outflow on operating activities(1,6218,371))(2,159,489)CASH FLOW FROM FINANCING ACTIVITIES Payments on redemption of units(1,6218,371)(2,169,489)Net increase in cash and cash equivalents during the period5,332,890(550,993)Opening balance of cash and cash equivalents3,111,2772,111,086	Net income for the period	499,275	131,893
Gain on sale of investments(1,026)(12,297)Amortization of preliminary expenses and floatation costs126126Element of income and capital gains included in of units issued less those in units redeemed(37,319)126Increase in assets(37,219)(11,509)Receivable against continuous Funding System (CFS) transactions Investments2,274,494(1,824,074)Loans and receivables2,274,494(1,824,074)Advances, deposits and prepayments3,604,089220,000Advances, deposits and prepayments2,796,558(17,505)Payable to brokers2,796,5587,261Payable to National Fullerton Asset Management Limited4,506(58,02)Payable to Securities and Exchange Commission of Pakistan - Annual fee4,851(1,817,151)CASH FLOW FROM FINANCING ACTIVITIES18,246,843(1,817,151)Receipts from issue of units18,246,843(1,218,371)(2,159,489)Net cash outflow on operating activities5,332,890(550,993)(2,014,089)Net increase in cash and cash equivalents during the period5,332,890(550,993)(2,014,089)Opening balance of cash and cash equivalents3,111,2772,111,086	•		
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Receivable against spread transactions557,084Investments(2,951,311)Loans and receivables(2,951,311)Advances, deposits and prepayments4Dividend and profit receivable(130,718)Increase in liabilities(1,940,504)Accrued expenses and other liabilities(7,656)Payable to brokers(7,656)Payable to National Fullerton Asset Management Limited300Payable to Securities and Exchange Commission of Pakistan - Annual fee(1,817,151)CASH FLOW FROM FINANCING ACTIVITIES(1,817,151)Receipts from issue of units(18,246,843)Payments on redemption of units(16,218,371)Net increase in cash and cash equivalents during the period5,332,890Opening balance of cash and cash equivalents3,111,2772,111,086	Receivable against Continuous Funding System (CFS) transactions	2.274.494	(1.824.074)
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Accrued expenses and other liabilities(7,656)Payable to brokers(7,656)Payable to National Fullerton Asset Management Limited4,506Payable to Central Depository Company of Pakistan Limited300Payable to Securities and Exchange Commission of Pakistan - Annual fee162Net cash outflow on operating activities3,304,418CASH FLOW FROM FINANCING ACTIVITIES18,246,843Receipts from issue of units18,246,843Payments on redemption of units18,246,843Net increase in cash and cash equivalents during the period5,332,890Opening balance of cash and cash equivalents3,111,2772,111,086	Increase in liabilities	2,790,556	(1,940,504)
Payable to brokers83,799Payable to National Fullerton Asset Management Limited4,506Payable to Central Depository Company of Pakistan Limited300Payable to Securities and Exchange Commission of Pakistan - Annual fee4,851Net cash outflow on operating activities3,304,418CASH FLOW FROM FINANCING ACTIVITIESReceipts from issue of units18,246,843Payments on redemption of units18,246,843Net increase in cash and cash equivalents during the period5,332,890Opening balance of cash and cash equivalents3,111,2772,111,086		(7.656)	7.061
Payable to National Fullerton Asset Management Limited Payable to Central Depository Company of Pakistan Limited Payable to Securities and Exchange Commission of Pakistan - Annual fee4,506 300 4,851(5,802) 162 1,348 85,800Net cash outflow on operating activities3,304,418(1,817,151)CASH FLOW FROM FINANCING ACTIVITIES Receipts from issue of units Payments on redemption of units18,246,843 (1,218,371)3,435,647 (2,169,489) 1,266,158Net increase in cash and cash equivalents during the period5,332,890(550,993)Opening balance of cash and cash equivalents3,111,2772,111,086	•	· · · /	7,201
Payable to Central Depository Company of Pakistan Limited Payable to Securities and Exchange Commission of Pakistan - Annual fee300 4,851162 1,348Payable to Securities and Exchange Commission of Pakistan - Annual fee300 4,851162 1,348Net cash outflow on operating activities3,304,418(1,817,151)CASH FLOW FROM FINANCING ACTIVITIES Receipts from issue of units18,246,843 (16,218,371)3,435,647 (2,169,489)Net increase in cash and cash equivalents during the period5,332,8901,266,158 (550,993)Opening balance of cash and cash equivalents3,111,2772,111,086		· · · · · ·	(5.000)
Payable to Securities and Exchange Commission of Pakistan - Annual fee4,8511,348Payable to Securities and Exchange Commission of Pakistan - Annual fee4,8511,34885,8002,969Net cash outflow on operating activities3,304,418(1,817,151)CASH FLOW FROM FINANCING ACTIVITIES18,246,8433,435,647Payments on redemption of units18,246,843(1,218,371)Net increase in cash and cash equivalents during the period5,332,8901,266,158Opening balance of cash and cash equivalents3,111,2772,111,086		· · · · ·	
Net cash outflow on operating activities3,304,418(1,817,151)CASH FLOW FROM FINANCING ACTIVITIES Receipts from issue of units18,246,843 (16,218,371)3,435,647 (2,169,489)Payments on redemption of units18,246,843 (16,218,371)3,435,647 (2,169,489)Net increase in cash and cash equivalents during the period5,332,890 (550,993)3,111,277 2,111,086			
Net cash outflow on operating activities3,304,418(1,817,151)CASH FLOW FROM FINANCING ACTIVITIES Receipts from issue of units18,246,843 (16,218,371)3,435,647 (2,169,489)Payments on redemption of units18,246,843 (16,218,371)3,435,647 (2,169,489)Net increase in cash and cash equivalents during the period5,332,890 (550,993)3,111,277 2,111,086Opening balance of cash and cash equivalents3,111,277 (2,111,0862,111,086	Payable to Securities and Exchange Commission of Pakistan - Annual fee	· · · · · ·	,
CASH FLOW FROM FINANCING ACTIVITIES Receipts from issue of units18,246,843 (16,218,371)3,435,647 (2,169,489) 1,266,158Net increase in cash and cash equivalents during the period5,332,890(550,993)Opening balance of cash and cash equivalents3,111,2772,111,086			
Receipts from issue of units18,246,843 (16,218,371)3,435,647 (2,169,489)Payments on redemption of units2,028,472 (2,169,489)1,266,158 (550,993)Net increase in cash and cash equivalents during the period5,332,890 (550,993)(550,993)Opening balance of cash and cash equivalents3,111,277 (2,111,086	Net cash outflow on operating activities	3,304,418	(1,817,151)
Payments on redemption of units(16,218,371)(2,169,489)Net increase in cash and cash equivalents during the period2,028,4721,266,158Opening balance of cash and cash equivalents3,111,2772,111,086	CASH FLOW FROM FINANCING ACTIVITIES		
Payments on redemption of units(16,218,371)(2,169,489)Net increase in cash and cash equivalents during the period2,028,4721,266,158Opening balance of cash and cash equivalents3,111,2772,111,086	Receipts from issue of units	18,246,843	3,435,647
2,028,4721,266,158Net increase in cash and cash equivalents during the period5,332,890Opening balance of cash and cash equivalents3,111,2772,111,086	Payments on redemption of units		(2.169.489)
Net increase in cash and cash equivalents during the period5,332,890(550,993)Opening balance of cash and cash equivalents3,111,2772,111,086		· · · /	
	Net increase in cash and cash equivalents during the period		
Cash and cash equivalents as at end of the period 8,444,167 1,560,093	Opening balance of cash and cash equivalents	3,111,277	2,111,086
	Cash and cash equivalents as at end of the period	8,444,167	1,560,093

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

For National Fullerton Asset Management Limited (Management Company)

Dr. Amjad Waheed Chief Executive

	September 30, 2007	d Quarter Ended September 30, 2006 es in '000')
NIB Bank Limited - Sponsor		
Bonus units issued - 2,134,074 (30-09-2006: 380,000) units	-	-
Units redeemed / transferred out - 2,514,074 (30-09-2006: nil) units	25,782	-
Deposit held by the Fund with the Sponsor	1,521,179	90,017
Income of bank deposits	7,816	12,602
Alexandra Fund Management Pte. Limited - Sponsor		
Bonus units issued - 1,067,037 (30-09-2006: 190,000) units	-	-
CDC Trustee - NAFA Multi Asset Fund		
Units issued / transferred in - 14,711,837 (30-09-2006: nil) units	150,000	-
Dr. Amind Wahaad (Chief Executive)		
Dr. Amjad Waheed (Chief Executive)		
Bonus units issued - 11,352.2533 (30-09-2006: 15,684) units	-	-
Units issued / transferred in - 4,805,450 (30-09-2006: nil) units	48,739	
Units redeemed / transferred out - 3,972,379 (30-09-2006: nil) units	40,500	-
Spouse of Chief Executive		
Bonus units issued - 1,910 (30-09-2006: nil) units	-	
Units issued / transferred in - nil (30-09-2006: 49,456) units	-	500
Units redeemed / transferred out - 480 (30-09-2006: 628) units	5	6
Other Employees		
Bonus units issued - 16,695 (30-09-2006: nil) units	-	-
Units issued / Transferred in - 73,910 (30-09-2006: nil) units	745	-
Units redeemed / transferred out - 99,905 (30-09-2006: nil) units	1,011	-

	Se	2007	2007
		(Rupee	es in '000')
9.	COMMITMENTS		
	Commitment in respect of unsettled CFS purchase	3,191,364	4,320,785
	Commitment in respect of unsettled Future purchase	63,509	-
	Commitment in respect of unsettled Future sales	635,481	-

10. Earnings Per Unit

Earnings per unit (EPU) for the three months ended September 30, 2007 has not been disclosed as in the opinion of the management determination of weighted average units for calculating EPU is not practicable.

11. DATE OF AUTHORIZATION FOR ISSUE

These financials statements were authorized for issue on January 15, 2007 by the Board of Directors of the Management Company.

12. GENERAL

12.1 Figures have been rounded off to the nearest rupee.

For National Fullerton Asset Management Limited (Management Company)

Dr. Amjad Waheed Chief Executive



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