



NBP Fullerton
Asset Management Ltd.

A Subsidiary of
National Bank of Pakistan

NAFA MONEY MARKET FUND

HALF YEARLY REPORT DECEMBER 31

2014




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 MONEY MARKET 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. Wah Geok Sum	Director
Mr. Koh Boon San	Director
Mr. Kamal Amir Chinoy	Director
Mr. Shehryar Faruque	Director
Mr. Aamir Sattar	Director
Mr. Abdul Hadi Palekar	Director

Company Secretary & CFO of the Management Company

Mr. Muhammad Murtaza Ali

Audit & Risk Committee

Mr. Shehryar Faruque	Chairman
Mr. Koh Boon San	Member
Mr. Aamir Sattar	Member

Human Resource Committee

Mr. Nausherwan Adil	Chairman
Mr. Wah Geok Sum	Member
Mr. Kamal Amir Chinoy	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
National Bank of Pakistan
Faysal Bank Limited
NIB Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Habib Bank Limited
Bank Al Habib Limited
Allied Bank Limited
United Bank Limited
Summit Bank Limited
Standard Chartered Bank (Pakistan) Limited

NAFA MONEY MARKET 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

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:

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 MONEY MARKET FUND

Contents

FUND'S INFORMATION	02
DIRECTORS' REPORT	05
REPORT OF THE TRUSTEE TO THE UNITHOLDERS	07
AUDITORS' REVIEW REPORT TO THE UNITHOLDERS	08
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES	09
CONDENSED INTERIM INCOME STATEMENT	10
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME	11
CONDENSED INTERIM DISTRIBUTION STATEMENT	12
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND	13
CONDENSED INTERIM CASH FLOW STATEMENT	14
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION	15

NAFA MONEY MARKET FUND

DIRECTORS' REPORT

The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the reviewed financial statements of **NAFA Money Market Fund** (NMMF) for the half year ended December 31, 2014.

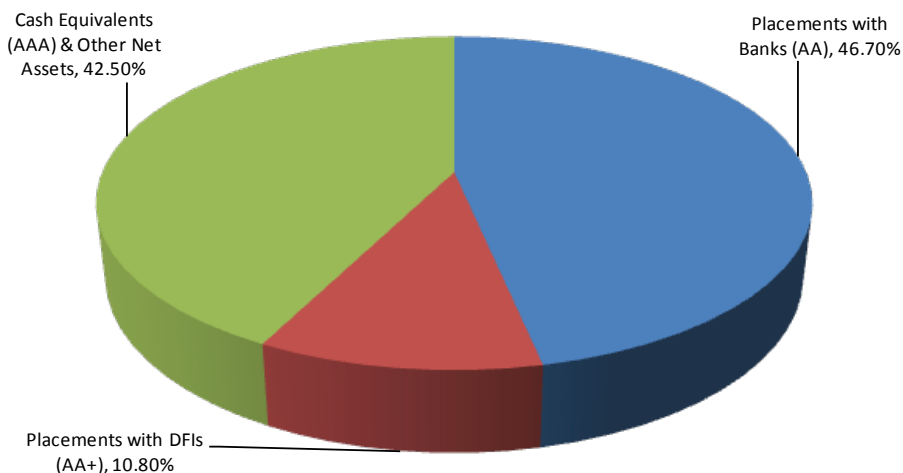
Fund's Performance

The size of NAFA Money Market Fund has increased from Rs. 11,911 million to Rs. 14,348 million during the period, i.e. an increase of 20.5%. During the period, the unit price of the Fund has increased from Rs. 10.0132 on June 30, 2014 to Rs. 10.4565 on December 31, 2014, thus showing an annualized return of 8.78% as compared to its Benchmark (3-Month deposit rate of 'AA' & above rated banks) annualized return of 7.32% for the same period. The performance of the Fund is net of management fee and other expenses.

NMMF's stability rating awarded by PACRA is 'AA (f)', which denotes a very strong capacity to maintain relative stability in returns and very low exposure to risks. Being a money market scheme, the Fund has strict investment guidelines. The authorized investments of the Fund include T-Bills, Bank Deposits and Money Market instruments. Minimum rating requirement is AA, while the Fund is not allowed to invest in any security exceeding six months maturity. The weighted average time to maturity of the Fund cannot exceed 90 days.

During the period under review, the State Bank of Pakistan reduced the policy rate by 50bps to 9.5% mainly due to sharp decline in inflation and improved external account position. Sovereign securities responded to the loose monetary policy stance with yields on the PIBs and T-bills declining sharply. Going forward, we view that declining trend in inflation along with mitigation of risk to external account could further repress the interest rates.

The Fund has earned total income of Rs.699.45 million during the period. After deducting expenses of Rs.114.99 million, the net income is Rs.584.46 million. The chart below presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NMMF.



NAFA MONEY MARKET FUND

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 17, 2015
Place: Karachi.

NAFA MONEY MARKET FUND

TRUSTEE REPORT TO THE UNIT HOLDERS

NAFA MONEY MARKET FUND

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 Money Market 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, 2014 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
Officiating Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 26, 2015

NAFA MONEY MARKET FUND

AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **NAFA Money Market Fund** as at December 31, 2014, 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 and condensed interim cash flow statement, together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial information'), for the half year ended December 31, 2014. The Management Company (NBP Fullerton Asset Management Limited) is responsible for the preparation and presentation of this condensed 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 condensed interim financial information based on our review. The figures of the condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement for the quarter ended December 31, 2014 and December 31, 2013 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2014.

Scope of Review

We conducted our review in accordance with the 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 as of and for the half year ended December 31, 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants
Engagement Partner: **Rashid A. Jafer**
Dated: February 27, 2015
Karachi

NAFA MONEY MARKET FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2014

		(Un-audited) December 31, 2014	(Audited) June 30, 2014
	Note	-----Rupees in '000-----	
ASSETS			
Cash and bank balances	4	12,924,650	10,790,444
Investments	5	1,550,000	2,053,083
Profit receivable		58,528	21,893
Receivable against transfer of units		245	824
Preliminary expenses and floatation cost		492	607
Security deposit		100	100
Prepayments and other receivables		20	128
Total assets		14,534,035	12,867,079
LIABILITIES			
Payable to the Management Company	6	43,773	19,401
Payable to Central Depository Company of Pakistan Limited - Trustee		930	692
Payable to the Securities and Exchange Commission of Pakistan		5,116	8,834
Payable on redemption of units		53,329	858,082
Accrued expenses and other liabilities		83,353	68,695
Total liabilities		186,501	955,704
NET ASSETS		14,347,534	11,911,375
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		14,347,534	11,911,375
CONTINGENCIES AND COMMITMENTS			
	7	-----Number of units-----	
NUMBER OF UNITS IN ISSUE		1,372,119,055	1,189,572,985
		-----Rupees-----	
NET ASSET VALUE PER UNIT	8	10.4565	10.0132

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA MONEY MARKET FUND

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014

Note	Half year ended		Quarter ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
----- Rupees in '000 -----				
INCOME				
Capital gain / (loss) on sale of investments - net	1,490	(449)	3,199	(1,332)
Income from government securities	326,765	266,061	154,007	161,023
Income from term deposit receipts	41,430	195,922	31,362	61,599
Income from letters of placement	22,196	27,891	18,653	25,356
Income from certificates of investment	52,539	7,793	30,889	-
Income from commercial paper and sukuk certificates	2,160	856	740	-
Profit on bank deposits	252,867	103,373	122,127	36,209
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'at fair value through profit or loss'	-	(1,241)	-	339
Total Income	699,447	600,206	360,977	283,194
EXPENSES				
Remuneration of the Management Company 6.1	68,208	65,541	35,103	30,007
Sindh Sales Tax on Management Company's Remuneration 6.2	11,868	12,437	5,724	6,752
Federal Excise Duty on Management Company's remuneration 6.3	10,913	10,487	5,616	4,802
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	5,227	5,067	2,674	2,368
Annual fee to the Securities and Exchange Commission of Pakistan	5,116	4,916	2,633	2,251
Securities transaction cost	581	516	466	299
Bank charges	434	182	313	131
Listing fee	20	20	10	10
Auditors' remuneration	349	235	227	121
Legal fee	26	67	13	67
Printing charges	73	22	37	22
Rating fee	128	220	64	110
Amortisation of preliminary expenses and floatation costs	115	115	57	57
Total Expenses	103,058	99,825	52,937	46,997
Net income from operating activities	596,389	500,381	308,040	236,197
Provision for Workers' Welfare Fund 9	(11,928)	(10,008)	(6,161)	(4,724)
Net income for the period before taxation	584,461	490,373	301,879	231,473
Taxation 10	-	-	-	-
Net income for the period after taxation	584,461	490,373	301,879	231,473
Earnings per unit 11				

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

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

Chief Executive

Director

NAFA MONEY MARKET FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014

	Half year ended		Quarter ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	----- Rupees in '000 -----			
Net income for the period after taxation	584,461	490,373	301,879	231,473
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>584,461</u>	<u>490,373</u>	<u>301,879</u>	<u>231,473</u>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA MONEY MARKET FUND

CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014

	Half year ended		Quarter ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	----- Rupees in '000 -----			
Undistributed income brought forward comprising:				
- Realised income	32,278	37,700	315,568	24,870
- Unrealised loss	(1,279)	(55)	-	(1,580)
	<u>30,999</u>	<u>37,645</u>	<u>315,568</u>	<u>23,290</u>
Net income for the period	584,461	490,373	301,879	231,473
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - net	23,783	(12,691)	21,796	(10,782)
Interim distributions during the period				
- Nil (Dec 2013: Re 0.0701 per unit declared on July 29, 2013) - Issue of bonus units	-	(96,888)	-	-
- Nil (Dec 2013: Re 0.0651 per unit declared on August 28, 2013) - Issue of bonus units	-	(97,026)	- (3,480)	-
- Nil (Dec 2013: Re 0.0601 per unit declared on September 26, 2013) - Issue of bonus units	-	(77,432)	- -10196	-
- Nil (Dec 2013: Re 0.0601 per unit declared on October 28, 2013) - Issue of bonus units	-	(62,655)	- -14738	(62,655)
- Nil (Dec 2013: Re 0.0651 per unit declared on November 27, 2013) - Issue of bonus units	-	(75,607)	- -20532	(75,607)
- Nil (Dec 2013: Re 0.0661 per unit declared on December 26, 2013) - Issue of bonus units	-	(75,455)	- -18826	(75,455)
	-	(485,063)	-	(213,717)
Undistributed income carried forward	<u>639,243</u>	<u>30,264</u>	<u>639,243</u>	<u>30,264</u>
Undistributed income comprising:				
- Realised income	639,243	31,505	639,243	31,505
- Unrealised loss	-	(1,241)	-	(1,241)
	<u>639,243</u>	<u>30,264</u>	<u>639,243</u>	<u>30,264</u>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA MONEY MARKET FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014

	Half year ended		Quarter ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	----- Rupees in '000 -----			
Net assets at the beginning of the period	11,911,375	15,677,342	13,339,175	13,002,207
Issue of 874,331,926 units (Dec 2013: 940,690,105 units)	8,949,099	8,954,564	4,666,157	4,534,262
Redemption of 691,785,856 units (Dec 2013: 1,440,911,598 units)	(7,097,401)	(14,463,968)	(3,959,677)	(7,109,631)
	1,851,698	(5,509,404)	706,480	(2,575,369)
Net element of (income) / loss and capital (gains) / losses included in the prices of units issued less those in units redeemed	(23,783)	12,691	(21,796)	10,782
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'at fair value through profit or loss'	-	(1,241)	-	339
Capital gain / (loss) on sale of investments - net	1,490	(449)	3,199	(1,332)
Other income / (net of expenses) for the period	582,971	492,063	298,680	232,466
	584,461	490,373	301,879	231,473
Distribution of bonus units during the period				
Interim Distributions	-	485,063	-	213,717
- Nil (Dec 2013: Re 0.0701 per unit declared on July 29, 2013) - Issue of bonus units	-	(96,888)	-	-
- Nil (Dec 2013: Re 0.0651 per unit declared on August 28, 2013) - Issue of bonus units	-	(97,026)	-	-
- Nil (Dec 2013: Re 0.0601 per unit declared on September 26, 2013) - Issue of bonus units	-	(77,432)	-	-
- Nil (Dec 2013: Re 0.0601 per unit declared on October 28, 2013) - Issue of bonus units	-	(62,655)	-	(62,655)
- Nil (Dec 2013: Re 0.0651 per unit declared on November 27, 2013) - Issue of bonus units	-	(75,607)	-	(75,607)
- Nil (Dec 2013: Re 0.0661 per unit declared on December 26, 2013) - Issue of bonus units	-	(75,455)	-	(75,455)
	-	(485,063)	-	(213,717)
Net element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - transferred to distribution statement	23,783	(12,691)	21,796	(10,782)
Net assets as at the end of the period	<u>14,347,534</u>	<u>10,658,311</u>	<u>14,347,534</u>	<u>10,658,311</u>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA MONEY MARKET FUND

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014

	Half year ended		Quarter ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
----- Rupees in '000 -----				
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period before taxation	584,461	490,373	301,879	231,473
Adjustments				
Net unrealised diminution / (appreciation) on re-measurement of investments classified as 'at fair value through profit or loss'	-	1,241	-	(339)
Amortisation of preliminary expenses and floatation costs	115	115	57	57
	584,576	491,729	301,936	231,191
(Increase) / decrease in assets				
Investments - net	503,083	917,583	299,260	5,145,625
Profit receivable	(36,635)	188,386	(18,729)	(34,333)
Prepayments and other receivables	108	(3,460)	74	(3,553)
	466,556	1,102,509	280,605	5,107,739
Increase / (decrease) in liabilities				
Payable to the Management Company	24,372	(831)	7,542	3,351
Payable to Central Depository Company of Pakistan Limited - Trustee	238	(482)	93	(73)
Payable to the Securities and Exchange Commission of Pakistan	(3,718)	(12,420)	2,633	2,251
Accrued expenses and other liabilities	14,658	9,589	8,609	4,407
	35,550	(4,144)	18,877	9,936
Net cash generated from operating activities	1,086,682	1,590,094	601,418	5,348,866
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts from issue of units	8,949,678	8,954,564	4,693,398	4,534,262
Payments on redemption of units	(7,902,154)	(24,281,820)	(3,911,302)	(7,145,388)
Net cash generated / (used in) from financing activities	1,047,524	(15,327,256)	782,596	(2,611,126)
Net increase / (decrease) in cash and cash equivalents during the period	2,134,206	(13,737,162)	1,384,014	2,737,740
Cash and cash equivalents at the beginning of the period	10,790,444	21,792,968	11,540,636	5,318,066
Cash and cash equivalents at the end of the period	12,924,650	8,055,806	12,924,650	8,055,806

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA MONEY MARKET FUND

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014

1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Money Market Fund (the Fund) was established under a Trust Deed executed between NBP Fullerton Asset Management Limited (NAFA) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on May 4, 2011 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on May 18, 2011 under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

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 SECP. The principal 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 a member of the 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 are transferrable and can be redeemed by surrendering these to the Fund. The Fund is categorised as an Open-End "Money Market Scheme" as per the criteria laid down by SECP for categorisation of Collective Investment Schemes (CISs).

The objective of the Fund is to generate optimal return with minimum risk, to provide easy liquidity and reasonable income to its unit holders by investing in short-term government securities, term deposit receipts and bank deposits.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned a stability rating of AA(f) to the Fund and an asset manager rating of AM2 to the Management Company as at April 8, 2014.

Title to the assets of the Fund is held in the name of (CDC) 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 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, 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 SECP prevail.

The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual published financial statements of the Fund for the year ended June 30, 2014.

This condensed interim financial information is unaudited but has been subject to limited scope review by the auditors.

In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2014.

NAFA MONEY MARKET FUND

3 SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ESTIMATES, JUDGMENTS AND CHANGES THEREIN

The accounting policies adopted for the preparation of the condensed interim financial statements for the half year and quarter ended December 31, 2014 are same as those applied in the preparation of annual audited financial statements for the year ended June 30, 2014.

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in application of its accounting policies. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The significant estimates, judgments and assumptions made by the management in applying the accounting policies and the key sources of estimation of uncertainty were the same as those that applied to the audited annual financial statements as at and for the year ended June 30, 2014.

The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2014.

Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 1, 2014. None of these amendments have a significant effect on this condensed interim financial information.

		(Un-audited) December 31, 2014	(Audited) June 30, 2014
	Note	Rupees in '000	
4 BANK BALANCES			
Current accounts		3,014,442	9,941,042
Savings accounts	4.1	3,210,208	847,583
Term deposit receipts	4.2	6,700,000	-
Pay orders in hand		-	1,819
		<u>12,924,650</u>	<u>10,790,444</u>

4.1 These accounts carry rate of return ranging from 6.50% to 10.75% (June 30, 2014: 6.50% to 10.75%) per annum.

4.2 These carry profit at rates ranging from 10.45% to 10.50% (June 30,2014: Nil) per annum.

NAFA MONEY MARKET FUND

		(Un-audited) December 31, 2014	(Audited) June 30, 2014
	Note	Rupees in '000	
5 INVESTMENTS			
Financial assets classified as 'at fair value through profit or loss'			
Government securities - Market Treasury Bills	5.1	-	1,798,058
Government securities - Pakistan Investment Bonds	5.2	-	207,184
Loans and receivables			
Commercial Paper	5.3	-	47,841
Certificates of investment	5.4	1,550,000	-
		<u>1,550,000</u>	<u>2,053,083</u>

5.1 Government securities - Market Treasury Bills

Issue Date	Tenor	Face Value				Market value		
		As at July 1, 2014	Purchases during the period	Sales/ matured during the period	As at December 31, 2014	Market value as at December 31, 2014	Market value as a percentage of net assets	Market value as a percentage of total investment
----- (Rupees in '000) -----								
April 17, 2014	3 Months	5,000	-	5,000	-	-	-	-
April 17, 2014	6 Months	700,000	-	700,000	-	-	-	-
May 15, 2014	3 Months	850	-	850	-	-	-	-
May 15, 2014	6 Months	1,125,100	50,200	1,175,300	-	-	-	-
February 6, 2014	6 Months	8,000	-	8,000	-	-	-	-
May 29, 2014	3 Months	-	50,000	50,000	-	-	-	-
June 12, 2014	3 Months	20,000	422,200	442,200	-	-	-	-
July 10, 2014	3 Months	-	1,442,500	1,442,500	-	-	-	-
July 10, 2014	6 Months	-	2,500,000	2,500,000	-	-	-	-
July 24, 2014	3 Months	-	3,800,000	3,800,000	-	-	-	-
August 7, 2014	3 Months	-	6,180,000	6,180,000	-	-	-	-
August 21, 2014	3 Months	-	1,000,000	1,000,000	-	-	-	-
September 4, 2014	3 Months	-	3,114,800	3,114,800	-	-	-	-
October 2, 2014	3 Months	-	218,500	218,500	-	-	-	-
October 16, 2014	3 Months	-	1,475,500	1,475,500	-	-	-	-
October 30, 2014	3 Months	-	1,753,500	1,753,500	-	-	-	-
October 30, 2014	6 Months	-	4,000,000	4,000,000	-	-	-	-
May 2, 2014	12 Months	-	695,000	695,000	-	-	-	-
September 18, 2014	3 Months	-	100,000	100,000	-	-	-	-
November 13, 2014	3 Months	-	1,580,200	1,580,200	-	-	-	-
November 13, 2014	6 Months	-	250,000	250,000	-	-	-	-
November 27, 2014	3 Months	-	1,150,000	1,150,000	-	-	-	-
November 27, 2014	6 Months	-	500,000	500,000	-	-	-	-
March 20, 2014	12 Months	-	1,600,000	1,600,000	-	-	-	-
		<u>1,858,950</u>	<u>31,882,400</u>	<u>33,741,350</u>	-	-	-	-

Carrying value as at December 31, 2014

NAFA MONEY MARKET FUND

5.2 Government securities - Pakistan Investment Bonds

Issue Date	Tenor	Face Value				Market value as at December 31, 2014	Investment as a percentage of	
		As at July 1, 2014	Purchases during the period	Sales/ matured during the period	As at December 31, 2014		net assets	Market value of total investment
August 18, 2011	3 Years	207,184	-	207,184	-	-	-	
----- (Rupees in '000) -----								
Carrying Value as at December 31, 2014								

5.3 Commercial Paper

This represents commercial paper, having face value of Rs. 50 million, issued at discount by PAIR Investment Company Limited. The Fund had purchased this commercial paper at Rs. 47.224 million and it was matured on November 18, 2014.

5.4 Certificates of investment

Name of Issuer	Maturity date	Rate	As at December 31, 2014
Pak Oman Investment Company Limited	19-Mar-15	10.10%	150,000
Pak Oman Investment Company Limited	24-Mar-15	10.10%	200,000
Pak Brunei Investment Company Limited	25-Jun-15	10.30%	1,200,000
			1,550,000

(Un-audited) (Audited)
December 31, June 30,
2014 2014
Rupees in '000

6 PAYABLE TO THE MANAGEMENT COMPANY

Remuneration of the Management Company	6.1	12,311	1,504
Sindh Sales Tax payable on remuneration of the Management Company	6.2	2,142	279
Federal Excise Duty payable on remuneration of the Management Company	6.3	27,978	17,065
Sales and front end Load payable		902	313
Sales Tax and FED Payable on Sales Load		440	240
		43,773	19,401

6.1 Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding 3 percent of the average annual net assets of the Fund and thereafter of an amount equal to 2 percent of such assets of the Fund. Further, as per the requirement of the NBFC Regulations the Management Company shall not charge any fee if the Fund makes investment in CIS managed by the same Management Company. The Management Company has charged remuneration at the rate of 1% per annum based on the daily net assets of the Fund after deducting the investment made by the Fund in the CIS managed by the Management Company during the half year ended December 31, 2014. The amount of remuneration is paid monthly in arrears.

6.2 The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 15% (June 30, 2014: 16%) on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.

NAFA MONEY MARKET FUND

- 6.3** As per the requirements of the Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax as explained in note 6.2, further levy of FED may result in double taxation, which does not appear to be the spirit of the law.

The matter has been collectively taken up by the Management Company jointly with other Asset Management Companies together with their respective Collective Investment Schemes through their trustees, through a Constitutional Petition filed in the Honourable Sindh High Court (SHC) during September 2013 challenging the levy of FED. In this respect, the SHC has issued a stay order against the recovery of FED and the hearing of the petition is still pending.

Pending decision of the SHC, the Fund is not making payments for FED. However, the Fund, as a matter of abundant caution, has made full provision in respect of FED amounting to Rs 27.978 million. Had the provision not been made the net asset value per unit of the Fund as at December 31, 2014 would have been higher by Re 0.0204 per unit.

7 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2014 and June 30, 2014.

8 NET ASSET VALUE PER UNIT

The net asset value (NAV) per unit, as disclosed on the Statement of Asset and Liabilities, is calculated by dividing the net assets of the Fund by the number of units in issue at the period / year end.

9 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), challenging the applicability of WWF to the CISs, which is pending adjudication.

During the year ended June 30, 2012, 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, had declared the said amendments as unlawful and unconstitutional. In March 2013, a larger bench of the Honourable Sindh High Court (SHC) passed an order declaring that the amendments introduced in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 do not suffer from any constitutional or legal infirmity. However, the Honourable High Court of Sindh has not addressed the other amendments made in the WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before the Court.

In a recent judgment of May 2014, the Peshawar High Court (PHC) has also held these amendments to be ultra vires as they lacked the essential mandate to be introduced and passed through the Money Bill under the Constitution. Without prejudice to the above, the Management Company, as a matter of abundant caution, has decided to retain the provision for WWF amounting to Rs 79.131 million (including Rs 11.928 for the current period) in this condensed interim financial information. Had the same not been made, the net asset value per unit of the Fund as at December 31, 2014 would have been higher by Rs 0.0577 per unit.

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. No provision for taxation for the current period has been made in this interim financial information as the Management Company intends to distribute the required minimum percentage of the Fund's accounting income for the current year as reduced by capital gains (whether realised or unrealised) to its unit holders.

NAFA MONEY MARKET FUND

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

11 EARNINGS PER UNIT

Earnings per unit (EPU) for the period ended December 31, 2014 has not been disclosed as in the opinion of the management, determination of cumulative weighted average number of outstanding units for calculating EPU is not practicable.

12 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

12.1 Related parties / 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, 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.

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

12.3 Remuneration to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

12.4 Remuneration payable to the Trustee is determined in accordance with the provisions of the Trust Deed.

12.5 Details of the transactions with related parties / connected persons are as follows:

----- (Un-Audited) -----			
Half year ended		Quarter ended	
December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
----- Rupees in '000 -----			

NBP Fullerton Asset Management Limited - Management Company

Remuneration of the Management Company	68,208	65,541	35,103	30,007
Sindh Sales Tax on Management Company's remuneration	11,868	12,437	5,724	6,752
Federal Excise Duty on Management Company's remuneration	10,913	10,487	5,616	4,802
Issue of 2,707,625 units	27,744	-	17,394	-

National Bank of Pakistan - Sponsor

Redemption of Nil units (2013: 517,325,758 units)	-	5,200,000	-	3,700,000
Bonus of Nil units (2013: 14,078,170 units)	-	-	-	-
Purchase of Market Treasury Bills	-	10,302,500	-	1,646,331
Sale of Market Treasury Bills	1,613,330	5,790,000	313,971	3,197,572
Term Deposit Receipt placed with the bank	-	8,500,000	-	-
Profit on saving account	-	6,101	-	1,186
Profit on Term Deposit Receipt	-	132,003	-	-

Central Depository Company of Pakistan Limited - Trustee

Remuneration for the period	5,227	5,067	2,674	2,368
-----------------------------	-------	-------	-------	-------

Employees of the Management Company

Issue of 1,990,857 units (2013: 1,911,932 units)	20,413	19,184	13,014	10,713
Bonus of Nil units (2013: 28,879 units)	-	-	-	-
Redemption of 2,172,068 units (2013: 1,603,045 units)	22,303	16,081	14,641	8,179

NAFA MONEY MARKET FUND

	----- (Un-Audited) -----			
	Half year ended		Quarter ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	----- Rupees in '000 -----			
Chief Executive Officer				
Issue of 11,529,182 units (2013: 1,646,555 units)	118,000	16,500	100,000	5,000
Bonus of Nil units (2014: 13,543 units)	-	-	-	-
Redemption of 10,415,027 units (2013: 1,440,608 units)	107,215	14,449	89,120	10,700
Chief Financial Officer / Company Secretary				
Issue of 1,274,072 units (2013: Nil units)	13,200	-	13,050	-
Bonus of Nil units (2013: 688 units)	-	-	-	-
Redmption of 926,353 units (2013: 123,495 units)	9,550	1,240	7,700	-
NBP Exchange Company Limited - Associated Companies				
Bonus of Nil units (2013: 297,720 units)	-	-	-	-
Redemption of Nil units (2013: 1,5449,905 units)	-	155,083	-	155,083
NAFA Government Securities Liquid Fund				
Purchase of Market Treasury Bills	98,769	1,800,000	98,769	2,648
Sale of Market Treasury Bills	2022,447	650,000	1924,297	650,000
NAFA Savings Plus Fund				
Sale of Market Treasury Bills	-	90,000	-	354
NAFA Income Opportunity Fund				
Sale of Market Treasury Bills	122,267	-	122,267	-
NAFA Financial Sector Income Fund				
Purchase of Market Treasury Bills	186,275	-	186,275	-
NAFA Government Securities Savings Fund				
Purchase of Market Treasury Bills	230,061	-	230,061	-
Cherat Cement Company Limited				
Redemption of 15,751,083 units (2013: Nil units)	159,384	-	-	-
Summit Bank Limited				
Profit on bank deposit	-	421	-	25
Purchase of Market Treasury Bills	-	500,000	-	500,000
International Industries Limited Employees' Provident Fund				
Issue of 294,123 units (2013: 380,280 units)	2,978	3,816	368	2,960
Bonus of Nil units (2013: 47,599 units)	-	-	-	-
Redemption of 2,002,901 units (2013: Nil units)	20,724	-	19,486	-
Purchase of Market Treasury Bills	-	20,500	-	20,500
Sale of Market Treasury Bills	-	64,600	-	17,234
International Industries Limited Employees' Gratuity Fund				
Purchase of Market Treasury Bills	-	26,000	-	26,000
Sale of Market Treasury Bills	-	26,000	-	26,000
International Steels Limited Employees' Provident Fund				
Issue of 85,009 units (2013: 156,315 units)	859	1,573	66	1,300
Bonus of Nil units (2013: 17,106 units)	-	-	-	-
Redemption of 519,618 units (2013: Nil units)	5,358	-	4,386	-
Purchase of Market Treasury Bills	497	-	-	-
Pakistan Petroleum Limited				
Issue of 37,896,222 units (2013: Nil units)	390,000	-	130,000	-

*Prior period comparatives have not been presented as the entity was not classified as a related party / connected person in the prior periods.

NAFA MONEY MARKET FUND

	Un-Audited As at December 31, 2014	Audited As at June 30, 2014
Balances outstanding as at the period / year end		
	(Rupees in '000)	
12.6 NBP Fullerton Asset Management Limited - Management Company		
Remuneration of the Management Company	12,311	1,504
Sindh Sales Tax payable on remuneration of the Management Company	2,142	279
Federal Excise Duty payable on remuneration of the Management Company	27,978	17,065
Sales Load and front end load payable	902	313
Sales Tax and FED Payable on Sales Load	440	240
Units held: 3,179,827 units (June 30, 2014: 472,202 units)	33,250	4,728
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	930	692
Security deposit	100	100
National Bank of Pakistan - Sponsor		
Units held: 335,651,991 (June 30, 2014: 335,651,992, units)	3,509,745	3,360,951
Bank balances		
- in savings accounts	480	195
- in current accounts	3,939	1,837
Employees of the Management Company		
Units held: 574,498 units (June 2014: 755,709 units)	6,007	7,567
Chief Executive Officer		
Units held: 1,114,155 (June 30, 2014: Nil units)	11,650	-
Chief Financial Officer / Company Secretary		
Units held: 889,296 (June 30, 2014: 541,577 units)	9,299	5,423
International Industries Ltd Employees' Provident Fund		
Units held: Nil units (June 2014: 1,708,778 units)	-	17,110
International Steels Ltd Employees' Provident Fund		
Units held: Nil units (June 2014: 434,609 units)	-	4,352
Cherat Cement Company Limited		
Units held: Nil units (June 2014: 15,751,083 units)	-	157,719
Summit Bank Limited		
Bank balance		
- in current accounts	10,503	6,449
Pakistan Petroleum Limited*		
Units held: 143,519,193 (June 30, 2014: Nil units)	1,500,708	-

*Prior year comparative has not been presented as the entity was not classified as a related party / connected person as at June 30, 2014.

13 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on February 17, 2015 by the Board of Directors of the Management Company.

14 GENERAL

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

14.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation. No significant reclassifications have been made during the current period.

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: 0800-20001

Sms: NAFA INVEST to 8080

Fax: 021-35825335

Email: info@nafafunds.com

Website: www.nafafunds.com