



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

NAFA MONEY MARKET FUND

ANNUAL REPORT 2014



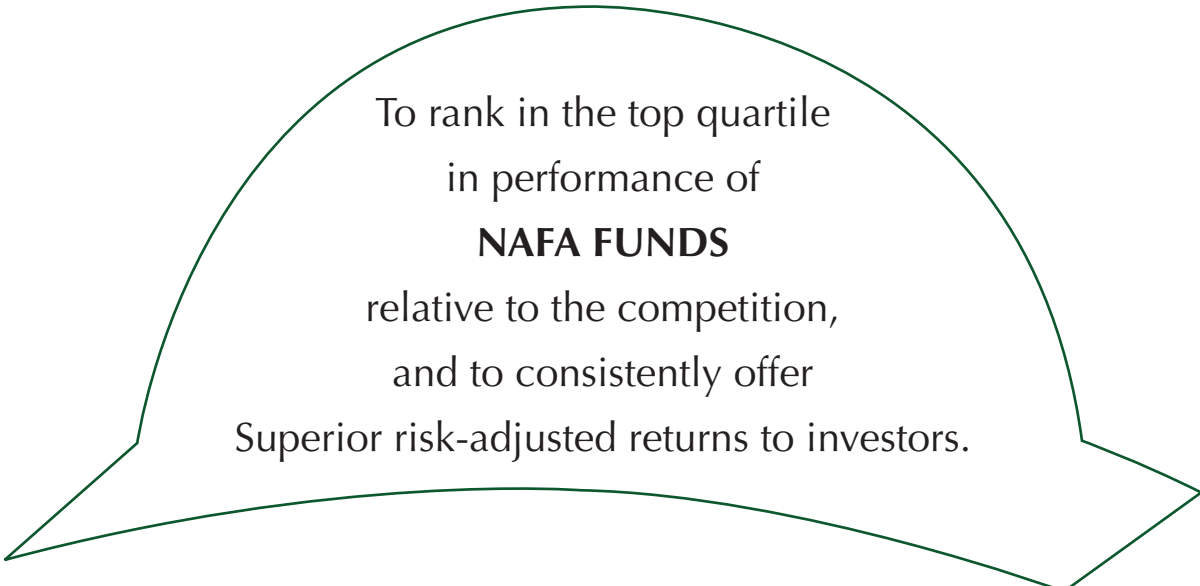
Your investments & "NAFA" grow together



**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 Shahra-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

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Board of Directors



Mr. Nausherwan Adil
Chairman



Dr. Amjad Waheed, CFA
Chief Executive Officer



Mr. Kamal Amir Chinoy
Director



Mr. Koh Boon San
Director



Mr. Aamir Sattar
Director



Mr. Shehryar Faruque
Director



Mr. Wah Geok Sum
Director



Mr. Abdul Hadi Palekar
Director

Senior Management



Dr. Amjad Waheed, CFA
Chief Executive Officer



Mr. M. Murtaza Ali
Chief Financial Officer
& Company Secretary



Mr. Sajjad Anwar, CFA
Chief Investment Officer



Mr. Zeeshan
Chief – Strategy &
Business Development



Mr. Samiuddin Ahmed
Country Head Corporate
Marketing & Sales



Mr. Ozair Khan
Chief Technology Officer



Mr. Muhammad Ali, CFA, FRM
Head of Fixed Income



Mr. Ahmad Nouman CFA, PRM
Head of Risk Management



Syed Suleman Akhtar CFA
Head of Research



Mr. Tahir Lateef
Head of Internal Audit

NAFA MONEY MARKET FUND

DIRECTORS' REPORT

The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the Third Annual Report of **NAFA Money Market Fund** for the year June 30, 2014.

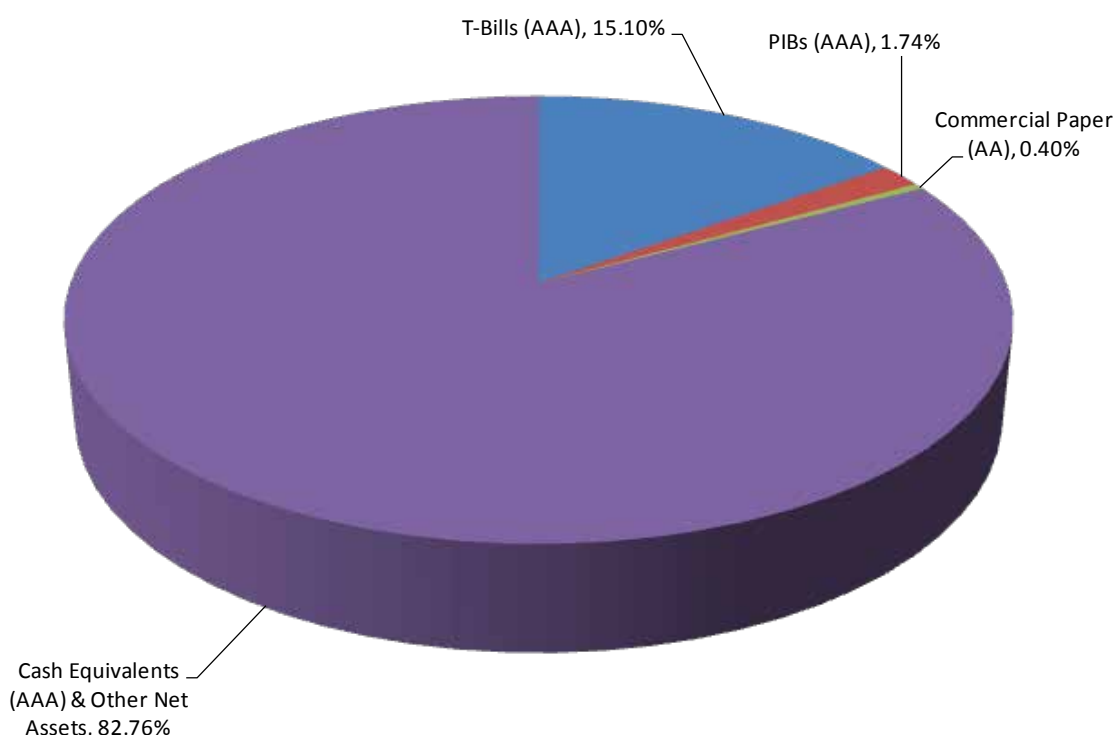
Fund's Performance

The size of NAFA Money Market Fund has reduced from Rs. 15,677 million to Rs. 11,911 million during the period, i.e. a decline of 24.02%. During the period, the unit price of the Fund has increased from Rs. 9.2537 (Ex - Div) on June 30, 2013 to Rs. 10.0132 on June 30, 2014 thus posting a return of 8.21% as compared to its Benchmark (3-Month deposit rates of 'AA' & above rated banks) return of 6.95% for the same period. The return of the Fund is net of management fee and all 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.

The State Bank of Pakistan increased the policy rate by 100bps to 10% during first half of FY14, citing downside risks to the external account, depleting FX reserves, and rising inflation expectations. However, since then positive developments were witnessed in the form of (i) a sharp recovery of Pak rupee against the US dollar, due to significant improvement in forex reserves bolstered by aid from Saudi Arabia, extremely successful Eurobond issue, auction of 3G and 4G licenses, two large SPOs and higher loan receipts; and (ii) Inflation as measured by CPI clocked in at 8.6%, significantly below initial projections of 11-12%, due to subdued commodity prices, lower money supply growth and strong rupee performance in the second half of the fiscal year.

The Fund has earned a total income of Rs.1,120.41 million during the year. After deducting total expenses of Rs.198.54 million, the net income is Rs.921.87 million. The asset allocation of the Fund as on June 30, 2014 is as follows:



NAFA MONEY MARKET FUND

Income Distribution

The Board of Directors of the Management Company has approved distribution of 7.96% of the opening ex-NAV (7.97% of the par value) during the year.

Taxation

As the above distribution is more than 90% of the income earned during the year, excluding realized and unrealized capital gains on investments, the Fund is not subject to tax under Clause 99 of the Part I of the Second Schedule of the Income Tax Ordinance, 2001.

Auditors

The present auditors, Messrs A.F.Ferguson & Co., Chartered Accountants, retire and, being eligible, offer themselves for re-appointment for the year ended June 30, 2015.

Directors' Statement in Compliance with Code of Corporate Governance

1. The financial statements, prepared by the management company, present fairly the state of affairs of the Fund, the result of its operations, cash flows and statement of movement in unit holders' funds.
2. Proper books of account of the Fund have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Fund's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
8. A performance table/ key financial data is given in this annual report.
9. Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements.
10. The Board of Directors of the Management Company held six meetings during the year. The attendance of all directors is disclosed in the note 23 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 22 to these financial statements.
12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 19 to these financial statements.

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: September 16, 2014
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) and Clause 9 of Schedule V 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 year ended June 30, 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.

Muhammad Hanif Jakhura
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: October 10, 2014

NAFA MONEY MARKET FUND

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE NAFA MONEY MARKET FUND FOR THE YEAR ENDED JUNE 30, 2014

This statement is being presented by the Board of Directors of NBP Fullerton Asset Management Limited (Company), the Management Company of **NAFA Money Market Fund** (the Fund) to comply with the Best Practices of Code of Corporate Governance (CCG) contained in Regulation No. 35, Chapter XI of Listing Regulations of Lahore Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

NBP Fullerton Asset Management Limited, though an un-listed Public Limited Company complies with the CCG as the Fund under its management is listed on Lahore Stock Exchange.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors on its Board of Directors. The Company, being an un-listed company, does not have any minority interest. As at June 30, 2014, the Board included:

Category	Names
Independent Directors	1. Mr. Kamal Amir Chinoy 2. Mr. Shehryar Faruque
Executive Directors	Dr. Amjad Waheed (Chief Executive Officer)
Non- Executive Directors	1. Mr. Nausherwan Adil (Chairman) 2. Mr. Aamir Sattar 3. Mr. Abdul Hadi Palekar 4. Mr. Wah Geok Sum 5. Mr. Koh Boon San

The independent directors meet the criteria of independence under clause i (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director of more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. One casual vacancy was occurred on the board on October 10, 2013 which was filled up on the same date.
5. The Management Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

NAFA MONEY MARKET FUND

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Fund. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO have been taken by the Board. There is no other executive-director of the Company besides CEO.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. In order to apprise the directors on their duties and responsibilities the Code requires every listed company to conduct formal orientation for directors. As per the Code, by June 30, 2014 a minimum of two directors should have attended director training program. As at year end, one of the directors has attended the director's training program offered by Pakistan Institute of Corporate Governance. The Company has started the process for training of other directors and it is expected that some of other directors may also obtain certification of the director's training program in the next year. However, the directors are conversant with the relevant laws applicable to the Company, its policies and procedures and provisions of memorandum and articles of association and are aware of their duties and responsibilities.
10. There was no new appointment of the Chief Financial Officer (CFO) and Company Secretary during the year. However, the Head of Internal Audit left the Company on March 07, 2014 and in his place a new appointment was made on April 08, 2014 with the approval of audit and risk committee including remuneration and terms and conditions. The appointment of the Head of Internal Audit has been ratified by the Board in its meeting held on September 16, 2014, subsequent to the year end.
11. The Directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the units of the Fund other than that disclosed in note 19 to the financial statements "Transactions with Connected Persons".
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises of three members, of whom all are non-executive directors and the chairman of the committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Fund and as required by the CCG. The committee has formed the terms of reference for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises of three members. All the members are non-executive directors and the chairman of the committee is a non-independent director.

NAFA MONEY MARKET FUND

18. The Board has set up an effective internal audit function.
19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. Since there is no practical implication of closed period on the announcement of interim and final results of open end Fund. Therefore, there was no 'closed period' prior to the announcement of interim/final results.
22. Material / price sensitive information has been disseminated amongst all market participants at once through stock exchange.
23. We confirm that all other material principles contained in the CCG have been complied with. While the Code of Corporate Governance requires that a mechanism shall be put in place for the annual evaluation of the Board's own performance by April 2014, the Management Company is in the process of preparing a framework for this purpose and eventual approval by the Board of Directors of the Management Company

For and behalf of the board

Karachi
September 16, 2014

Dr. Amjad Waheed
Chief Executive Officer

NAFA MONEY MARKET FUND

FUND MANAGER REPORT

NAFA Money Market Fund

NAFA Money Market Fund (NMMF) is an open-end Money Market Scheme.

Investment Objective of the Fund

The objective of NAFA Money Market Fund is to provide stable income stream with preservation of capital by investing in AA and above rated banks and money market instruments.

Benchmark

3-Month deposit rates of AA and above rated banks.

Fund Performance Review

This is the third Annual report since the launch of the Fund on February 24, 2012. The Fund size decreased by 24.02% during FY14 and stands at Rs 11,911 million as on June 30, 2014. The Fund's annualized return since its inception is 8.98% as against the benchmark return of 6.97%. This translates into an out-performance of 2.01% p.a. The Fund's return during FY 2013-14 is 8.21% versus the benchmark return of 6.95%, thus registering an out-performance of 1.26%. This out-performance is net of management fee and all other expenses. Thus the Fund has achieved its investment objectives.

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.

State Bank of Pakistan increased the policy rate to 10% from 9% during FY14 premised on rising inflation expectation, pressure on external account and reduction in FX reserves. However, in the second half of FY 14, significant improvement was observed in the external account mainly due to aid from Saudi Arabia, issuances of Eurobond, successful SPOs of UBL & PPL and auction of 3G & 4G licenses. This resulted in unexpected recovery of Pak rupee against the US dollar. Inflation also remained below initial projections due to lower money supply growth and depressed commodity prices. However, State Bank of Pakistan restrained from easing policy rate highlighting law and order situation and power shortages as the prime factors affecting investment in economy.

During the period under review Government has shifted its borrowing from short-term T-Bills to long-term PIBs thus reducing rollover or refinancing risk. However this shift in borrowing from short-term to long-term has come at a significant cost as PIBs are an expensive source of borrowing. This shift in borrowing is evident from below mentioned table:

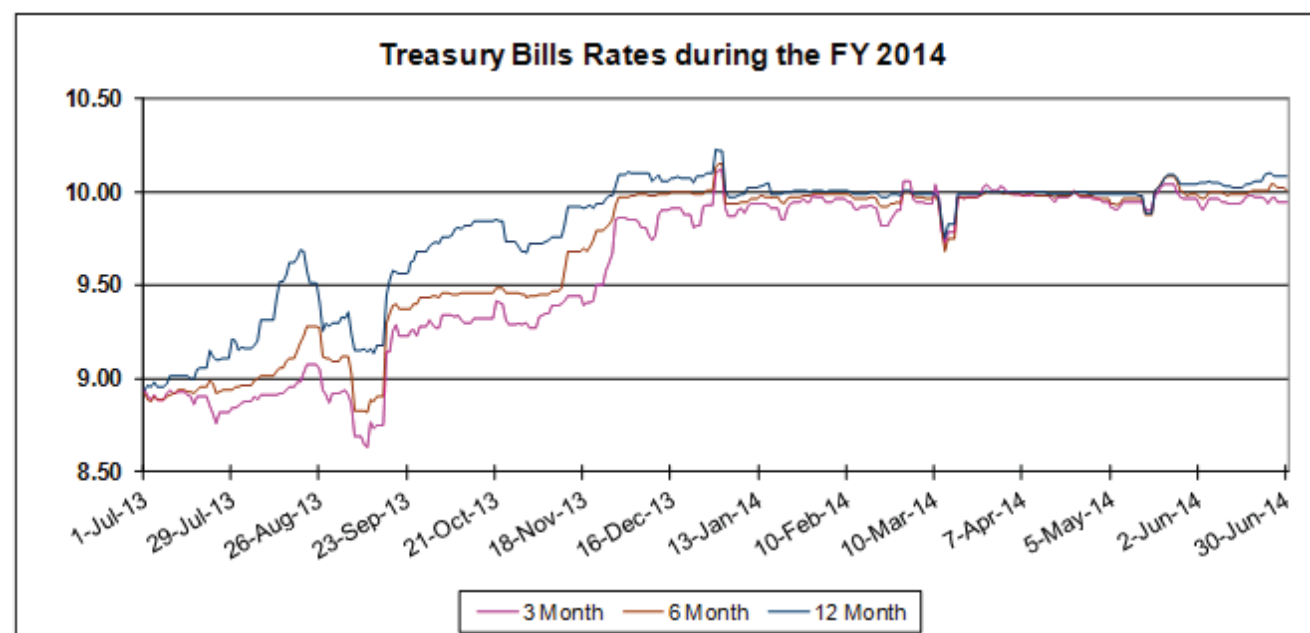
Source of Borrowing	Jun-13		Jun-14	
	Rs. In Bn	%	Rs. In Bn	%
PIBs	1,321.9	26.8%	3,223.5	59.4%
T-Bills	3,151.0	63.9%	1,878.9	34.6%
GOP Ijara Sukuk	459.2	9.3%	326.4	6.0%
Total	4,932.1	100.0%	5,428.8	100.0%

NAFA MONEY MARKET FUND

Asset Allocation of Fund (% of NAV)

Particulars	30-Jun-14	30-Jun-13
T-Bills	15.10%	19.01%
PIBs	1.74%	-
Placements with DFIs	-	2.23%
Money Market Placements	0.40%	1.44%
Cash, Bank Placements & Other Assets	82.76%	77.32%
Total	100.00%	100.00%

T-Bills yields during the year are shown in below graph:



Distribution for the Financial Year 2014

Month	Dividend as a % of Par Value (Rs.10)	Cumulative Div. Price / Unit	Ex- Div. Price
Jul-13	0.7010%	10.0791	10.0090
Aug-13	0.6510%	10.0677	10.0026
Sep-13	0.6010%	10.0608	10.0007
Oct-13	0.6010%	10.0682	10.0081
Nov-13	0.6510%	10.0672	10.0021
Dec-13	0.6610%	10.0668	10.0007
Jan-14	0.7210%	10.0730	10.0009
Feb-14	0.7010%	10.0723	10.0022
Mar-14	0.6210%	10.0623	10.0002
Apr-14	0.7210%	10.0724	10.0003
May-14	0.6610%	10.0663	10.0002
Jun-14	0.6810%	10.0665	9.9984

NAFA MONEY MARKET FUND

Unit Holding Pattern of NAFA Money Market Fund as on 30th June 2014

Size of Unit Holding (Units)		No. of Unit Holders
1	1,000	116
1,001	5,000	138
5,001	10,000	91
10,001	50,000	364
50,001	100,000	185
100,001	500,000	185
500,001	1,000,000	29
1,000,001	5,000,000	25
5,000,001	10,000,000	5
10,000,001	100,000,000	20
100,000,001	1,000,000,000	2

Total: 1,160

During the period under question:

There has been no significant change in the state of affairs of the Fund. NAFA Money Market Fund does not have any soft commission arrangement with any broker in the industry.

Workers' Welfare Fund (WWF)

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs. 67,203,615, if the same were not made the NAV per unit/ FY 2014 return of scheme would be higher by Rs.0.0565/0.61%. For details investors are advised to read note 16 of the Financial Statement of the Scheme for the period ended June 30, 2014.

NAFA MONEY MARKET FUND

REVIEW REPORT TO THE UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of NBP Fullerton Asset Management Limited, the Management Company of **NAFA Money Market Fund** (the Fund) for the year ended June 30, 2014 to comply with the Listing Regulation No.35 (Chapter XI) of the Lahore Stock Exchange where the Fund is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Management Company (**NBP Fullerton Asset Management Limited**) of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

The Code requires the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of the Fund's related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance for and on behalf of the Fund, in all material respects, with the best practices contained in the Code as applicable to the Fund for the year ended June 30, 2014.

Further, we highlight below the instances of non-compliance with the requirements of the Code as reflected in paragraph references where these have been stated in the Statement of Compliance:

Paragraph reference	Description
9	Upto June 30, 2014, only one director has obtained the director's training program as against the requirement of at least two directors till June 30, 2014.
21	No closed period was determined prior to the announcement of interim / final results.
23	The Management Company has not set up a mechanism for the annual evaluation of the Board's own performance.

Chartered Accountants
Dated: September 16, 2014
Karachi

NAFA MONEY MARKET FUND

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **NAFA Money Market Fund** (hereinafter referred to as the 'Fund'), which comprise the statement of assets and liabilities as at June 30, 2014, and the related income statement, distribution statement, statement of movement in unit holders' fund and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management Company's responsibility for the financial statements

The Management Company (**NBP Fullerton Asset Management Limited**) of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with approved accounting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the financial position of the Fund as at June 30, 2014 and of its financial performance, cash flows and transactions for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Chartered Accountants
Engagement Partner: **Rashid A. Jafer**
Dated: September 18, 2014
Karachi

NAFA MONEY MARKET FUND

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2014

	Note	2014	2013
		(Rupees in '000)	
ASSETS			
Cash and bank balances	4	10,790,444	21,792,968
Investments	5	2,053,083	3,556,267
Profit receivable	6	21,893	237,455
Receivable against transfer of units		824	-
Preliminary expenses and floatation costs	7	607	835
Security deposit		100	100
Prepayments and other receivables	8	128	236
Total assets		12,867,079	25,587,861
LIABILITIES			
Payable to the Management Company	9	19,401	22,540
Payable to the Central Depository Company of Pakistan Limited - Trustee	10	692	1,258
Payable to the Securities and Exchange Commission of Pakistan	11	8,834	17,336
Payable against redemption of units	17.1	858,082	9,820,162
Accrued expenses and other liabilities	12	68,695	49,223
Total liabilities		955,704	9,910,519
NET ASSETS		11,911,375	15,677,342
UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)		11,911,375	15,677,342
CONTINGENCIES AND COMMITMENTS			
	13		
		(Number of units)	
NUMBER OF UNITS IN ISSUE	17	1,189,572,985	1,564,795,422
		(Rupees)	
NET ASSET VALUE PER UNIT	3.12	10.0132	10.0188

The annexed notes 1 to 29 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA MONEY MARKET FUND

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014	2013
(Rupees in '000)			
INCOME			
Net (loss) / gain on sale of investment		(4,024)	27,173
Income from investment in government securities		618,652	1,722,805
Income from Sukuk certificates		856	35,044
Income from term deposit receipts		254,157	328,611
Income from letters of placement		57,635	18,662
Income from certificates of investment		40,466	31,626
Income from commercial paper		617	-
Profit on bank deposits	14	153,329	205,515
		1,121,688	2,369,436
Unrealised diminution on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net	5.4	(1,279)	(55)
Total income		1,120,409	2,369,381
EXPENSES			
Remuneration of the Management Company	9.1	117,788	237,873
Sindh Sales Tax on Management Company's remuneration		22,134	38,060
Federal Excise Duty on Management Company's remuneration	9.2	18,846	1,706
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1	9,316	17,379
Annual fee to the Securities and Exchange Commission of Pakistan	11.1	8,834	17,336
Securities transaction cost		914	878
Bank charges		499	425
Annual listing fee		40	40
Auditors' remuneration	15	504	453
Amortisation of preliminary expenses and floatation costs	7	228	228
Legal and professional charges		140	-
Printing charges		149	-
Rating fee		334	318
Total expenses		179,726	314,696
Net income from operating activities		940,683	2,054,685
Provision for Workers' Welfare Fund	16	(18,814)	(41,094)
Net income for the year before taxation		921,869	2,013,591
Taxation	3.7	-	-
Net income for the year after taxation		921,869	2,013,591
Earnings per unit	3.13	-	-

The annexed notes 1 to 29 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA MONEY MARKET FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2014

	2014	2013
	(Rupees in '000)	
Net income for the year after taxation	921,869	2,013,591
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>921,869</u>	<u>2,013,591</u>

The annexed notes 1 to 29 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA MONEY MARKET FUND

DISTRIBUTION STATEMENT FOR THE YEAR ENDED JUNE 30, 2014

	2014	2013
	(Rupees in '000)	
Undistributed income brought forward comprising :		
Realised income	37,700	43,690
Unrealised loss	(55)	(12,127)
	<u>37,645</u>	<u>31,563</u>
Net income for the year	921,869	2,013,591
- Re.0.0701 per unit declared on July 29, 2013 (2013 : Re.0.083 per unit declared on July 30, 2012)		
- Cash Distribution	-	(174,289)
- Issue of bonus units	(96,888)	(2,004)
- Re.0.0651 per unit declared on August 28, 2013 (2013 : Re.0.082 per unit declared on August 28, 2012)		
- Cash Distribution	-	(172,192)
- Issue of bonus units	(97,026)	(3,480)
- Re.0.0601 per unit declared on September 26, 2013 (2013 : Re.0.082 per unit declared on September 28, 2012)		
- Cash Distribution	-	(172,192)
- Issue of bonus units	(77,432)	(10,191)
- Re.0.0601 per unit declared on October 28, 2013 (2013 : Re.0.078 per unit declared on October 30, 2012)		
- Cash Distribution	-	(163,802)
- Issue of bonus units	(62,655)	(14,738)
- Re.0.0651 per unit declared on November 27, 2013 (2013 : Re.0.075 per unit declared on November 28, 2012)		
- Cash Distribution	-	(157,916)
- Issue of bonus units	(75,607)	(20,532)
- Re.0.0661 per unit declared on December 26, 2013 (2013 : Re.0.072 per unit declared on December 28, 2012)		
- Cash Distribution	-	(151,967)
- Issue of bonus units	(75,454)	(18,828)
- Re.0.0721 per unit declared on January 29, 2014 (2013 : Re.0.075 per unit declared on January 29, 2013)		
- Cash Distribution	-	(934)
- Issue of bonus units	(75,481)	(186,190)
- Re.0.0701 per unit declared on February 28, 2014 (2013 : Re.0.068 per unit declared on February 27, 2013)		
- Cash Distribution	(14)	(847)
- Issue of bonus units	(74,447)	(169,961)
- Re.0.0621 per unit declared on March 28, 2014 (2013 : Re.0.063 per unit declared on March 28, 2013)		
- Cash Distribution	(12)	(942)
- Issue of bonus units	(65,913)	(156,929)
- Re.0.0721 per unit declared on April 29, 2014 (2013 : Re.0.062 per unit declared on April 29, 2013)		
- Cash Distribution	(14)	(927)
- Issue of bonus units	(73,033)	(150,699)
- Re.0.0661 per unit declared on May 28, 2014 (2013 : Re.0.068 per unit declared on May 29, 2013)		
- Cash Distribution	(13)	(1,017)
- Issue of bonus units	(68,815)	(146,367)
- Re.0.0681 per unit declared on June 26, 2014 (2013 : Re.0.07 per unit declared on June 28, 2013)		
- Cash distribution	(13)	-
- Issue of bonus units	(60,177)	(148,028)
Net element of (loss) / income and capital (losses) / gains included in the prices of units issued less those in units redeemed	(25,521)	17,463
Undistributed income carried forward	<u>30,999</u>	<u>37,645</u>
Undistributed income comprising:		
- Realised income	32,278	37,700
- Unrealised loss	(1,279)	(55)
	<u>30,999</u>	<u>37,645</u>

The annexed notes 1 to 29 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA MONEY MARKET FUND

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS FOR THE YEAR ENDED JUNE 30, 2014

	2014	2013
	(Rupees in '000)	
Net assets at the beginning of the year	15,677,342	21,222,457
Issue of 2,012,859,099 units including 90,271,181 bonus units	19,283,409	15,222,254
Redemption of 2,388,081,536 units	(23,971,179)	(21,783,935)
	(4,687,770)	(6,561,681)
Unrealised diminution on re-measurement of investments classified as financial at fair value through profit or loss - net	(1,279)	(55)
Net (loss) / gain on sale of investment	(4,024)	27,173
Other income (net of expenses)	927,172	1,986,473
	921,869	2,013,591
Element of loss / (income) and capital losses / (gains) included in the prices of units issued less those in units redeemed - amount transferred to the distribution statement	25,521	(17,463)
Distributions during the year		
Interim Distribution	902,928	1,027,947
- Re.0.0701 per unit declared on July 29, 2013 (2013 : Re.0.083 per unit declared on July 30, 2012)		
- Cash Distribution	-	(174,289)
- Issue of bonus units	(96,888)	(2,004)
- Re.0.0651 per unit declared on August 28, 2013 (2013 : Re.0.082 per unit declared on August 28, 2012)		
- Cash Distribution	-	(172,192)
- Issue of bonus units	(97,026)	(3,480)
- Re.0.0601 per unit declared on September 26, 2013 (2013 : Re.0.082 per unit declared on September 28, 2012)		
- Cash Distribution	-	(172,192)
- Issue of bonus units	(77,432)	(10,191)
- Re.0.0601 per unit declared on October 28, 2013 (2013 : Re.0.078 per unit declared on October 30, 2012)		
- Cash Distribution	-	(163,802)
- Issue of bonus units	(62,655)	(14,738)
- Re.0.0651 per unit declared on November 27, 2013 (2013 : Re.0.075 per unit declared on November 28, 2012)		
- Cash Distribution	-	(157,916)
- Issue of bonus units	(75,607)	(20,532)
- Re.0.0661 per unit declared on December 26, 2013 (2013 : Re.0.072 per unit declared on December 28, 2012)		
- Cash Distribution	-	(151,967)
- Issue of bonus units	(75,454)	(18,828)
- Re.0.0721 per unit declared on January 29, 2014 (2013 : Re.0.075 per unit declared on January 29, 2013)		
- Cash Distribution	-	(934)
- Issue of bonus units	(75,481)	(186,190)
- Re.0.0701 per unit declared on February 28, 2014 (2013 : Re.0.068 per unit declared on February 27, 2013)		
- Cash Distribution	(14)	(847)
- Issue of bonus units	(74,447)	(169,961)
- Re.0.0621 per unit declared on March 28, 2014 (2013 : Re.0.063 per unit declared on March 28, 2013)		
- Cash Distribution	(12)	(942)
- Issue of bonus units	(65,913)	(156,929)
- Re.0.0721 per unit declared on April 29, 2014 (2013 : Re.0.062 per unit declared on April 29, 2013)		
- Cash Distribution	(14)	(927)
- Issue of bonus units	(73,033)	(150,699)
- Re.0.0661 per unit declared on May 28, 2014 (2013 : Re.0.068 per unit declared on May 29, 2013)		
- Cash Distribution	(13)	(1,017)
- Issue of bonus units	(68,815)	(146,367)
- Re.0.0681 per unit declared on June 26, 2014 (2013 : Re.0.07 per unit declared on June 28, 2013)		
- Cash distribution	(13)	-
- Issue of bonus units	(60,177)	(148,028)
	(902,994)	(2,024,972)
Net element of (loss) / income and capital (losses) / gains included in the prices of units issued less those in units redeemed - amount transferred to the distribution statement	(25,521)	17,463
Net assets at the end of the year	11,911,375	15,677,342

The annexed notes 1 to 29 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA MONEY MARKET FUND

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014	2013
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year		921,869	2,013,591
Adjustments for:			
Unrealised diminution on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net		1,279	55
Amortisation of preliminary expenses and floatation costs		228	228
		<u>923,376</u>	<u>2,013,874</u>
Decrease / (increase) in assets			
Investments - net		1,501,905	17,780,842
Profit receivable		215,562	(228,402)
Prepayments and other receivables		108	100
		<u>1,717,575</u>	<u>17,552,540</u>
(Decrease) / increase in liabilities			
Payable to the Management Company		(3,139)	(4,134)
Payable to the Central Depository Company of Pakistan Limited - Trustee		(566)	(94)
Payable to the Securities and Exchange Commission of Pakistan		(8,502)	14,602
Distribution payable		-	(174,044)
Accrued expenses and other liabilities		19,472	41,508
		<u>7,265</u>	<u>(122,162)</u>
Net cash generated from operating activities		<u>2,648,216</u>	<u>19,444,252</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts from issue of units		19,282,585	15,222,254
Payments on redemption of units		(32,933,259)	(11,963,773)
Distributions paid		(66)	(997,025)
Net cash (used in) / generated from financing activities		<u>(13,650,740)</u>	<u>2,261,456</u>
Net (decrease) / increase in cash and cash equivalents during the year		<u>(11,002,524)</u>	<u>21,705,708</u>
Cash and cash equivalents at the beginning of the year		21,792,968	87,260
Cash and cash equivalents at the end of the year	4	<u>10,790,444</u>	<u>21,792,968</u>

The annexed notes 1 to 29 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA MONEY MARKET FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 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 registered office of the Management Company is situated at 7th floor, Clifton Diamond Building, Block 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 of the Fund can be transferred to / from the Funds managed by the Management Company and can also be redeemed by surrendering to the Fund. The Fund is categorised as an Open-End "Money Market Scheme" as per the criteria laid down by the Securities and Exchange Commission of Pakistan (SECP) for categorisation of Collective Investment Schemes (CIS).

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 primarily in short-term government securities.

The Pakistan Credit Rating Agency (PACRA) has assigned a stability rating of 'AA(f)' to the Fund and an asset manager rating of AM2 to the Management Company.

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

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) 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 Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

2.2 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

There are certain new and amended standards and interpretations that are mandatory for accounting periods beginning July 1, 2013 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not detailed in these financial statements.

2.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

There are certain new and amended standards and interpretations that are mandatory for the accounting periods beginning on or after July 1, 2014 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not detailed in these financial statements.

2.4 Critical accounting estimates and judgments

The preparation of the financial statements 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. Revisions to accounting estimates are recognised in the year in which the estimates are revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

NAFA MONEY MARKET FUND

2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for certain investments which have been marked to market and carried at fair value.

2.6 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Fund's functional and presentation currency.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

3.1 Cash and cash equivalents

Cash and cash equivalents include deposits with banks and other short term highly liquid investments with original maturities of three months or less.

3.2 Financial assets

3.2.1 Classification

The Fund classifies its financial assets in the following categories: Financial assets 'at fair value through profit or loss', 'loans and receivables' and 'available for sale'. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this classification on a regular basis.

a) Financial assets 'at fair value through profit or loss'

These are acquired principally for the purpose of generating profit from short-term fluctuations in prices and are classified as financial assets at 'fair value through profit or loss'. This includes held-for-trading investments and such other investments that, upon initial recognition, are designated under this category.

b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

c) Available for sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) financial assets at fair value through profit or loss and (b) loans and receivables. These are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or change in price.

3.2.2 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

3.2.3 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed out in the Income Statement.

3.2.4 Subsequent measurement

a) Financial assets 'at fair value through profit or loss' and 'available for sale'

Subsequent to initial recognition, financial assets designated by the management as 'at fair value through profit or loss' and 'available for sale' are valued as follows:

NAFA MONEY MARKET FUND

Basis of valuation of government securities

The investment of the Fund in government securities is valued on the basis of rates announced by the Financial Markets Association of Pakistan.

Net gains and losses arising from changes in the fair values of financial assets carried as 'at fair value through profit or loss' are taken to the Income Statement.

Net gains and losses arising from changes in fair values of available for sale financial assets are taken to the 'Statement of Comprehensive Income' until these are derecognised or impaired. Upon derecognition, the cumulative gain or loss previously recognised directly in the unit holders' fund is transferred to the Income Statement.

b) Loans and receivables

Subsequent to initial recognition financial assets classified as 'loans and receivables' are carried at amortised cost using the effective interest method.

Gain or loss is also recognised in the Income Statement when financial assets carried at amortised cost are derecognised or impaired, and through amortisation process.

3.2.5 Impairment

The Fund assesses at each reporting date whether there is an objective evidence that the financial asset or a group of financial assets is impaired. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

a) Loans and receivables

For financial assets classified as 'loans and receivable', a provision for impairment is established when there is an objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The amount of the provision is measured as the difference between the asset's carrying value and present value of estimated future cash outflows, discounted at the original effective interest rate.

b) Equity securities classified as 'available for sale'

In the case of available for sale equity securities, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If evidence of impairment exists, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the Income Statement is reclassified from the unit holder's fund to the Income Statement.

Impairment losses recognised in the Income Statement on equity instruments are not reversed through the Income Statement.

3.2.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

3.2.7 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the income statement.

3.3 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Financial liabilities include payable to management company, payable to trustee and other liabilities.

3.4 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the Statement of Assets and Liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net a basis, or realise the assets and settle the liabilities simultaneously.

NAFA MONEY MARKET FUND

3.5 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Provisions

3.6

Provisions are recognised when the Fund has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

Taxation

3.7 Current

The income of the Fund is exempt from Income Tax as per clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders.

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.

Deferred

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and the amounts used for taxation purposes. In addition, the Fund can also record deferred tax asset on unutilised tax losses to the extent that it is probable that the related tax benefit will be realised. However, the Fund has not recognised any amount in respect of deferred tax in these financial statements as the Fund intends to avail the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders every year.

3.8 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that date. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable.

Units redeemed are recorded at the redemption price, as per the constitutive documents, applicable to units for which the distributors receive redemption requests during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

3.9 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

An equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' is created.

Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed is determined based on the income earned and on unrealised appreciation / (diminution) arising during the year on available for sale securities. The amount so determined is taken directly to the Distribution Statement.

3.10 Proposed distributions

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared.

3.11 Revenue recognition

- Realised capital gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.
- Unrealised appreciation / (diminution) in the value of investments classified as 'financial assets at fair value through profit or loss' are included in the Income Statement in the period in which they arise.
- Income on Sukuk certificates / letters of placement, certificates of investment and commercial paper is recognised on accrual basis.
- Profit on bank deposits and term deposit receipts is recognised on an accrual basis.
- Discount on purchase of Market Treasury Bills is amortised to Income Statement using the straight line method.
- Income on Pakistan Investment Bonds is recognised on accrual basis.

NAFA MONEY MARKET FUND

3.12 Net asset value per unit

The Net Asset Value (NAV) per unit, as disclosed on the Statement of Assets and Liabilities, is calculated by dividing the net assets of the Fund by the number of units outstanding at the year end.

3.13 Earnings per unit (EPU)

Earnings per unit has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of units outstanding during the year for calculating earnings per unit is not practicable.

Note 2014 2013
(Rupees in '000)

4 CASH AND BANK BALANCES

Current accounts		9,941,042	1,098
Savings accounts	4.1	847,583	6,091,870
Term deposit receipts		-	15,700,000
Pay orders in hand		1,819	-
		<u>10,790,444</u>	<u>21,792,968</u>

4.1 These accounts carry rate of return ranging from 6.50% to 10.75% per annum (2013: 6% to 11% per annum).

Note 2014 2013
(Rupees in '000)

5 INVESTMENTS

At fair value through profit or loss - held for trading
Government securities - Market Treasury Bills
Government securities - Pakistan Investment Bonds

5.1	1,798,058	2,980,767
5.2	207,184	-

Loans and receivables

Commercial Paper	5.3	47,841	-
Certificates of investment		-	350,000
Sukuk certificates		-	225,500
		<u>2,053,083</u>	<u>3,556,267</u>

5.1 Investment in government securities - 'at fair value through profit or loss'

Issue date	Tenor	Face value				Market value as at June 30, 2014	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2013	Purchased during the year	Sale / matured during the year	As at June 30, 2014			

-----Rupees in '000-----

Market Treasury Bills

26-Jul-12	12 Months	1,500,000	-	1,500,000	-	-	-	-
23-Aug-12	12 Months	-	500,000	500,000	-	-	-	-
6-Sep-12	12 Months	-	1,652,000	1,652,000	-	-	-	-
20-Sep-12	12 Months	-	2,315,000	2,315,000	-	-	-	-
4-Oct-12	12 Months	-	1,750,000	1,750,000	-	-	-	-
1-Nov-12	12 Months	-	1,742,000	1,742,000	-	-	-	-
10-Jan-13	6 Months	510	-	510	-	-	-	-
24-Jan-13	6 Months	6,250	3,390,500	3,396,750	-	-	-	-
24-Jan-13	12 Months	-	500,000	500,000	-	-	-	-
2-May-13	3 Months	1,492,500	4,912,000	6,404,500	-	-	-	-
2-May-13	6 Months	-	375,000	375,000	-	-	-	-
30-May-13	6 Months	-	4,174,500	4,174,500	-	-	-	-
13-Jun-13	12 Months	-	300,000	300,000	-	-	-	-
13-Jun-13	3 Months	-	70,000	70,000	-	-	-	-
27-Jun-13	12 Months	-	460,000	460,000	-	-	-	-
12-Jul-13	3 Months	-	615,000	615,000	-	-	-	-

NAFA MONEY MARKET FUND

Issue date	Tenor	Face value				Market value as at June 30, 2014	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2013	Purchased during the year	Sale / matured during the year	As at June 30, 2014			

-----Rupees in '000-----

7-Aug-13	3 Months	-	875,000	875,000	-	-	-	-
5-Sep-13	3 Months	-	975,000	975,000	-	-	-	-
19-Sep-13	3 Months	-	8,157,000	8,157,000	-	-	-	-
3-Oct-13	3 Months	-	1,800,000	1,800,000	-	-	-	-
21-Oct-13	3 Months	-	35,000	35,000	-	-	-	-
31-Oct-13	3 Months	-	1,000,000	1,000,000	-	-	-	-
28-Nov-13	3 Months	-	2,980,000	2,980,000	-	-	-	-
12-Dec-13	3 Months	-	2,250,000	2,250,000	-	-	-	-
26-Dec-13	3 Months	-	200,000	200,000	-	-	-	-
9-Jan-14	3 Months	-	1,500,000	1,500,000	-	-	-	-
23-Jan-14	3 Months	-	7,831,000	7,831,000	-	-	-	-
6-Feb-14	6 Months	-	8,000	-	8,000	7,918	0.07%	0.39%
20-Feb-14	3 Months	-	2,100,000	2,100,000	-	-	-	-
20-Feb-14	6 Months	-	1,000,000	1,000,000	-	-	-	-
28-Feb-14	3 Months	-	1,797,800	1,797,800	-	-	-	-
6-Mar-14	3 Months	-	2,163,250	2,163,250	-	-	-	-
6-Mar-14	6 Months	-	2,600,000	2,600,000	-	-	-	-
20-Mar-14	3 Months	-	300,100	300,100	-	-	-	-
20-Mar-14	6 Months	-	2,300,000	2,300,000	-	-	-	-
3-Apr-14	3 Months	-	12,500	12,500	-	-	-	-
17-Apr-14	3 Months	-	313,600	308,600	5,000	4,987	0.04%	0.24%
17-Apr-14	6 Months	-	1,550,000	850,000	700,000	679,941	5.71%	33.12%
15-May-14	3 Months	-	988,850	988,000	850	841	0.01%	0.04%
15-May-14	6 Months	-	1,125,100	-	1,125,100	1,084,724	9.11%	52.83%
12-Jun-14	3 Months	-	20,000	-	20,000	19,647	0.16%	0.96%

Total as at June 30, 2014

1,858,950 1,798,058 15.10% 87.58%

Carrying value before fair value adjustment as at June 30, 2014

1,799,100

Unrealised diminution on re-measurement of investments
classified as 'financial assets at fair value through profit or loss' - net

(1,042)

5.1.1 These carry rate of return ranging from 8.52% to 10.5% (2013: 11.27% to 13.85%) per annum.

5.2 Investment in government securities - 'at fair value through profit or loss'

Issue date	Tenor	Face value				Market value as at June 30, 2014	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2013	Purchased during the year	Sale / matured during the year	As at June 30, 2014			

-----Rupees in '000-----

Pakistan Investment Bonds

18-Aug-11	3 Years	-	206,900	-	206,900	207,184	1.74%	10.09%
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Carrying value before fair value adjustment as at June 30, 2014

207,421

Unrealised diminution on re-measurement of investments
classified as 'financial assets at fair value through profit or loss' - net

(237)

5.3 Certificates of Investment

Name of issuer	Maturity date	Purchase Price	As at June 30, 2014
PAIR Investment Company Limited	18-Nov-14	<u>47,224</u>	<u>47,841</u>

5.3.1 This Commercial paper having a face value of Rs 50 million has been issued at a discount and is being amortised over a period of 180 days.

NAFA MONEY MARKET FUND

	Note	2014	2013
		(Rupees in '000)	
5.4 Net unrealised diminution in value of investments at fair value through profit or loss'			
Market value of investments	5.1 & 5.2	2,005,242	2,980,767
Less: carrying value of investments	5.1 & 5.2	<u>(2,006,521)</u>	<u>(2,980,822)</u>
		<u>(1,279)</u>	<u>(55)</u>
6 PROFIT RECEIVABLE			
Profit on savings deposits		13,412	4,703
Profit on Sukuk certificates		-	9,013
Profit on certificates of investment		-	544
Profit on term deposit receipts		-	223,195
Profit on Pakistan Investment Bonds		<u>8,481</u>	<u>-</u>
		<u>21,893</u>	<u>237,455</u>
7 PRELIMINARY EXPENSES AND FLOATATION COSTS			
Opening balance	7.1	835	1,063
Less: amortisation for the year		<u>(228)</u>	<u>(228)</u>
Closing balance		<u>607</u>	<u>835</u>
7.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. As per the requirements of the Trust Deed, these costs are being amortised over a period not exceeding five years.			
		2014	2013
		(Rupees in '000)	
8 PREPAYMENTS AND OTHER RECEIVABLES			
Prepaid rating fee		128	220
Prepaid brokerage fee		<u>-</u>	<u>16</u>
		<u>128</u>	<u>236</u>
9 PAYABLE TO THE MANAGEMENT COMPANY			
Management Company's remuneration	9.1	1,504	17,973
Sindh Sales Tax on Management Company's remuneration		279	2,861
Federal Excise Duty on Management Company's remuneration	9.2	17,065	1,706
Front end load payable		313	-
Sindh Sales Tax on sales load		149	-
Federal Excise Duty on sales load		<u>91</u>	<u>-</u>
		<u>19,401</u>	<u>22,540</u>
9.1 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 three percent of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such assets of the Fund. Currently, the Management Company has charged its remuneration at the rate of 1% per annum.			
9.2 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, 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.			

NAFA MONEY MARKET FUND

Pending decision of the SHC, the Fund is not making payments for FED from August 1, 2013. However, the Fund, as a matter of abundant caution, has made full provision in respect of FED from August 1, 2013, amounting to Rs 4.449 million. Had the charge for the period from June 13, 2013 to June 30, 2014, amounting to Rs.20.552 million, not been made the net asset value per unit of the Fund as at June 30, 2014 would have been higher by Re 0.0172 per unit.

	Note	2014 (Rupees in '000)	2013
10 PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE			
Trustee fee	10.1	<u>692</u>	<u>1,258</u>

10.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net assets of the Fund.

Based on the Trust Deed, the tariff structure applicable to the Fund during the financial year ended June 30, 2014 was as follows:

Amount of funds under management (average NAV)

Upto Rs 1,000 million	0.15% p.a. of Net Assets.
On an amount exceeding Rs 1,000 million to 10,000 million	Rs 1.5 million plus 0.075% p.a. of NAV exceeding Rs. 1,000 million.
On an amount exceeding Rs 10,000 million	Rs 8.25 million plus 0.06% p.a. of NAV exceeding Rs. 10,000 million.

	Note	2014 (Rupees in '000)	2013
11 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN			
Annual fee	11.1	<u>8,834</u>	<u>17,336</u>

11.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, a collective investment scheme categorised as Money Market Scheme is required to pay as annual fee to the SECP, an amount equal to 0.075 percent of the average annual net assets of the scheme. The Fund has been classified as an 'Money Market Scheme' by the Management Company.

	Note	2014 (Rupees in '000)	2013
12 ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Workers' Welfare Fund	16	67,204	48,390
Payable to brokers		209	64
Bank charges		28	32
Auditors' remuneration payable		342	311
Printing charges		147	57
Listing fee		-	20
Withholding tax payable		544	102
CGT payable		172	247
Legal and professional charges		<u>49</u>	<u>-</u>
		<u>68,695</u>	<u>49,223</u>

13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2014 or June 30, 2013.

NAFA MONEY MARKET FUND

	Note	2014	2013
		(Rupees in '000)	
14 PROFIT ON BANK DEPOSITS			
Profit on savings deposits	4.1	<u>153,329</u>	<u>205,515</u>
15 AUDITORS' REMUNERATION			
Annual audit fee and other certification		308	282
Half yearly review		123	112
Out of pocket expenses		<u>73</u>	<u>59</u>
		<u>504</u>	<u>453</u>

16 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 (CISs) / pension schemes 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 (SHC), challenging the applicability of WWF to the CISs / pension schemes, which is pending adjudication.

During the year ended June 30, 2011, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However, on December 14, 2010 the Ministry filed its response against the Constitutional Petition requesting the Court to dismiss the same. Show cause notices were then issued by Federal Board of Revenue (FBR) to several CISs / pension schemes for the collection of WWF in respect to which certain CISs / pension schemes have been granted stay by Honourable SHC on the basis of the pending Constitutional Petition as referred to above.

In March 2013, a three member bench of the Sindh High Court in its judgment on various Constitutional Petitions challenging the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008, held that WWF is a tax and consequently, the amendments introduced in the Workers' Welfare Fund Ordinance, 1971 through Finance Act, 2006 and 2008 respectively (Money Bills) do not suffer from any constitutional or legal infirmity. This judgment was in contrast to the July 2011 single member bench decision of the Honourable Lahore High Court which had held such amendments as unlawful and unconstitutional for the reason that they were made through the money bills.

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. For the CISs and Pension Funds, the issue of chargeability or otherwise of WWF levy to the CISs / pension schemes is currently pending before the Honourable SHC.

In view of the pending decision, the Management Company of the Fund, as a matter of abundant caution, has continued to maintain the provision for WWF amounting to Rs 67.20 million (including Rs 18.81 million for the current year) in these financial statements. Had the same not been made the net asset value per unit of the Fund as at June 30, 2014 would have been higher by Rs 0.0565 per unit.

	Note	2014	2013
		(Number of units)	
17 NUMBER OF UNITS IN ISSUE			
Total units in issue at the beginning of the year		1,564,795,422	2,119,089,389
Add: units issued during the year		1,922,587,918	1,514,769,912
Add: bonus units issued during the year		90,271,181	102,648,651
Less: units redeemed during the year	17.1	<u>(2,388,081,536)</u>	<u>(2,171,712,530)</u>
Total units in issue at the end of the year		<u>1,189,572,985</u>	<u>1,564,795,422</u>

- 17.1 This includes 83,641,980 units redeemed by National Bank of Pakistan (NBP) on June 30, 2014 based on their request for transfer of units from the Fund. Amount of Rs. 837,523,873, in respect of this transaction was outstanding as at June 30, 2014.

NAFA MONEY MARKET FUND

18 FINANCIAL INSTRUMENTS BY CATEGORY

-----As on June 30, 2014-----

Financial assets

Cash and bank balances
Investments
Profit receivable
Security deposit
Receivable against transfer of units

Loans and receivables	Financial assets 'at fair value through profit or loss' (Rupees in '000)	Total
10,790,444	-	10,790,444
47,841	2,005,242	2,053,083
21,893	-	21,893
100	-	100
824	-	824
<u>10,861,102</u>	<u>2,005,242</u>	<u>12,866,344</u>

-----As on June 30, 2014-----

Financial liabilities

Payable to the Management Company
Payable to the Central Depository Company of
Pakistan Limited - Trustee
Payable against redemption of units
Accrued expenses and other liabilities

Financial liabilities 'at fair value through profit or loss'	Other financial liabilities (Rupees in '000)	Total
-	19,401	19,401
-	692	692
-	858,082	858,082
-	775	775
-	<u>878,950</u>	<u>878,950</u>

-----As on June 30, 2014-----

Financial assets

Cash and bank balances
Investments
Profit receivable
Security deposit

Loans and receivables	Financial assets 'at fair value through profit or loss' (Rupees in '000)	Total
21,792,968	-	21,792,968
575,500	2,980,767	3,556,267
237,455	-	237,455
100	-	100
<u>22,606,023</u>	<u>2,980,767</u>	<u>25,586,790</u>

-----As on June 30, 2014-----

Financial liabilities

Payable to the Management Company
Payable to the Central Depository Company of
Pakistan Limited - Trustee
Distribution payable
Accrued expenses and other liabilities

Financial liabilities 'at fair value through profit or loss'	Other financial liabilities (Rupees in '000)	Total
-	22,540	22,540
-	1,258	1,258
-	9,820,162	9,820,162
-	484	484
-	<u>9,844,444</u>	<u>9,844,444</u>

NAFA MONEY MARKET FUND

19 TRANSACTIONS WITH CONNECTED PERSONS

- 19.1** Connected persons include NBP Fullerton Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan, and Alexandra Fund Management Pte. Limited being the sponsors, other collective investment schemes managed by the Management Company, entities having common directorship with the Management Company and directors and officers of the Management Company.
- 19.2** The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 19.3** Remuneration to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 19.4** Remuneration payable to the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

	2013	2014
	(Rupees in '000)	
19.5 Details of transactions with connected persons are as follows:		
NBP Fullerton Asset Management Limited - Management Company		
Remuneration for the year	117,788	237,873
Sindh Sales Tax on Management Company's remuneration	22,134	38,060
Federal Excise Duty on Management Company's remuneration	18,846	1,706
Issue of 465,776 units (2013: Nil units)	4,674	-
Bonus of 6,426 units (2013 : Nil units)	-	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration for the year	9,316	17,379
National Bank of Pakistan - Sponsor		
Issue of 317,492,354 units (2013: 7,391,598 units)	3,176,765	74,192
Redemption of 600,967,737 units (2013: 1,580,948,911 units)	6,037,524	15,842,718
Bonus of 18,159,637 units (2013 : 77,613,029 units)	-	-
Cash dividend paid during the year	-	990,902
Purchase of Market Treasury bills	12,031,226	26,576,800
Sale of Market Treasury bills	6,657,833	34,734,750
Placement in term deposit receipts	8,500,000	14,500,000
Profit on saving account	6,546	4,066
Profit on term deposit receipts	132,003	210,952
Employees of the Management Company		
Issue of 5,323,144 units (2013: 2,311,889 units)	53,414	23,255
Redemption of 5,313,905 units (2013: 1,842,946 units)	53,313	18,539
Bonus of 81,873 units (2013: 23,479 units)	-	-
Dr. Amjad Waheed - Chief Executive Officer		
Issue of 1,646,555 units (2013: 1,971,788 units)	16,500	19,800
Redemption of 1,684,434 units (2013: 1,979,036 units)	16,895	19,899
Bonus of 13,543 units (2013: 19,498 units)	-	-
Mr. Murtaza Ali - Chief Financial Officer and Company Secretary		
Issue of 898,078 units (2013: 171,193 units)	9,000	1,720
Redemption of 483,731 units (2013: 50,750 units)	4,866	511
Bonus of 4,355 units (2013: 2,432 units)	-	-
NBP Exchange Company Limited		
Issue of Nil units (2013: 14,945,184 units)	-	150,000
Redemption of 15,449,905 units (2013: Nil units)	155,083	-
Bonus of 297,720 units (2013: 207,000 units)	-	-
Cherat Cement Company Limited		
Issue of 14,967,323 units (2013: Nil units)	150,000	-
Bonus of 783,760 units (2013: Nil units)	-	-

NAFA MONEY MARKET FUND

	2014	2013
	(Rupees in '000)	
Gul Ahmed Textile Mills Limited - Employees' Provident Fund		
Redemption of Nil units (2013: 106,848 units)	-	1,076
Bonus of Nil units (2013: 3,397 units)	-	-
NAFA Government Securities Liquid Fund - NGSLF		
Purchase of Sukuk Certificates	-	1,795,000
Sale of Market Treasury bills	847,030	2,000,000
Purchase of Market Treasury bills	1,797,352	-
NAFA Savings Plus Fund - NSPF		
Purchase of Market Treasury bills	630,594	-
Sale of Market Treasury bills	149,546	-
NAFA Financial Sector Income Fund - NFSIF		
Purchase of Market Treasury bills	48,949	-
Summit Bank Limited		
Purchase of Sukuk Certificates	-	750,000
Bank Profit on Saving Account	421	1,061
International Industries Limited Employees' Gratuity Fund		
Purchase of Market Treasury bills	47,673	9,500
Sale of Market Treasury bills	25,820	4,100
International Industries Limited Employees' Provident Fund		
Issue of 1,291,128 units (2013: 1,231,661 units)	12,964	12,393
Redemption of 808,282 units (2013: 1,257,138 units)	8,117	12,611
Bonus of 118,565 units (2013: 28,358 units)	-	-
Purchase of Market Treasury bills	39,160	-
Sale of Market Treasury bills	64,248	3,400
International Steels Limited Employees' Provident Fund		
Issue of 412,730 units (2013: 399,581 units)	4,147	4,020
Redemption of 369,804 units (2013: 386,537 units)	3,712	3,877
Bonus of 36,950 units (2013: 6,979 units)	-	-
Purchase of Market Treasury bills	5,991	-
International Steels Limited Employees' Gratuity Fund		
Purchase of Market Treasury bills	3,340	500
	2014	2013
	(Rupees in '000)	

19.6 Amounts / balances outstanding as at year end

NBP Fullerton Asset Management Limited - Management Company		
Remuneration payable	1,504	17,973
Sindh Sales Tax payable on remuneration payable	279	2,861
Federal Excise Duty payable on remuneration payable	17,065	1,706
Units held: 472,202 units (2013: Nil units)	4,728	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	692	1,258
Security Deposit	100	100
National Bank of Pakistan - Sponsor		
Units held: 335,651,992 units (2013: 600,967,738 units)	3,360,951	6,020,976
Bank balances		
- in savings accounts	195	4,103,774
- in current accounts	1,837	1,098
Term Deposit Receipts	-	14,500,000
Dr. Amjad Waheed - Chief Executive Officer		
Units held: Nil units (2013: 24,336 units)	-	244

NAFA MONEY MARKET FUND

	2014	2013
	(Rupees in '000)	
Mr. Murtaza Ali - Chief Financial Officer and Company Secretary Units held: 541,577 units (2013: 122,875 units)	5,423	1,231
Employees of the Management Company Units held: 755,709 units (2013: 551,042 units)	7,567	5,521
NBP Exchange Company Limited Units held: Nil units (2013: 15,152,185 units)	-	151,807
International Industries Limited Employees' Provident Fund Units held: 1,708,778 units (2013: 1,107,367 units)	17,110	11,090
International Steels Limited Employees' Provident Fund Units held: 434,609 units (2013: 354,733 units)	4,352	3,553
Cherat Cement Company Limited Units held: 15,751,083 units (2013: Nil units)	157,719	-
Saif Power Limited Units held: Nil units (2013: 408,767,714 units)	-	4,095,354
Summit Bank Limited Bank balance in saving account Bank balance in current account	- 6,449	47,414 -
Amounts payable due to transfer of units on behalf of National Bank of Pakistan to:		
NAFA Government Securities Liquid Fund	-	5,846,012
NAFA Financial Sector Income Fund	-	964,359
NAFA Riba Free Savings Fund	-	1,513,571
NAFA Savings Plus Fund	-	1,496,187

20 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

Details of members of the investment committee of the Fund are as follows:

----- As on June 30, 2014 -----

S. No.	Name	Qualification	Experience in years
1	Dr. Amjad Waheed	MBA / Doctorate in Business Administration / CFA	26
2	Sajjad Anwar	CFA / MBA Finance	14
3	Muhammad Ali Bhaba	CFA / MBA / FRM	19
4	Syed Suleman Akhtar	CFA / MBA Finance	14
5	Salman Ahmed *	MBA	8.5

* Mr. Salman Ahmed is the manager of the Fund. He is also the fund manager of NAFA Riba Free Saving Fund and NAFA Financial Sector Income Fund.

21 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID / PAYABLE

2014

1	J.S. Global Capital Limited	16.93%
2	Invest Capital Markets Limited	15.24%
3	Icon Securities (Private) Limited	8.53%
4	BMA Capital Management Limited	7.63%
5	Invest & Finance Securities (Private) Limited	7.13%
6	Vector Capital (Private) Limited	6.61%
7	KASB Securites Limited	6.20%
8	First Capital Securities Corporation Limited	5.39%
9	Mangenta Capital (Private) Limited	5.39%
10	Pearl Securities (Private) Limited	4.46%

2013

1	Invest Capital Markets Limited	23.37%
2	Vector Capital (Private) Limited	15.38%
3	J.S. Global Capital Limited	13.39%
4	BMA Capital Management Limited	11.16%
5	Invest One Markets Limited	9.19%
6	Invest & Finance Securities (Private) Limited	8.58%
7	Icon Securities (Private) Limited	7.33%
8	Summit Capital (Private) Limited	4.66%
9	Optimus Capital Management Limited	2.46%
10	Global Securities Pakistan Limited	2.03%

NAFA MONEY MARKET FUND

22 DETAILS OF PATTERN OF UNIT HOLDING

----- As on June 30, 2014 -----

Category	Number of unit holders	"Investment amount	Percentage of investment
(Rupees in '000)			
Individuals	1,079	875,542	7.35%
Associated companies and directors	3	3,523,398	29.58%
Insurance companies	3	374,707	3.15%
Banks / DFIs	4	1,278,605	10.73%
Retirement funds*	23	331,800	2.79%
Public limited companies	6	2,315,570	19.44%
Others	42	3,211,753	26.96%
	1,160	11,911,375	100.00%

* This includes 2,143,387 units amounting to Rs 21.462 million pertaining to related parties.

----- As on June 30, 2013 -----

Category	Number of unit holders	"Investment amount	Percentage of investment
(Rupees in '000)			
Individuals	546	584,217	3.73%
Associated companies and directors	2	6,172,782	39.37%
Insurance companies	2	127,130	0.81%
Banks / DFIs	1	868,556	5.54%
Retirement funds	7	73,642	0.47%
Public limited companies	8	6,361,460	40.58%
Others	31	1,489,555	9.50%
	597	15,677,342	100.00%

23 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 42nd, 43rd, 44th, 45th, 46th and 47th Board meetings were held on July 11, 2013, August 27, 2013, October 30, 2013, February 13, 2014, April 30, 2014 and June 26, 2014 respectively. Information in respect of attendance by directors in the meetings is given below:

Name of Director	Number of meetings			Meetings not attended
	Held	Attended	Leave granted	
Mr. Wah Geok Sum	6	2	4	43rd, 44th, 46th and 47th meeting
Mr. Koh Boon San	6	6	-	
Mr. Kamal Chinoy	6	5	1	42nd meeting
Mr. Shehryar Faruque	6	3	3	42nd, 44th & 45th meeting
Dr. Amjad Waheed	6	6	-	
Mr. Asif Hassan*	1	-	1	42nd meeting
Mr. Amir Shehzad**	1	-	1	42nd meeting
Mr. Aamir Sattar***	5	5	-	
Mr. Abdul Hadi Palekar****	5	4	1	45th meeting
Mr. Nausherwan Adil*****	4	2	2	44th & 46th meeting
Mr. Khalid Mahmood*****	2	2	-	

* Mr. Asif Hassan retired in EOGM held on August 7, 2013.

** Mr. Amir Shehzad retired in EOGM held on August 7, 2013.

*** Mr. Aamir Sattar elected in EOGM held on August 7, 2013.

**** Mr. Abdul Hadi Palekar elected in EOGM held on August 7, 2013.

***** Mr. Nausherwan Adil was co-opted on the Board with effect from October 10, 2013.

***** Mr. Khalid Mahmood retired from the Board with effect from October 10, 2013.

24 FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

NAFA MONEY MARKET FUND

24.1 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices.

The Management Company manages the market risk by monitoring exposure on marketable securities by following internal risk management policies and investment guidelines approved by the investment committee and regulations laid down by SECP.

Market risk comprises of three types of risk: currency risk, yield / interest rate risk and other price risk.

24.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present is not exposed to currency risk as all transactions are carried out in Pak Rupees.

24.1.2 Yield / Interest rate risk

Yield / Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

a) Sensitivity analysis for variable rate instruments

As at June 30, 2014, the Fund did not hold any variable rate instruments and is not exposed to cash flow interest rate risk.

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2014 the Fund holds Market Treasury Bills and Pakistan Investment Bonds which are classified as 'at fair value through profit or loss', exposing the Fund to fair value interest rate risk. In case of 100 basis points increase in rates announced by the Financial Market Association of Pakistan (FMAP) on June 30, 2014, with all other variables held constant, the net income for the year and net assets would be lower by Rs 6.175 million (2013: Rs. 1.946 million) . In case of 100 basis points decrease in rates announced by the Financial Market Association on June 30, 2014, with all other variables held constant, the net income for the year and net assets would be higher by Rs 6.193 million (2013: Rs. 1.949 million).

-----As at June 30, 2014-----

Effective interest rate %	Total	Exposed to yield/interest rate risk			Not exposed to Yield/ Interest rate risk
		Upto three months	More than three months and upto one year	More than one year	

(Rupees in '000)

On-balance sheet financial instruments

Financial assets

Cash and bank balances	6.50 - 10.75	10,790,444	849,402	-	-	9,941,042
Investments	8.52 - 10.50	2,053,083	240,577	1,812,506	-	-
Profit receivable		21,893	-	-	-	21,893
Security deposit		100	-	-	-	100
Receivable against transfer of units		824	-	-	-	824
		12,866,344	1,089,979	1,812,506	-	9,963,859

Financial liabilities

Payable to the Management Company		19,401	-	-	-	19,401
Payable to the Central Depository Company of Pakistan Limited - Trustee		692	-	-	-	692
Payable against redemption of units		858,082	-	-	-	858,082
Accrued expenses and other liabilities		775	-	-	-	775
		878,950	-	-	-	878,950

On-balance sheet gap

		11,987,394	1,089,979	1,812,506	-	9,084,909
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Off-balance sheet financial instruments

		-	-	-	-	-
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Off-balance sheet gap

		-	-	-	-	-
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NAFA MONEY MARKET FUND

-----As at June 30, 2013-----

Effective interest rate %	Total	Exposed to yield/interest rate risk			Not exposed to Yield/ Interest rate risk
		Upto three months	More than three months and upto one year	More than one year	

(Rupees in '000)

On-balance sheet financial instruments

Financial assets

Cash and bank balances	6.00 - 11.00	21,792,968	21,791,870	-	-	1,098
Investments	11.27 - 13.85	3,556,267	3,556,267	-	-	-
Profit receivable		237,455	-	-	-	237,455
Security deposit		100	-	-	-	100
		25,586,790	25,348,137	-	-	238,653

Financial liabilities

Payable to the Management Company		22,540	-	-	-	22,540
Payable to the Central Depository Company of Pakistan Limited - Trustee		1,258	-	-	-	1,258
Payable against redemption of units		9,820,162	-	-	-	9,820,162
Accrued expenses and other liabilities		484	-	-	-	484
		9,844,444	-	-	-	9,844,444

On-balance sheet gap

15,742,346	25,348,137	-	-	(9,605,791)
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Off-balance sheet financial instruments

-	-	-	-	-
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Off-balance sheet gap

-	-	-	-	-
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24.1.3 Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from yield / interest risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Presently, the Fund is not exposed to any price risk as no equity securities are held by the Fund as on June 30, 2014.

24.2 Credit risk

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to its investments in government securities, placement in commercial paper and balances with banks. The credit risk of the Fund is limited as the investments are made and balances are maintained with counter parties that are financial institutions with reasonably high credit ratings. Risk attributable to investment in government securities is limited as these are guaranteed by the Federal Government.

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. In addition, the risk is managed through assignment of credit limits and by following strict credit evaluation criteria laid down by the Management Company. The Fund does not expect to incur material credit losses on its financial assets.

As at June 30, 2014, the Fund's balances placed with banks and Financial Institutions and in commercial paper have following short term credit ratings:

Bank balances by rating category	2014	2013
	Percentage	Percentage
A1+	99.90%	97.91%
A-1+	0.04%	1.87%
A-3	0.06%	0.22%
	<u>100.00%</u>	<u>100.00%</u>
Commercial Paper by rating category		
A1+	<u>100.00%</u>	<u>0.00%</u>

NAFA MONEY MARKET FUND

Management, after giving due consideration to their strong financial standing, does not expect non-performance by these counter parties on their obligations to the Fund. The maximum exposure to credit risk before any credit enhancement as at June 30, 2014 is the carrying amount of the financial assets. None of these assets are impaired nor past due but not impaired.

24.2.1 Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is mostly concentrated in government securities.

24.2.2 Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For the vast majority of transactions the Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

24.2.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund is exposed to daily cash redemptions, if any, at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. Its policy is therefore to invest the majority of its assets in government securities that can be readily disposed and are considered readily realisable. In addition when funds are placed in banks, it is ensured that such placements are made with banks having strong risk ratings.

The Fund has the ability to borrow in the short term to ensure settlement. However, during the current period, no borrowing was obtained by the Fund. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates.

In order to manage the Fund's overall liquidity, the Fund also has the ability to withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund had Rs. 858,082,219 payable at year end in respect of redemption of units, which was subsequently cleared on July 2, 2014.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Assets and Liabilities to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

As at June 30, 2014

Total	Upto three months	Over three months and upto one year	Over one year
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(Rupees in '000)

Liabilities

Payable to the Management company
 Fee payable to the Central Depository Company of Pakistan Limited - Trustee
 Payable against redemption of units
 Accrued expenses and other liabilities

19,401	19,401		
692	692	-	-
858,082	858,082	-	-
775	775	-	-
878,950	878,950	-	-

As at June 30, 2013

Total	Upto three months	Over three months and upto one year	Over one year
-------	-------------------	-------------------------------------	---------------

(Rupees in '000)

Financial liabilities

Payable to the Management company
 Fee payable to the Central Depository Company of Pakistan Limited - Trustee
 Payable against redemption of units
 Accrued expenses and other liabilities

22,540	22,540	-	-
1,258	1,258	-	-
9,820,162	9,820,162	-	-
484	484	-	-
9,844,444	9,844,444	-	-

NAFA MONEY MARKET FUND

25 UNIT HOLDERS' FUND RISK MANAGEMENT

The Unit Holders' Fund is represented by redeemable units. These units are entitled to distributions and to payment of a proportionate share, based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in Unit holders' Fund'.

The Fund has no restrictions on the subscription and redemption of units. As required under the NBFC Regulations, every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has maintained and complied with the requirement of minimum fund size during the current year.

The Fund's objectives when managing unit holders' fund are to safeguard its ability to continue as a going concern so that it can continue to provide returns to unit holders and to maintain a strong base of assets under management.

In accordance with the risk management policies stated in note 24, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption, such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

26 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and fair values.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the Statement of Assets and liabilities date. The estimated fair value of all other financial assets and liabilities is not considered to be significantly different from book values as the items are either short term in nature or periodically repriced.

According to the amendments to International Financial Reporting Standard 7, Financial Instruments : Disclosure - Improving disclosures about financial instruments, an entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the assets or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

ASSETS

Financial assets classified as 'fair value through profit or loss'

- Investments In Market Treasury Bills

- Investments In Pakistan Investment Bonds

-----As at June 30, 2014-----			
Level 1	Level 2	Level 3	Total
------(Rupees in '000)-----			

-	1,798,058	-	1,798,058
-	207,184	-	207,184

ASSETS

Financial assets classified as 'fair value through profit or loss'

- Investments In Market Treasury Bills

-----As at June 30, 2014-----			
Level 1	Level 2	Level 3	Total
------(Rupees in '000)-----			

-	2,980,767	-	2,980,767
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NAFA MONEY MARKET FUND

27 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on September 16, 2014.

28 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified wherever necessary, for the purposes of comparison and better presentation. During the current year, there were no major reclassifications.

29 GENERAL

Figures have been rounded off to the nearest thousand rupees.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA MONEY MARKET FUND

PERFORMANCE TABLE

Particulars	For the year ended June 30, 2014 (Rs. In '000')	For the year ended June 30, 2013 (Rs. In '000')	For the year ended June 30, 2012 (Rs. In '000')
Net assets at the year / period ended (Rs. '000')	11,911,375	15,677,342	21,222,457
Net Income at the year / period ended (Rs. '000')	921,869	2,013,591	357,496
Net Asset Value per unit at the year / period ended (Rs.)	10.0132	10.0188	10.0149
Offer price per unit	10.0806	10.0689	10.0149
Redemption price per unit	10.0132	10.0188	10.0149
Highest offer price per unit (Rs.)	10.0139	10.0689	10.0149
Lowest offer price per unit (Rs.)	9.2576	9.2251	9.6664
Highest redemption price per unit (Rs.)	10.0132	10.0188	10.0149
Lowest redemption price per unit (Rs.)	9.2570	9.1792	9.6664
Fiscal Year Opening Ex Nav	9.2537	9.1767	9.6664
Total return of the fund	8.21%	9.18%	3.61%
Capital growth	-0.41%	-0.39%	0.08%
Income distribution as a % of ex nav	8.61%	9.57%	3.53%
Income distribution as a % of par value	7.97%	8.78%	3.41%
Distribution			
Interim distribution per unit	0.7972	0.8780	0.3410
Final distribution per unit	-	-	-
Distribution dates			
Interim	29-Jul-13	30-Jul-12	
Interim	28-Aug-13	28-Aug-12	
Interim	26-Sep-13	28-Sep-12	
Interim	28-Oct-13	30-Oct-12	
Interim	27-Nov-13	28-Nov-12	
Interim	26-Dec-13	28-Dec-12	
Interim	29-Jan-14	29-Jan-13	
Interim	28-Feb-14	27-Feb-13	
Interim	28-Mar-14	28-Mar-13	29-Mar-12
Interim	29-Apr-14	29-Apr-13	27-Apr-12
Interim	28-May-14	29-May-13	30-May-12
Interim	26-Jun-14	28-Jun-13	27-Jun-12
Average annual return of the Fund (launch date February 24' 2012)			
(Since inception to June 30, 2014)	8.98%		
(Since inception to June 30, 2013)		9.55%	
(Since inception to June 30, 2012)			10.28%
Weighted average portfolio duration	20 Days	14 Days	39.6 Days
"Past performance is not necessarily indicative of future performance and that unit prices and investment return returns may go down, as well as up."			



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

Fax: 021-35825335

Email: info@nafafunds.com

Website: www.nafafunds.com