



NBP Fullerton
Asset Management Ltd.

A Subsidiary of
National Bank of Pakistan

Your investments & "NAFA" grow together



FULLERTON FUND
MANAGEMENT


Joint - Venture Partners

NAFA MONEY MARKET FUND

HALF YEARLY REPORT
**DECEMBER 31
2013**



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

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

M/s 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, 1-9/3 Islamabad.
UAN: 051-111-111-632
Phone: 051-2514987
Fax: 051-4859031

Peshawar Office:

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

Multan Office:

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

NAFA MONEY MARKET FUND

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NAFA MONEY MARKET FUND

DIRECTORS' REPORT

The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the reviewed financial statements of NAFA Money Market Fund (NMMF) for the half year ended December 31, 2013.

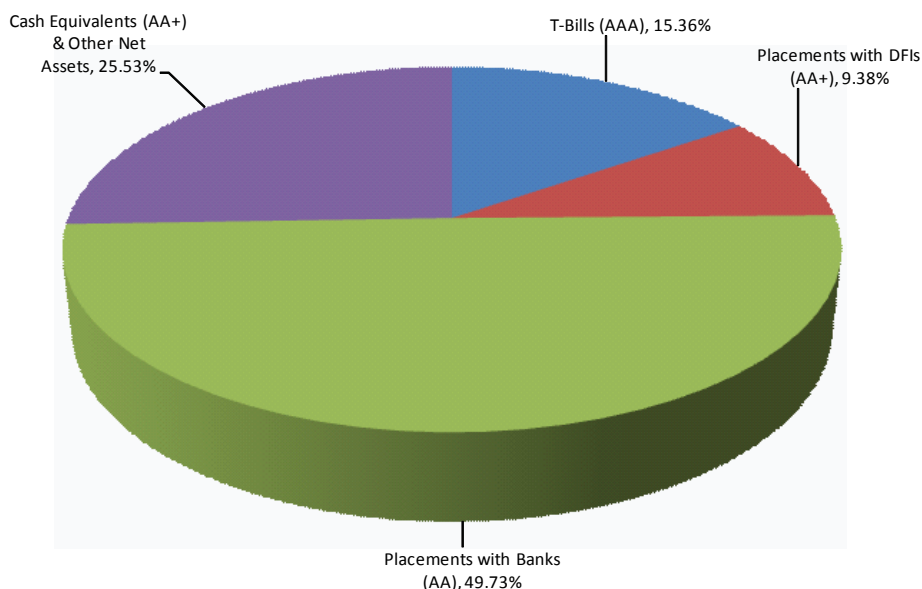
Fund's Performance

The size of NAFA Money Market Fund decreased from Rs. 15,677 million to Rs. 10,658 million during the period, i.e. a decline of 32.01%. During the period, the unit price of the Fund increased from Rs. 9.6402 (Ex - Div) on June 30, 2013 to Rs. 10.0118 on December 31, 2013, thus showing an annualized return of 7.65% as compared to its Benchmark (3-Month deposit rate of 'AA' & above rated banks) return of 6.65%.

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 during the period under review citing upside risks to the external account, depleting FX reserves, and rising inflation expectations. The return of the Fund is expected to improve in line with increase in the interest rates.

The Fund has earned total income of Rs.600.21 million during the period. After deducting expenses of Rs.109.84 million, the net income is Rs.490.37 million. The asset allocation of the Fund as on December 31, 2013 is as follows:



NAFA MONEY MARKET FUND

Income Distribution

The Board of Directors of the Management Company has approved interim distribution of 3.86% of opening ex-NAV (3.866% of par value) during the period.

Acknowledgement

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

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

On behalf of the Board of
NBP Fullerton Asset Management Limited

Chief Executive

Director

Date: February 13, 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) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of NAFA Money Market Fund (the Fund) are of the opinion that NBP Fullerton Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2013 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: February 24, 2014

NAFA MONEY MARKET FUND

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

Introduction

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

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

A.F. Ferguson & Co.

Chartered Accountants

Engagement Partner: **Rashid A. Jafer**

Dated: February 26, 2014

Karachi

NAFA MONEY MARKET FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2013

		(Un-audited) December 31, 2013	(Audited) June 30, 2013
	Note	-----Rupees in '000-----	
ASSETS			
Bank balances	4	8,055,806	21,792,968
Investments	5	2,637,443	3,556,267
Profit receivable		49,069	237,455
Preliminary expenses and floatation cost		720	835
Security deposit		100	100
Prepayments and other receivables		3,696	236
Total assets		10,746,834	25,587,861
LIABILITIES			
Payable to the Management Company	6	21,709	22,540
Payable to Central Depository Company of Pakistan Limited - Trustee		776	1,258
Payable to the Securities and Exchange Commission of Pakistan		4,916	17,336
Payable on redemption of units		2,310	9,820,162
Accrued expenses and other liabilities		58,812	49,223
Total liabilities		88,523	9,910,519
NET ASSETS		10,658,311	15,677,342
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		10,658,311	15,677,342
CONTINGENCIES AND COMMITMENTS	7	-	-
-----Number of units-----			
NUMBER OF UNITS IN ISSUE		1,064,573,930	1,564,795,422
-----Rupees-----			
NET ASSET VALUE PER UNIT	9	10.0118	10.0188

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA MONEY MARKET FUND

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013

		Half year ended		Quarter ended	
	Note	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
----- Rupees in '000 -----					
INCOME					
Capital (loss) / gain on sale of investments - net		(449)	26,569	(1,332)	18,595
Income from government securities		266,061	1,123,461	161,023	514,016
Income from term deposit receipts		195,922	29,381	61,599	28,510
Income from letters of placement		27,891	16,939	25,356	16,911
Income from certificates of investment		7,793	24,265	-	10,787
Income from sukuk certificates		856	19,917	-	10,959
Profit on bank deposits		103,373	23,585	36,209	19,193
		601,447	1,264,117	282,855	618,971
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'at fair value through profit or loss'	5.3	(1,241)	7,994	339	(18,601)
Total Income		600,206	1,272,111	283,194	600,370
EXPENSES					
Remuneration of the Management Company		65,541	120,199	30,007	59,053
Sales tax on Management Company's Remuneration		12,437	19,232	6,752	9,449
Federal Excise Duty on Management Company's remuneration		10,487	-	4,802	-
Remuneration of the Central Depository Company of Pakistan Limited - Trustee		5,067	8,750	2,368	4,537
Annual fee - Securities and Exchange Commission of Pakistan		4,916	8,511	2,251	4,429
Securities transaction cost		516	623	299	229
Bank charges		182	187	131	104
Listing fee		20	20	10	10
Auditors' remuneration		235	282	121	157
Amortisation of preliminary expenses and floatation costs		115	115	57	58
Legal fee		67	-	67	-
Printing charges		22	-	22	-
Rating fee		220	118	110	59
Total Expenses		99,825	158,037	46,997	78,085
Net income from operating activities		500,381	1,114,074	236,197	522,285
Provision for Workers' Welfare Fund	8	(10,008)	(22,281)	(4,724)	(10,445)
Net income for the period before taxation		490,373	1,091,793	231,473	511,840
Taxation	10	-	-	-	-
Net income for the period after taxation		490,373	1,091,793	231,473	511,840
Earnings per unit	11				

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA MONEY MARKET FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013

	Half year ended		Quarter ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	----- Rupees in '000 -----			
Net income for the period after taxation	490,373	1,091,793	231,473	511,840
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>490,373</u>	<u>1,091,793</u>	<u>231,473</u>	<u>511,840</u>

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA MONEY MARKET FUND

CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013

	Half year ended		Quarter ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	----- Rupees in '000 -----			
Undistributed income brought forward	37,645	31,563	23,290	84,023
Net income for the period	490,373	1,091,793	231,473	511,840
Element of (loss) / income and capital (losses) / gains included in the prices of units issued less those in units redeemed	(12,691)	14,561	(10,782)	7,706
Interim distributions during the period				
- Re 0.0701 per unit declared on July 29, 2013				
- Cash distribution	-	(174,289)	-	-
- Issue of bonus units	(96,888)	(2,004)	-	-
- Re 0.0651 per unit declared on August 28, 2013				
- Cash distribution	-	(172,192)	-	-
- Issue of bonus units	(97,026)	(3,480)	-	-
- Re 0.0601 per unit declared on September 26, 2013				
- Cash distribution	-	(172,192)	-	-
- Issue of bonus units	(77,432)	(10,191)	-	-
- Re 0.0601 per unit declared on October 28, 2013				
- Cash distribution	-	(163,802)	-	(163,802)
- Issue of bonus units	(62,655)	(14,738)	(62,655)	(14,738)
- Re 0.0651 per unit declared on November 27, 2013				
- Cash distribution	-	(157,916)	-	(157,916)
- Issue of bonus units	(75,607)	(20,532)	(75,607)	(20,532)
- Re 0.0661 per unit declared on December 26, 2013				
- Cash distribution	-	(151,967)	-	(151,967)
- Issue of bonus units	(75,455)	(18,826)	(75,455)	(18,826)
	(485,063)	(1,062,129)	(213,717)	(527,781)
	<u>30,264</u>	<u>75,788</u>	<u>30,264</u>	<u>75,788</u>
Undistributed income comprising:				
- Realised income	31,505	67,794	31,505	67,794
- Unrealised (loss) / income	(1,241)	7,994	(1,241)	7,994
	<u>30,264</u>	<u>75,788</u>	<u>30,264</u>	<u>75,788</u>

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA MONEY MARKET FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013

	Half year ended		Quarter ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	----- Rupees in '000 -----			
Net assets at the beginning of the period	15,677,342	21,222,457	13,002,207	22,412,943
Issue of 940,690,105 units including 48,487,217 bonus units	8,954,564	3,559,609	4,534,262	2,219,357
Redemption of 1,440,911,598 units	(14,463,968)	(1,397,486)	(7,109,631)	(1,186,440)
	(5,509,404)	2,162,123	(2,575,369)	1,032,917
Element of loss / (income) and capital losses / (gains) included in the prices of units issued less those in units redeemed	12,691	(14,561)	10,782	(7,706)
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'at fair value through profit or loss'	(1,241)	7,994	339	(18,601)
Capital (loss) / gain on sale of investments - net	(449)	26,569	(1,332)	18,595
Other income (net of expenses) for the period	492,063	1,057,230	232,466	511,846
	490,373	1,091,793	231,473	511,840
Distribution of bonus units during the period				
Interim Distributions	485,063	69,771	213,717	54,096
- Re 0.0701 per unit declared on July 29, 2013				
- Cash distribution	-	(174,289)	-	-
- Issue of bonus units	(96,888)	(2,004)	-	-
- Re 0.0651 per unit declared on August 28, 2013				
- Cash distribution	-	(172,192)	-	-
- Issue of bonus units	(97,026)	(3,480)	-	-
- Re 0.0601 per unit declared on September 26, 2013				
- Cash distribution	-	(172,192)	-	-
- Issue of bonus units	(77,432)	(10,191)	-	-
- Re 0.0601 per unit declared on October 28, 2013				
- Cash distribution	-	(163,802)	-	(163,802)
- Issue of bonus units	(62,655)	(14,738)	(62,655)	(14,738)
- Re 0.0651 per unit declared on November 27, 2013				
- Cash distribution	-	(157,916)	-	(157,916)
- Issue of bonus units	(75,607)	(20,532)	(75,607)	(20,532)
- Re 0.0661 per unit declared on December 26, 2013				
- Cash distribution	-	(151,967)	-	(151,967)
- Issue of bonus units	(75,455)	(18,826)	(75,455)	(18,826)
	(485,063)	(1,062,129)	(213,717)	(527,781)
Element of (loss) / income and capital (losses) / gains included in the prices of units issued less those in units redeemed	(12,691)	14,561	(10,782)	7,706
Net assets as at the end of the period	<u>10,658,311</u>	<u>23,484,015</u>	<u>10,658,311</u>	<u>23,484,015</u>

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA MONEY MARKET FUND

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013

	Half year ended		Quarter ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	----- Rupees in '000 -----			
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period before taxation	490,373	1,091,793	231,473	511,840
Adjustments				
Net unrealised diminution / (appreciation) on re-measurement of investments classified as 'at fair value through profit or loss'	1,241	(7,994)	(339)	18,601
Amortisation of preliminary expenses and floatation costs	115	115	57	58
	491,729	1,083,914	231,191	530,499
(Increase) / decrease in assets				
Investments - net	917,583	4,725,550	5,145,625	4,937,044
Profit receivable	188,386	(40,680)	(34,333)	(32,865)
Prepayments and other receivables	(3,460)	111	(3,553)	91
	1,102,509	4,684,981	5,107,739	4,904,270
Increase / (decrease) in liabilities				
Payable to the Management Company	(831)	(2,900)	3,351	1,390
Payable to Central Depository Company of Pakistan Limited - Trustee	(482)	207	(73)	160
Payable to the Securities and Exchange Commission of Pakistan	(12,420)	5,777	2,251	4,429
Distribution payable	-	(22,131)	-	(20,279)
Accrued expenses and other liabilities	9,589	22,594	4,407	10,445
	(4,144)	3,547	9,936	(3,855)
Net cash (used in) / generated from operating activities	1,590,094	5,772,442	5,348,866	5,430,914
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts from issue of units	8,954,564	3,559,609	4,534,262	2,219,357
Payments on redemption of units	(24,281,820)	(1,396,106)	(7,145,388)	(1,185,060)
Distributions paid	-	(992,358)	-	(473,685)
Net cash (used in) / generated from financing activities	(15,327,256)	1,171,145	(2,611,126)	560,612
Net (decrease) / increase in cash and cash equivalents during the period	(13,737,162)	6,943,587	2,737,740	5,991,526
Cash and cash equivalents at the beginning of the period	21,792,968	87,260	5,318,066	1,039,321
Cash and cash equivalents at the end of the period	<u>8,055,806</u>	<u>7,030,847</u>	<u>8,055,806</u>	<u>7,030,847</u>

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA MONEY MARKET FUND

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013

1 LEGAL STATUS AND NATURE OF BUSINESS

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

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by SECP. The principal office of the Management Company is situated at 7th Floor Clifton Diamond Building, Block No.4, Scheme No.5, Clifton, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).

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

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

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

Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement Of Compliance

This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by SECP prevail.

The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2013.

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

NAFA MONEY MARKET FUND

In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2013.

2.2 Standards, interpretations and amendments to published approved accounting standards, as adopted in Pakistan, that are effective in the current period:

There are certain new standards, amendments to approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2013 but are considered not to be relevant or did not have any significant effect on the Fund's operations and are, therefore, not detailed in this condensed interim financial information.

3 ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements for the year ended June 30, 2013.

The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2013.

The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2013.

	Note	(Un-audited) December 31, 2013	(Audited) June 30, 2013
		Rupees in '000	
4 BANK BALANCES			
Current accounts		10,873	1,098
Savings accounts	4.1	2,744,933	6,091,870
Term deposit receipts	4.2	5,300,000	15,700,000
		<u>8,055,806</u>	<u>21,792,968</u>

4.1 These carry profit at rates ranging from 6.50% to 9.95% (June 30, 2013: 6.00% to 11.00%) per annum.

4.2 These carry profit at rates ranging from 9.17% to 10.18% (June 30, 2013: 9.50% to 9.80%) per annum.

NAFA MONEY MARKET FUND

(Un-audited) (Audited)
December 31, June 30,
2013 2013
Note Rupees in '000

5 INVESTMENTS

At fair value through profit or loss

Government securities - Market Treasury Bills 5.1 1,637,443 2,980,767

Loans and receivables

5.2 1,000,000 575,500
2,637,443 3,556,267

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

Issue Date	Tenor	Face Value				Market value		
		As at July 1, 2013	Purchases during the period	Sales/ matured during the period	As at December 31, 2013	Market value as at December 31, 2013	Market value as a percentage of net assets	Market value as a percentage of total investment
----- (Rupees in '000) -----								
July 26, 2012	12 Months	1,500,000	-	1,500,000	-	-	-	-
September 6, 2012	12 Months	-	1,652,000	1,652,000	-	-	-	-
September 20, 2012	12 Months	-	2,315,000	2,315,000	-	-	-	-
October 4, 2012	12 Months	-	1,750,000	1,750,000	-	-	-	-
November 1, 2012	12 Months	-	1,742,000	1,742,000	-	-	-	-
January 10, 2013	6 Months	510	-	510	-	-	-	-
January 24, 2013	6 Months	6,250	3,390,500	3,396,750	-	-	-	-
January 24, 2013	12 Months	-	500,000	500,000	-	-	-	-
May 2, 2013	3 Months	1,492,500	6,712,000	8,204,500	-	-	-	-
May 2, 2013	6 Months	-	375,000	375,000	-	-	-	-
May 30, 2013	6 Months	-	4,174,500	4,174,500	-	-	-	-
June 13, 2013	3 Months	-	70,000	70,000	-	-	-	-
July 12, 2013	3 Months	-	615,000	615,000	-	-	-	-
August 7, 2013	3 Months	-	875,000	875,000	-	-	-	-
August 23, 2013	12 Months	-	500,000	500,000	-	-	-	-
September 5, 2013	3 Months	-	975,000	975,000	-	-	-	-
September 19, 2013	3 Months	-	8,157,000	8,157,000	-	-	-	-
October 3, 2013	3 Months	-	1,800,000	1,800,000	-	-	-	-
October 31, 2013	3 Months	-	1,000,000	1,000,000	-	-	-	-
October 21, 2013	3 Months	-	35,000	-	35,000	34,912	0.33%	1.32%
November 28, 2013	3 Months	-	1,880,000	1,500,000	380,000	374,681	3.52%	14.21%
December 13, 2012	3 Months	-	2,250,000	1,000,000	1,250,000	1,227,850	11.51%	46.55%
Total as at December 31, 2013		2,999,260	40,768,000	42,102,260	1,665,000	1,637,443	15.36%	62.08%

Carrying value as at December 31, 2013

1,638,684

Net unrealised diminution in value of investments
classified as at 'fair value through profit or loss'

(1,241)

Total as at June 30, 2013

2,980,767

NAFA MONEY MARKET FUND

	Note	(Un-audited) December 31, 2013	(Audited) June 30, 2013
		Rupees in '000	
5.2 Loans and receivables			
Letter of Placements	5.2.1	1,000,000	-
Certificates of investment		-	350,000
Sukuk certificates		-	225,500
		<u>1,000,000</u>	<u>575,500</u>

5.2.1 Letter of Placements

Name of Issue	Maturity Date	Rate	As at December 2013
Pak Brunei Investment Company Limited	23-Jan-14	10.25%	235,000
Pak Brunei Investment Company Limited	23-Jan-14	10.25%	765,000
			<u>1,000,000</u>

	Note	(Un-audited) December 31, 2013	(Audited) June 30, 2013
		Rupees in '000	
5.3 Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'at fair value through profit or loss'			
Market value of investments		1,637,443	15,740,608
Less: carrying value of investments		<u>(1,638,684)</u>	<u>(15,732,614)</u>
		<u>(1,241)</u>	<u>7,994</u>

6 PAYABLE TO NBP FULLERTON ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

Remuneration of the Management Company		9,748	17,973
Sales Load Payable		582	-
Sindh Sales Tax payable on remuneration of the Management Company		2,643	2,861
Federal Excise Duty payable on remuneration of the Management Company	6.1	8,705	1,706
Sales Tax Payable on Sales Load		31	-
		<u>21,709</u>	<u>22,540</u>

- 6.1** The Finance Act, 2013 has enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from June 13, 2013. As the asset management services rendered by the Management Company of the Fund are already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the Management Company is of the view that further levy of FED is not justified.

On 4 September 2013, a Constitutional Petition has been filed in the Honorable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED. In this respect, the Honorable SHC has issued a stay order against recovery proceedings. The hearing of the petition is pending.

NAFA MONEY MARKET FUND

Consequently, pending the decision of the SHC, the Fund has not made any payments in respect of FED although full provision is being made in the books of account.

7 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2013 and June 30, 2013.

8 PROVISION FOR WORKERS' WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / Mutual Funds (CISs) / Pension Funds 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 Honorable High Court of Sindh (SHC), challenging the applicability of WWF to the CISs / pension funds, which is pending adjudication. However, without prejudice to the above, the Management Company made a provision for WWF contribution in the annual financial statements for the year ended 30 June 2010.

During the year ended 30 June 2011, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) on 8 July 2010 which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However on 14 December 2010 the Ministry filed its response against the Constitutional Petition requesting the Court to dismiss the same. This response was contradictory to the earlier clarification issued by the Ministry. Show cause notices were then issued by the Federal Board of Revenue (FBR) to several Mutual Funds (CISs) / Pension Funds for the collection of WWF. In respect of such show cause notices, certain Mutual Funds (CISs) / Pension Funds have been granted stay by the Honorable SHC on the basis of the pending Constitutional Petition as referred 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 the 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 Honorable Lahore High Court which had held such amendments as unlawful and unconstitutional for the reason that they were made through the money bills. For the CISs and Pension Funds, the issue of chargeability or otherwise of WWF levy to the CISs / Pension Funds is currently pending before the Honorable SHC.

In view of the pending decision, the Management Company of the Fund, as a matter of abundant caution, has decided to continue to provide for WWF amounting to Rs 58.398 million as at December 31, 2013 (including Rs 10.008 million in respect of the current period). Had the same not been made the net asset value per unit as at December 31, 2013 of the scheme would have been higher by Rs 0.0549.

9 NET ASSET VALUE PER UNIT

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

10 TAXATION

The income of the Fund is exempt from income tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. No provision for taxation for the current period has been made in this financial information as the Management Company intends to distribute the required minimum percentage of the Fund's accounting income for the current year as reduced by capital gains (whether realised or unrealised) to its unit holders.

NAFA MONEY MARKET FUND

11 EARNINGS PER UNIT

Earnings per unit (EPU) for the period ended December 31, 2013 has not been disclosed as in the opinion of the management, determination of cumulative weighted average number of outstanding units for calculating EPU is not practicable.

12 TRANSACTIONS WITH CONNECTED PERSONS

Connected persons include NBP Fullerton Asset Management Limited being the Management Company (NAFA), Central Depository Company of Pakistan Limited (CDC) being the Trustee, National Bank of Pakistan (NBP) and Alexandra Fund Management Pte. Limited being the sponsors, NAFA Provident Fund Trust being the employee contribution plan of the Management Company, other collective investment schemes managed by the Management Company and directors and officers of the Management Company.

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

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

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

12.1 Details of the transactions with connected persons are as follows:

	(Un-Audited)			
	Half year ended		Quarter ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	----- Rupees in '000 -----			
NBP Fullerton Asset Management Limited - Management Company				
Remuneration	65,541	120,199	30,007	59,053
Sindh Sales Tax on Management Company's remuneration	12,437	19,232	6,752	9,449
Federal Excise Duty on Management Company's remuneration	10,487	-	4,802	-
Expenses paid by the Management Company on behalf of the Fund	-	1	-	-
National Bank of Pakistan - Sponsor				
Issue of Nil units (2012: 429,794 units)	-	4,311	-	-
Redemption of 517,325,758 units (2012: 2,050,703 units)	5,200,000	20,715	3,700,000	20,715
Bonus of 14,078,170 units	-	-	-	-
Distributions paid	-	991,799	-	471,274
Purchase of Market Treasury Bills	10,302,500	18,571,216	1,646,331	13,895,232
Sale of Market Treasury Bills	5,790,000	6,124,824	3,197,572	2,394,010
TDR placed with the bank	8,500,000	-	-	-
Profit on saving account	6,101	-	1,186	-
Profit on TDR	132,003	-	-	-
Central Depository Company of Pakistan Limited - Trustee				
Remuneration for the period	5,067	8,750	2,368	4,537
Employees of the Management Company				
Issue of 1,911,932 units (2012: 881,472 units)	19,184	8,881	10,713	6,402
Bonus of 28,879 units (2012: 7,842 units)	-	-	-	-
Redemption of 1,603,045 units (2012: 642,446 units)	16,081	6,469	8,179	4,471

NAFA MONEY MARKET FUND

	Half year ended		Quarter ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
----- Rupees in '000 -----				
Chief Executive Officer				
Issue of 1,646,555 units (2012: 1,045,844 units)	16,500	10,500	5,000	-
Bonus of 13,542 units (2012: 14,692 units)	-	-	-	-
Redemption of 1,440,608 units (2012: 1,071,488 units)	14,449	10,782	10,700	7,282
CFO / Company Secretary				
Issue of Nil units (2012: 50,080 units)	-	502	-	255
Bonus of 688 units (2012: 385 units)	-	-	-	-
Redemption of 123,495 units (2012: 24,847 units)	1,240	251	-	-
NBP Exchange Company Ltd. - Associated Companies				
Redemption of 15,449,905 units (2012: Nil units)	155,083	-	155,083	-
Bonus of 297,720 units (2012: Nil units)	-	-	-	-
NAFA Government Securities Liquid Fund				
Purchase of Market Treasury Bills	1,800,000	-	2,648	-
Sale of Market Treasury Bills	650,000	-	650,000	-
NAFA Savings Plus Fund				
Sale of Market Treasury Bills	90,000	-	354	-
Summit Bank Limited				
Profit on bank deposit	421	-	25	-
Purchase of Market Treasury Bills	500,000	-	500,000	-
Pak Arab Refinery Ltd Supervisory Staff Gratuity Fund				
Purchase of Market Treasury Bills	26,000	-	26,000	-
Sale of Market Treasury Bills	26,000	-	26,000	-
International Industries Limited Employees' Provident Fund				
Issue of 380,280 units (2012: Nil units)	3,816	-	2,960	-
Bonus of 47,599 units (2012: 142 units)	-	-	-	-
Redemption of Nil units (2012: 1,104,629 units)	-	11,079	-	-
Purchase of Market Treasury Bills	20,500	-	20,500	-
Sale of Market Treasury Bills	64,600	-	17,234	-
International Industries Limited Employees' Gratuity Fund				
Purchase of Market Treasury Bills	26,000	-	26,000	-
Sale of Market Treasury Bills	26,000	-	26,000	-
International Steels Limited Employees' Provident Fund				
Issue of 156,315 units (2012: Nil units)	1,573	-	1,300	-
Bonus of 17,106 units (2012: 41 units)	-	-	-	-
Redemption of Nil units (2012: 334,753 units)	-	3,357	-	-
Thal Limited Employees' Retirement Benevolent Fund				
Purchase of Market Treasury Bills	2,000	-	2,000	-
Sale of Market Treasury Bills	18,500	-	2,081	-

NAFA MONEY MARKET FUND

Un-Audited As at December 31, 2013	Audited As at June 30, 2013
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(Rupees in '000)

12.2 Amounts outstanding as at the period end

NBP Fullerton Asset Management Limited - Management Company
 Remuneration payable
 Sindh Sales Tax payable on remuneration of the Management Company
 Federal Excise Duty on Management Company's remuneration
 Sales Load Payable

9,748	17,973
2,674	2,861
8,705	1,706
582	-

Central Depository Company of Pakistan Limited - Trustee

Remuneration payable
 Security deposit

776	1,258
100	100

National Bank of Pakistan - Sponsor

Units held : 97,720,150 units (June 30, 2013: 600,967,738 units)

978,355	6,020,976
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Bank balances

- in savings accounts
 - in current accounts

11,558	4,103,774
2,461	1,098

Accrued profit on bank deposit

5,996	3,176
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Term Deposit receipt placed

-	14,500,000
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Employees of the Management Company

Units held : 1,002,363 units (June 30, 2013: 551,042 units)

10,035	5,521
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Chief Executive Officer

Units held : 243,825 units (June 30, 2013: 24,336 units)

2,441	244
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CFO / Company Secretary

Units held : 68 units (June 30, 2013: 122,875 units)

1	1,231
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NBP Exchange Company Limited

Units held : Nil units (June 30, 2013: 15,152,185 units)

-	151,807
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International Industries Ltd Employees' Provident Fund

Units held : 1,535,246 units (June 30, 2013: 1,107,367 units)

15,371	11,090
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International Steels Ltd Employees' Provident Fund

Units held : 528,154 units (June 30, 2013: 354,733 units)

5,288	3,553
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Summit Bank Limited

Bank balances

- in savings accounts
 - in current accounts

-	47,414
8,412	-

13 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on February 13, 2014 by the Board of Directors of the Management Company.

14 GENERAL

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

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

For NBP Fullerton Asset Management Limited
 (Management Company)

Chief Executive

Director



NBP Fullerton
Asset Management Ltd.

A Subsidiary of
National Bank of Pakistan

Your investments & "NAFA" grow together



Joint - Venture Partners

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