

NAFA Funds Annual Report 2008



Managed by: National Fullerton Asset Management Limited

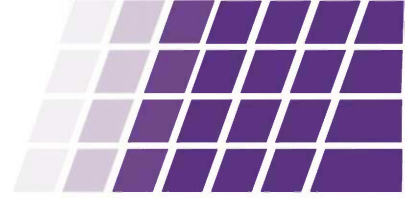


Your investments & NAFA grow together



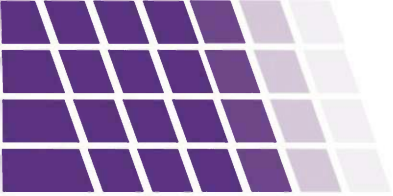
Joint - Venture Partners

NAFA MULTI ASSET FUND



NAFA MULTI ASSET FUND





NAFA MULTI ASSET FUND

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DIRECTORS' REPORT

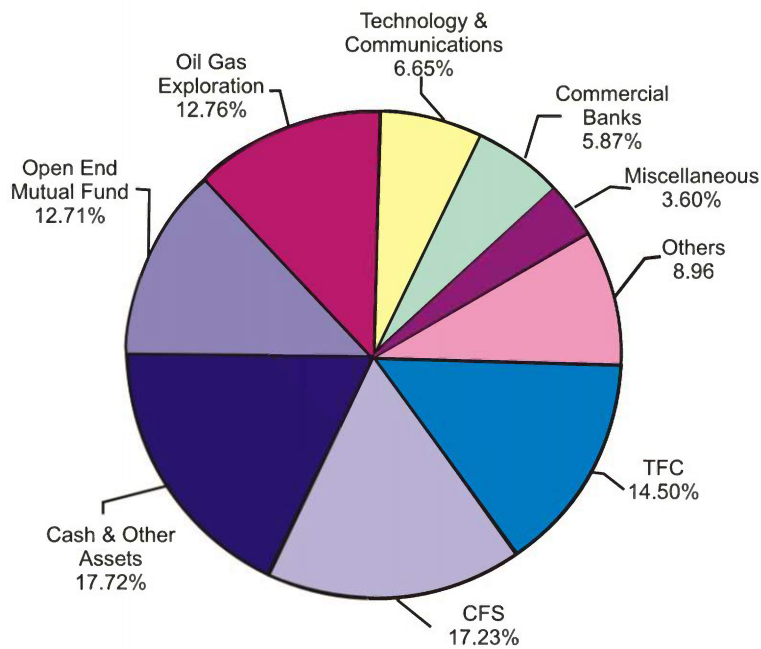
The Board of Directors of National Fullerton Asset Management Limited is pleased to present the second Annual Report of **NAFA Multi Asset Fund** for the year ended June 30, 2008.

Fund's Performance

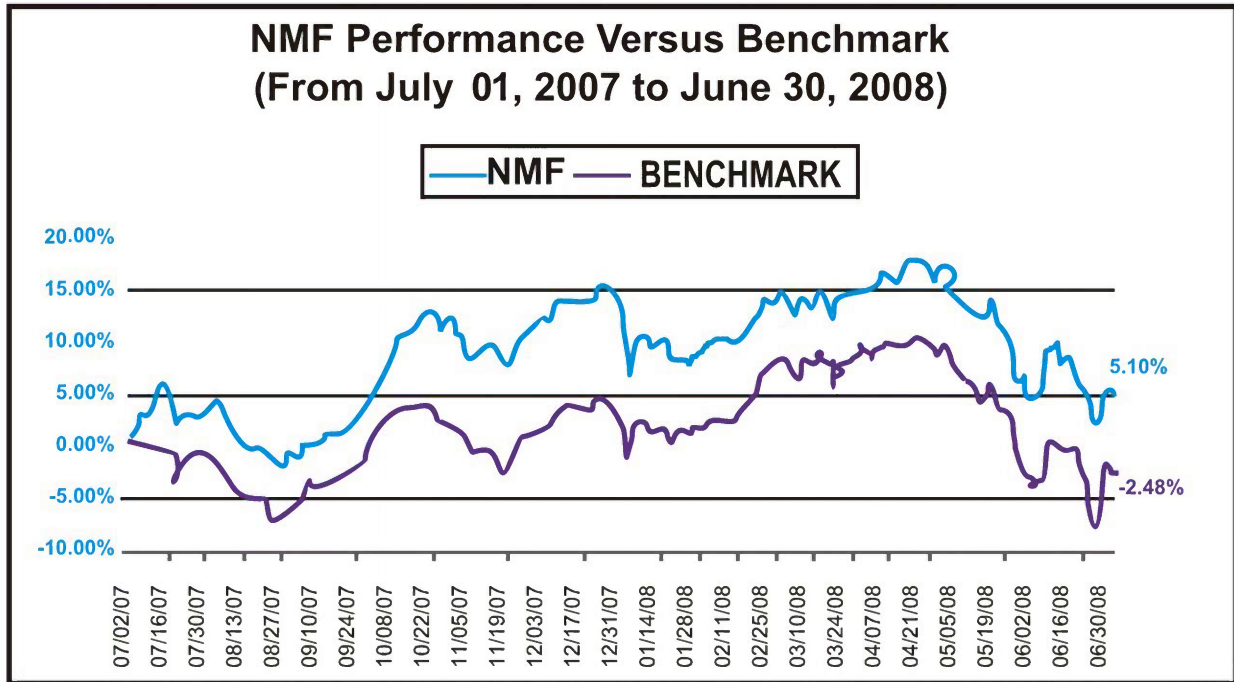
Assets under management of NAFA Multi Asset Fund have grown from Rs.1,249 million to Rs.2,631 million during the Financial Year 2007-08, i.e. a growth of 110.65%. During this year, Unit Price of your Fund has grown from Rs.10.9689 on June 30, 2007 (Ex-Div interim distribution) to Rs.11.5300 on June 30, 2008, thus showing an increase of 5.10%. While, its benchmark has recorded a decline by 2.48%, during the year. Thus the Fund has outperformed its benchmark by 7.58%.

NAFA Multi Asset Fund has earned total income of Rs.215.72 million during the year. After deducting expenses of Rs.90.15 million, the net income is Rs.125.57 million, translating into earning per unit of Rs.0.5611.

The asset allocation of the Fund as on June 30, 2008, and its performance against the benchmark are as follows:



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Income Distribution

In addition to interim distribution of 3.377%, the Board of Directors of the Management Company has also approved a final distribution of 4.221%, translating into total distribution of 7.598% of the par value and 6.750% of opening ex-NAV. After final distribution, the net asset value per unit will be Rs.11.1079 on June 30, 2008.

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' Qualifications

The auditors' qualification pertains to the period prior to promulgation of the Non-Banking Finance Companies and Notified Entities Regulations, 2007 (NBFC Regulations). Thereafter, SECP allowed mutual funds to use the same basis as was being used by the Fund.

Auditors

The present auditors, Messrs A. F. Ferguson & Co., Chartered Accountants, retire and, being eligible, offer themselves for re-appointment.

Pattern of Unit-holders

The pattern of Unit-holding as on June 30, 2008 is disclosed in the note 26 to these financial statements.

NAFA MULTI ASSET FUND



Directors' Statement in Compliance with Code of Corporate Governance

The part of the Directors' report to unit-holders is given as required under section 236 of the Companies Ordinance 1984:

1. The financial statements, prepared by the management company of NAFA Multi Asset Fund, 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 NAFA Multi Asset 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 Accounting 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 NAFA Multi Asset 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. The Board of Directors of National Fullerton Asset Management Limited held five meetings during the current financial year. The attendance of all directors is disclosed in the note 27 to these financial statements:

Acknowledgement

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

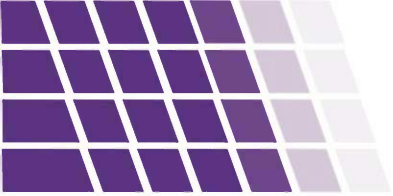
The Board also wishes to place on record its appreciation for the hard work, dedication and commitment enthusiasm shown by the staff and the Trustee.

On behalf of the Board of
National Fullerton Asset Management Limited

Masood Karim Shaikh, FCA
Chairman

Dr. Amjad Waheed, CFA
Chief Executive

Date: August 11, 2008
Place: Karachi.



NAFA MULTI ASSET FUND

TRUSTEE REPORT TO THE UNIT HOLDERS NAFA MULTI ASSET FUND

Report of the Trustee pursuant to regulation 58(f) and Clause 9 of schedule IV of the Non-Banking Finance Companies and Notified Entities Regulations, 2007

NAFA Multi Asset Fund (Fund), an open-end scheme was established under a trust deed dated December 06, 2006 executed between National Fullerton Asset Management Limited, as the management company and Central Depository Company of Pakistan Limited, as the trustee.

In our opinion, the management company has in all material respects managed the Fund during the year ended June 30, 2008 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 (NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2007 (NBFC Regulations) and the constitutive documents of the fund.

For the purpose of information, the attention of the unit holders is drawn towards note 3.2.2 of the financial statements wherein it is specified that previously the basis of valuation of listed debt securities were not in the line with the requirement of the NBFC Rules however, subsequent to the promulgation of NBFC Regulations listed debt securities are valued in accordance with the requirements of the NBFC Regulations.

Muhammad Hanif
Chief Executive Officer
Central Depository Company of Pakistan Limited

NAFA MULTI ASSET FUND



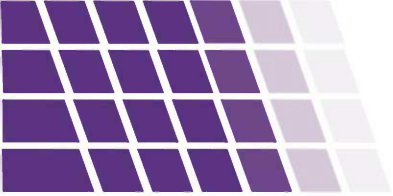
STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2008

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 43 of Listing Regulations of the Lahore Stock Exchange for the purpose of establishing a framework of good Governance, whereby a listed Company is managed in compliance with the best practice of corporate governance.

NAFA Multi Asset Fund (the Fund) is an open end mutual fund and is listed at the Lahore Stock Exchange. The Fund, being a unit trust scheme, does not have its own Board. The Board of Directors of the Management Company manages the affairs of the Fund and has appointed the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and the Company Secretary of NAFA and other necessary personnel to manage its affairs.

The Management Company has applied the principles contained in the Code in the following manner:

1. The Management Company encourages representation of independent non-executive directors. At present the Board consist seven directors including six independent non-executive directors. The Management Company is not listed on any stock exchange and therefore does not have minority interest.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies.
3. All the resident directors of the Management Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBF1 or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. During the year no casual vacancy was occurred in the Board.
5. The Management Company has adopted a "Code of Business Ethics and Business Practices", which has been acknowledged by all the directors and distributed to employees of the Management Company.
6. The Board has developed a vision/mission statement overall corporate strategy and significant policies of the Fund. A complete record of the particulars 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.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter during the year. 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 meeting were appropriately recorded and circulated.
9. All the members of Board are well aware of operations of the Fund and the Management Company, therefore no orientation courses were arranged during the year.
10. The Board has approved the appointment of Head of Internal Audit and his terms of employment.
11. Directors' Report has been prepared in compliance with the requirements of the Code 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 units of the Fund other than those disclosed in note 21 to the financial statements "Transactions with Connected Persons".
14. The Management Company has complied with the corporate and financial reporting requirements of the Code with respect to the Fund.
15. The Board has formed an Audit Committee. It comprises three members, all of whom are non-executive directors including the chairman of the committee.
16. The meetings of the audit committee were held at least once every quarter prior to approval of the interim and final results of the Fund as required by the Code. Terms of Reference of the Audit Committee have been prepared and advised to the Committee for compliance.



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17. There exists an effective internal audit function within the company.
18. The Management Company has appointed the Head of Internal Audit, who is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Fund.
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, that they or any of the partners of the firm, their spouse and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan.
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. We confirm that all other material principles contained in the Code have been complied with.

Date: August 11, 2008
Place: Karachi.

Dr. Amjad Waheed, CFA
Chief Executive

NAFA MULTI ASSET FUND



FUND MANAGER'S REPORT

NAFA Multi Asset Fund

NAFA Multi Asset Fund (NMF) is an open-ended balanced fund.

Investment Objective of the Fund

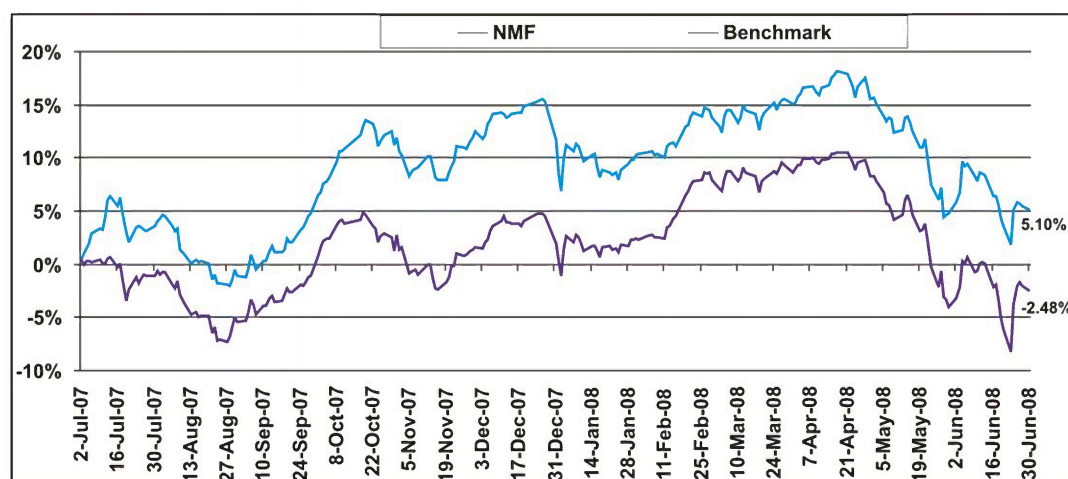
Objective of NMF is to provide investors with a combination of capital growth and income by investing in a variety of asset classes such as stocks, bonds, money market instruments, CFS etc. Thus main investment classes for the Fund are Equity and Fixed Income asset classes with a maximum range of 70% in any asset class at a point in time. The risk profile of the Fund is moderate.

Benchmark

50% 1-Month KIBOR and 50% KSE-30 Index.

Fund's Performance Review

During FY 2008 NAFA Multi Asset Fund generated a return of 5.10% whereas the Benchmark i.e. 50% 1-Month KIBOR and 50% KSE-30 Index generated a return of -2.48% thereby the Fund ended with an out-performance of 7.58%. Furthermore, please find below the chart of the Fund's performance versus the Benchmark (KSE-30 Index):



The asset class allocation has been actively managed throughout the year, with average asset allocation at more than 50% in Equity. Following are the various developments during the year in each asset class.

The equity asset class has mainly been the listed stocks in the Karachi Stock Exchange. The stock market during the year behaved in a very volatile fashion, reflecting turbulent political situation and consequent fallout on the economy. Unrest in tribal region, Presidential election, judicial activism, emergency, assassination, elections, global as well as domestic energy crisis and the government borrowing from SBP eventually took their toll on the macro-economy and rupee lost 13% of its value. In response, SBP tightened the screw on monetary expansion and the stock market discounted all these developments with a sharp readjustment i.e. a decline of 33% in less than three months.

During FY 2008, the KSE-30 Index fell by 15.69% from 16,993 to 14,326 as compared to growth of 34% during FY 2007. Market capitalization during the period under review fell by 6.02% from Rs.4.019 trillion to Rs.3.777 trillion, as compared to increase of 43.48% from Rs. 2.801 trillion to Rs. 4.019 trillion during the corresponding period last year. The KSE-30 Index reached a High of

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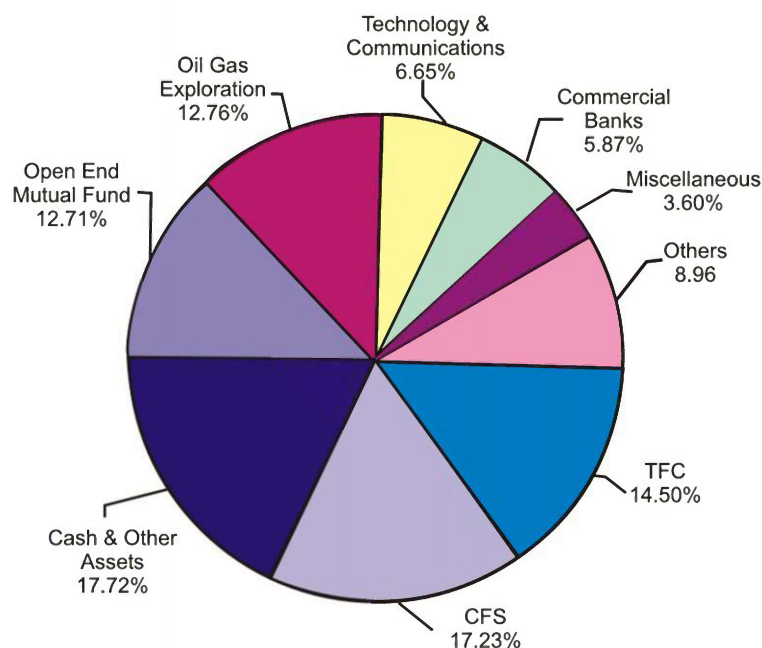
18,996 and a Low of 12,750 in FY 2008. Average daily volume stood at 242 million shares as compared to 212 million shares in FY 2007. Higher volumes were primarily due to increased foreign based activity and enhanced market volatility.

We adopted the stock selection strategy for the generation of out-performance instead of trying to time the market. The shares we thought are likely to out-perform the market were accumulated in our portfolio till the time we assessed that the fair values have been attained or some fundamental change warranted liquidation of that particular position.

On the Fixed Income side, as mentioned earlier SBP in continuation with its tight monetary policy increased Discount Rate by 3% to 12%. It also increased Cash Reserve Requirement and Statutory Liquidity Requirement by 2% and 1% to 9.00% and 19.00% respectively. Liquidity crunch witnessed due to above announcement had its positive effect on KIBOR rates with 1-Month KIBOR rate up by 422 basis points to 13.64%.

We expected tightened monetary policy and rising interest rate scenario to persist. Our strategy was focused on short duration investment avenues such as CFS, Ready Future Spread, Floating Rate Term Finance Certificates (TFCs). All the above mentioned avenues are short-term and are major beneficiaries of rising interest rate scenario.

Attached chart shows the asset allocation. As of 30th June 2008 allocation in Equity, Fixed Income Mutual Funds, TFCs, CFS and Cash & Others are 38%, 13%, 14%, 17% and 18% respectively, of the Fund size. NAFA Multi Asset Fund's asset allocation has changed since June last year. As of 30th June, 2007, its asset allocation in Equity, TFCs, CFS and Cash & Others was 56%, 7%, 22% and 15% respectively, of the Fund size.



Income Distribution

In addition to interim distribution of 3.377%, the Board of Directors of the Management Company has also approved a final distribution of 4.221%, translating into total distribution of 7.598% of the par value and 6.750% of opening ex-NAV. Before final distribution, the net asset value per unit was 11.5300 on June 30, 2008. After final distribution, the net asset value per unit will be Rs.11.1079 on June 30, 2008.

NAFA MULTI ASSET FUND



Pattern of Unit Holders for NAFA Multi Asset Fund - As on June 30, 2008

Size of Unit Holding (Units)	No. of Unit Holders
Upto 1,000	1,016
1,001- 5,000	445
5,001-10,000	250
10,001 - 50,000	469
50,001 - 100,000	88
100,001 - 500,000	120
500,001 - 1,000,000	16
1,000,001 - 5,000,000	25
5,000,001 - 10,000,000	5
10,000,001 - 100,000,000	5
	2,439

During the period under question:

- There have been no significant changes in the state of affairs of the Fund
- The Management Company or its delegates did not receive any soft commission (i.e. goods and services) from its broker(s)/dealer(s) by virtue of transactions conducted by the Fund.



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

We have reviewed the statement of compliance with the best practices contained in the code of corporate governance prepared by the Board of directors of National Fullerton Asset Management Limited, Management Company of NAFA Multi Asset Fund to comply with XIII 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 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 of Corporate Governance and report if it does not .A review is limited primarily to inquiries of the Company 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 have not carried out any special review of the internal control covers all control and the effectiveness of such internal controls.

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 Fund's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the year ended June 30,2008.

Dated: September 9, 2008
Karachi

A. F. Ferguson & Co.
Chartered Accountants

NAFA MULTI ASSET FUND



INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

We have audited the accompanying financial statements of NAFA Multi Asset Fund which comprise the statement of assets and liabilities as at June 30, 2008, and the related income statement, distribution statement, cash flow statement and statement of movement in unit holders' funds 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 of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with the approved accounting standards as applicable in Pakistan. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards 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 auditor's judgement, 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 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.

Basis for Qualified Opinion

As explained in note 3.2.2 to the financial statements during the year the Fund has changed the basis for determination of fair value of listed debt securities, subsequent to their initial recognition, so as to comply with the requirements set out in the Non-Banking Finance Companies and Notified Entities Regulations, 2007 (NBFC Regulations) promulgated by SECP in November 2007. The requirement to compute the net assets of a collective investment scheme previously laid down in the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) are now set out under clause 2(i)(xvi) of the NBFC Regulations.

Upto the promulgation of the NBFC Regulations, the investments of the Fund in listed debt securities were revalued using the average of the rates quoted by certain brokerage houses. In this connection Rule 2(xxiv) of the NBFC Rules 2003 required these investments to be revalued using the rates quoted on the stock exchange on which these investments were listed. However, the management was of the view that the rates used by the Fund were representative of the fair market value of these investments and that such valuation methodology was fair to the existing as well as the new investors. As a result the Net Asset Value (NAV) calculation of the Fund upto the date of change of the Fund's valuation methodology for listed debt securities and consequently the calculation of number of units issued as well as the net element of income and capital gains included in units issued less those in units redeemed by the Fund, during the year would have been different. These effects have not been quantified as it was impracticable to do so.

Opinion

In our opinion, except for the effects of the matter discussed in the preceding paragraph the financial statements give a true and fair view of the state of the Fund's affairs as at June 30, 2008 and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

Other matters

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Trust Deed and the Non-Banking Finance Companies and Notified Entities Regulations, 2007.

Dated: August 28, 2008
Karachi.

A. F. Ferguson & Co.
Chartered Accountants

NAFA MULTI ASSET FUND

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2008

	NOTE	2008 (Rupees in '000')	2007 (Rupees in '000')
Assets			
Balances with banks	4	338,104	172,559
Receivable against sale of investments		154,480	6,243
Investments	5	1,712,417	789,350
Receivable against Continuous Funding System (CFS) transactions	6	453,294	282,829
Dividend and profit receivable	7	23,059	4,691
Advances, deposits, prepayments and other receivables	8	4,085	1,100
Preliminary expenses and floatation costs	9	1,778	2,278
Total assets		2,687,217	1,259,050
Liabilities			
Payable to National Fullerton Asset Management Limited - Management Company	10	26,957	7,611
Payable to Central Depository Company of Pakistan Limited - Trustee	11	302	182
Payable to Securities and Exchange Commission of Pakistan	12	2,119	413
Payable on redemption of units	13	17,991	-
Accrued expenses and other liabilities	14	8,354	2,200
Total liabilities		55,723	10,406
Net Assets		2,631,494	1,248,644
Unit Holders' Funds (as per statement attached)		2,631,494	1,248,644
Commitments			
	15		
		Number of units	
Number of units in issue		228,229,580	96,824,120
		Rupees	
Net asset value per unit	16	11.5300	12.8960

The annexed notes 1 to 33 form an integral part of these financial statements.

For National Fullerton Asset Management Limited
(Management Company)

Dr. Amjad Waheed, CFA
Chief Executive

Masood Karim Shaikh, FCA
Chairman

NAFA MULTI ASSET FUND



INCOME STATEMENT

FOR THE YEAR ENDED JUNE 30, 2008

	NOTE	For the year ended June 30, 2008	For the period from January 15, 2007 to June 30, 2007
(Rupees in '000')			
INCOME			
Gain on sale of investments - net		45,565	115,669
Income from Term Finance Certificates and Sukuk Bonds		38,378	559
Income from Continuous Funding System (CFS) transactions		23,045	11,121
Income from spread transactions		18,257	30
Profit on bank deposits	17	31,101	8,143
Dividend income		25,260	5,212
Other income		31	-
Unrealised gain / (loss) on investments at fair value through profit or loss - net		(102,471)	121,074
Unrealised gain on revaluation of futures sale contracts		425	-
Total Income		79,591	261,808
EXPENSES			
Remuneration of National Fullerton Asset Management Limited – Management Company	10.1	52,840	8,267
Remuneration of Central Depository Company of Pakistan Limited - Trustee	11.1	3,119	808
Annual fee - Securities and Exchange Commission of Pakistan	12.1	2,119	413
Securities transaction cost		30,046	4,594
Settlement and bank charges		1,167	424
Annual listing fee		30	30
Financial charges		-	26
Auditors' remuneration	18	290	190
Fund rating fee		40	-
Amortisation of preliminary expenses and floatation costs	9	500	222
Total Expenses		90,151	14,974
Net income / (loss) from operating activities		(10,560)	246,834
Element of income and capital gains included in prices of units issued less those in units redeemed		136,131	33,575
Net income for the year / period before taxation		125,571	280,409
Taxation	19	-	-
Net income for the year / period after taxation		125,571	280,409
Earnings per unit	20		

The annexed notes 1 to 33 form an integral part of these financial statements.

For National Fullerton Asset Management Limited
(Management Company)

Dr. Amjad Waheed, CFA
Chief Executive

Masood Karim Shaikh, FCA
Chairman

NAFA MULTI ASSET FUND

DISTRIBUTION STATEMENT FOR THE YEAR ENDED JUNE 30, 2008

For the year
ended June
30, 2008

For the
period from
January 15,
2007 to June
30, 2007

(Rupees in '000')

Undistributed income brought forward	280,409	-
Distribution:		
Final distribution for the year ended June 30, 2007 : 16.40% (Date of distribution: 05 July 2007)	(158,792)	-
Interim distribution 2008 : 3.377% (Date of distribution: 16 April 2008) (2007: Nil)		
- Bonus units	(67,180)	
- Cash Distribution	(6,912)	-
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing income / (losses) that form part of the unit holders' funds	140,726	-
Net income for the year / period	125,571	280,409
Undistributed income carried forward	313,822	280,409

The annexed notes 1 to 33 form an integral part of these financial statements.

For National Fullerton Asset Management Limited
(Management Company)

Dr. Amjad Waheed, CFA
Chief Executive

Masood Karim Shaikh, FCA
Chairman

NAFA MULTI ASSET FUND



STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS FOR THE YEAR ENDED JUNE 30, 2008

	For the year ended June 30, 2008	For the period from January 15, 2007 to June 30, 2007
	(Rupees in '000')	
Net assets at the beginning of the year / period	1,248,644	-
Issue of 315,404,311 units - including 19,314,768 bonus units (2007: 127,794,368 units)	3,669,076	1,357,283
Redemption of 183,998,851 units (2007: 30,970,247 units)	(2,271,326)	(355,473)
	1,397,750	1,001,810
Final distribution for the year ended June 30, 2007: 16.40%	158,792	-
Element of income and capital gains included in prices of units issued less those in units redeemed		
- amount representing (income) / losses and capital (gains) / losses - transferred to Income Statement	(136,131)	(33,575)
- amount representing (income) / losses that form part of the unit holders' funds - transferred to Distribution Statement	(140,726)	-
	(276,857)	(33,575)
Net unrealised appreciation in the market value of investments classified as 'available for sale'	2,572	-
Unrealised gain / (loss) on investments at fair value through profit or loss - net	(102,471)	121,074
Unrealised gain on revaluation of futures sale contracts	425	-
Gain on sale of investments - net	45,565	115,669
Other income (net of expenses)	182,052	43,666
Distribution:		
Final distribution for the year ended June 30, 2007: 16.40%	(158,792)	-
Interim distribution 2008: 3.377% (Date of distribution: 16 April 2008) (2007: Nil)		
- Bonus units	(67,180)	-
- Cash Distribution	(6,912)	-
	(107,313)	280,409
Interim distribution: Issue of bonus units	67,180	-
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing income / (losses) that form part of the unit holders' funds	140,726	-
Net assets at the end of the year / period	2,631,494	1,248,644

The annexed notes 1 to 33 form an integral part of these financial statements.

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

Dr. Amjad Waheed, CFA
Chief Executive

Masood Karim Shaikh, FCA
Chairman

NAFA MULTI ASSET FUND

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2008

	NOTE	For the year ended June 30, 2008	For the period from January 15, 2007 to June 30, 2007
CASH FLOW FROM OPERATING ACTIVITIES			
(Rupees in '000')			
Net income for the year / period		125,571	280,403
Adjustments			
Unrealised (gain) / loss on investments at fair value through profit or loss - net		102,471	(121,074)
Unrealised (gain) / loss on revaluation of futures sale contracts		(425)	-
Amortisation of preliminary expenses and floatation costs		500	222
Element of income and capital gains included in prices of units issued less those in units redeemed		(136,131)	(33,569)
		<u>91,986</u>	<u>125,982</u>
(Increase) / decrease in assets			
Receivable against sale of investments		(148,237)	(6,243)
Investments		(1,022,966)	(668,276)
Receivable against Continuous Funding System (CFS) transactions		(170,465)	(282,829)
Dividend and profit receivable		(18,368)	(4,691)
Advances, deposits, prepayments and other receivables		(2,560)	(1,100)
		<u>(1,362,596)</u>	<u>(963,139)</u>
Increase / (decrease) in liabilities			
Payable to National Fullerton Asset Management Limited - Management Company		19,346	7,611
Payable to Central Depository Company of Pakistan Limited - Trustee		120	182
Payable to Securities and Exchange Commission of Pakistan		1,706	413
Payable on redemption of units		17,991	-
Accrued expenses and other liabilities		6,154	2,200
		<u>45,317</u>	<u>10,406</u>
Payment made for preliminary expenses and floatation costs		-	(2,500)
Net cash outflow on operating activities		<u>(1,225,293)</u>	<u>(829,251)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts from issue of units		3,669,076	1,357,283
Payments on redemption of units		(2,271,326)	(355,473)
Distributions paid		(6,912)	-
Net cash inflow from financing activities		<u>1,390,838</u>	<u>1,001,810</u>
Net increase in cash and cash equivalents during the year / period		<u>165,545</u>	<u>172,559</u>
Cash and cash equivalents at the beginning of the year / period		172,559	-
Cash and cash equivalents at the end of the year / period	4	<u><u>338,104</u></u>	<u><u>172,559</u></u>

The annexed notes 1 to 33 form an integral part of these financial statements.

For National Fullerton Asset Management Limited
(Management Company)

Dr. Amjad Waheed, CFA
Chief Executive

Masood Karim Shaikh, FCA
Chairman

NAFA MULTI ASSET FUND



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Multi Asset Fund (NMF) was established under a Trust Deed executed between National Fullerton Asset Management Limited (NAFA) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on December 06, 2006 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on December 20, 2006 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

NMF 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 transferable and can be redeemed by surrendering them to the Fund.

The core objective of the fund is to provide its investors with a combination of capital growth and income. The Fund aims to achieve attractive returns at moderate levels of risk by investing in a variety of asset classes such as stocks, bonds, money market instruments, Continuous Funding System (CFS) etc.

JCR-VIS Credit Rating Company Limited (JCR-VIS) has assigned an asset manager rating of AM2 to the Management Company. The Management Company has initiated the process of obtaining the rating of the Fund. Pending completion of this process, the rating of the Fund has not been disclosed in these financial statements.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2007 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

2.2 Amendments to published accounting standards effective in 2008

Amendments to IAS 1 - "Presentation of Financial Statements - Capital Disclosures", introduces certain new disclosures about the level of and the management of an entity's capital. Adoption of this amendment has only resulted in additional disclosures relating to the management of NMF's unitholders' funds which have been set out in note 29 of these financial statements.

Other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 1, 2007 which are not considered relevant nor have any significant effect on the Fund's operations are not detailed in these financial statements.

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

The following standards, amendments and interpretations of approved accounting standards, effective for accounting periods beginning on or after January 1, 2008 are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than increased disclosures in certain cases:

IAS 1 - Presentation of Financial Statements (Revised-September 2007) effective from January 1, 2009

IAS 23 - Borrowing Costs (Revised March 2007) effective from January 1, 2009

Amendments to IAS 27 (Revised) -
Consolidated and Separate Financial Statements effective from July 1, 2009



NAFA MULTI ASSET FUND

IFRS 3 (Revised) - Business Combinations	effective from July 1, 2009
IFRS 7 - Financial Instruments: Disclosures	effective from April 28, 2008
IFRS 8 - Operating Segments	effective from January 1, 2009
IFRIC 12 - Service Concession Arrangements	effective from January 1, 2008
IFRIC 13 - Customer Loyalty Programmes	effective from July 1, 2008
IFRIC 14 - IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirement and their interaction	effective from January 1, 2008
IFRIC 15 - Agreements for the Construction of Real Estate	effective from January 1, 2009
IFRIC 16 - Hedges of a Net Investment in a Foreign Operation	effective from October 1, 2008

2.4 Critical accounting estimates and judgements

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgement in the process of applying the Fund's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Fund's financial statements or where judgement was exercised in application of accounting policies are as follows:

- i) Classification and valuation of investments (note 3.2 and note 5)
- ii) Amortisation of preliminary expenses and floatation costs (note 3.7 and note 9)

2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except that certain investments have been 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:

3.1 Cash and cash equivalents

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

3.2 Investments

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention are recognised at the trade date. Trade date is the date on which the Fund commits to purchase or sell the assets. The management determines the appropriate classification of the investments made by the Fund in accordance with the requirements of International Accounting Standard (IAS) 39: 'Financial Instruments: Recognition and Measurement', at the time of purchase and re-evaluates this classification on a regular basis.

NAFA MULTI ASSET FUND

Investments are categorised as follows:

a) Financial assets at fair value through profit or loss

Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in prices are classified as 'Financial assets at fair value through profit or loss'. Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed in the income statement. Subsequent to initial recognition these investments are marked to market using the closing market rates at the end of each day and are carried on the Statement of Assets and Liabilities at fair value. Net gains and losses arising on changes in fair values of these investments are taken to the Income Statement.

Investments in unquoted debt securities are also carried at fair value.

b) Available for sale

Investments intended to be held for an indefinite period of time which may be sold in response to needs for liquidity or changes in prices, are classified as 'available for sale'.

Investments categorised as available for sale are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Subsequent to initial recognition, 'available for sale' investments are measured at fair value. Net gains and losses arising on changes in fair values of these investments are taken to equity until the available for sale investment is derecognised. At this time, the cumulative gain or loss previously recognised directly in equity is transferred to the income statement.

The Fund assesses at each balance sheet date whether there is objective evidence that a financial asset classified as available for sale is impaired. If evidence of impairment exists, the cumulative loss recognised in equity is removed from equity and recognised in the income statement.

Investment in unquoted debt securities are also carried at fair value.

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

3.2.1 Change in accounting policy in respect of subsequent measurement of investments in unlisted debt securities

During the year the Fund has changed its accounting policy in respect of subsequent measurement of investments in unlisted debt securities. As per the Fund's revised accounting policy, subsequent to initial recognition, investment in unlisted debt securities are measured at fair value in line with the requirements set out by IAS 39; 'Financial Instruments: Recognition and Measurement'. Previously, subsequent to initial recognition, such investments were carried at cost / investment price in accordance with the methodology for valuation of unlisted debt securities specified in the NBFC Rules.

The above change has been made keeping in view the amendments made in the NBFC Rules and the simultaneous promulgation of the NBFC Regulations by the SECP in November 2007. The requirements to compute the net assets of a collective investment scheme previously laid down in the NBFC Rules are now set out under clause 2(i)(xvi) of the NBFC Regulations. In the absence of any specific guidance on the valuation of investments in unlisted debt securities contained in the NBFC Regulations the Fund has adopted the measurement principles set out under IAS-39 for valuation of such securities. The change in accounting policy has not been applied retrospectively as it is impracticable to do so.

Had there been no change in the accounting policy, the carrying value of investments as at June 30, 2008 would have been lower by Rs 2,572 thousand.

3.2.2 Change in basis for determination of fair value of listed debt securities

During the year the Fund has changed its basis for determination of fair value of listed debt securities, subsequent to their initial recognition. This change has been made to comply with the requirements set out in the NBFC Regulations issued by SECP in November 2007. The requirements to compute the net assets of a collective investment scheme previously laid down in the NBFC Rules are now set out under clause 2(i)(xvi) of the NBFC Regulations. In accordance with the NBFC Regulations



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debt securities listed but not regularly traded on the stock exchange are valued, subsequent to initial recognition, at the average rate notified by the Mutual Funds Association of Pakistan based on the average rates quoted by top three brokers, in terms of volume traded during the last three months in that debt security.

Previously, the investments of the Fund in listed debt securities were revalued using the average of the rates quoted by certain brokerage houses. This methodology for determination of fair value of listed debt securities was not in accordance with the NBFC Rules which required such investments to be revalued using the rates quoted on the stock exchange on which these investments were listed. However, the management was of the view that the rates used by the Fund were representative of the fair market value of these investments and that such valuation methodology was fair to the existing as well as the new investors.

The change in basis for determination of fair value of listed debt securities has not made any material impact on the net assets of the Fund as it is broadly on the same lines as the valuation methodology previously used by the Fund.

3.3 Loans and receivables

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

Loans and receivables are initially recognised at fair value plus transaction costs. Subsequent to initial recognition these are carried at amortised cost.

3.4 Securities under resale agreements – Continuous Funding System (CFS) transactions

Securities purchased under an agreement to resell (reverse repo) are included as receivable against CFS transactions at the fair value of the consideration given. The CFS transactions are accounted for on the settlement date. The difference between the purchase and sale price is treated as income from CFS transactions in the Income Statement and is recognised over the term of the respective transactions. Transaction costs are included in the initial measurement of all CFS transactions except for transaction costs that may be incurred on disposal.

3.5 Spread transactions (Ready-Future Transactions)

In accordance with the requirements of IAS 39, securities purchased by the Fund in the ready market are carried on the Statement of Assets and Liabilities till their eventual disposal, and the forward sale of securities in the futures market is accounted for separately as a 'derivative'.

3.6 Impairment

The carrying amount of assets is reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or group of assets. If any such indication exists, the recoverable amount of such assets is estimated and impairment losses are recognised immediately in the financial statements.

3.7 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.

3.8 Provisions

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 obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

3.9 Taxation

Provision for current taxation is based on the taxable income at the current rates of taxation after taking into account tax credits, rebates and exemptions, if any, and is made in accordance with the provisions of the Income Tax Ordinance, 2001.

NAFA MULTI ASSET FUND

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 amounts used for taxation purposes. In addition, the Fund also records 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 under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, 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.

3.10 Proposed distributions

Distributions declared subsequent to the balance sheet date are considered as non-adjusting events and are recognised in the financial statements in the period in which such distributions are declared.

3.11 Financial assets and financial liabilities

Financial assets carried on the Statement of Assets and Liabilities include balances with banks, receivables against sale of investments, receivable against Continuous Funding System (CFS) transactions, investments, loans and receivables, income receivable and certain other receivables.

Financial liabilities carried on the Statement of Assets and Liabilities include payable to National Fullerton Asset Management Limited – Management Company, payable to Central Depository Company of Pakistan Limited – Trustee, payable against redemption of units and accrued expenses and other liabilities.

The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with these assets and liabilities.

3.12 Offsetting of financial instruments

Financial assets and financial 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 basis, or realise the assets and settle the liabilities simultaneously.

3.13 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. Currently, the fund is charging sales load (front end load) at the rate of three percent of net asset value per unit.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications 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.

3.14 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, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

The Fund records that portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period which pertains to income / (losses) that form part of the Unit Holders' Funds in a separate reserve account and any amount remaining in this reserve account at the end of an accounting period (whether gain or loss) is included in the amount available for distribution to the unit holders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period is recognised in the Income Statement.

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3.15 Revenue recognition

- Capital gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.
- Income on reverse repurchase (reverse repo) transactions and Continuous Funding System (CFS) transactions is recognised on an accrual basis.
- Dividend income is recognised when the right to receive the payment is established.
- Income on Term Finance Certificates is recognised on time proportion basis.
- Income from clean placements and Certificates of Investment is recognised on an accrual basis.
- Unrealised gains / losses arising on revaluation 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.
- Profit on bank deposits is recognised on an accrual basis.

3.16 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in income statement. Translation differences on non-monetary financial assets and liabilities such as equities at fair value through profit or loss are recognised in the Income Statement within the fair value net gain or loss.

	NOTE	2008 (Rupees in '000')	2007 (Rupees in '000')
4 BALANCES WITH BANKS			
Current accounts		4,796	952
Savings accounts		333,308	171,607
		<u>338,104</u>	<u>172,559</u>
5 INVESTMENTS			
At fair value through profit or loss - held for trading			
Equity securities - listed	5.1	980,964	699,717
Units of open end mutual funds	5.2	334,453	-
Equity securities purchased under futures sale contracts	5.3	14,927	-
Term finance certificates - listed	5.4	100,854	56,433
		<u>1,431,198</u>	<u>756,150</u>
Available for sale			
Term finance certificates - unlisted	5.5	90,070	15,000
Sukuk bonds		167,792	-
Commercial Paper		23,357	18,200
		<u>281,219</u>	<u>33,200</u>
		<u>1,712,417</u>	<u>789,350</u>

NAFA MULTI ASSET FUND

5.1 Equity securities - listed

Name of the investee company	Number of shares				As at June 30, 2008	Market value at June 30, 2008	Market Value as a percentage of net assets	Market Value as a percentage of total investment
	As at July 01, 2007	Purchases during the year	Bonus / Right Issue	Sales during the year				

(Rupees in '000')

Modarabas

Equity Modaraba	-	1,440,000	-	-	1,440,000	4,248	0.16	0.25
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Investment Banks / Companies

Arif Habib Limited	-	40,000	-	40,000	-	-	-	-
Arif Habib Securities Limited	-	1,611,000	-	1,611,000	-	-	-	-
First Capital Security Corporation Limited	-	175,000	-	175,000	-	-	-	-
Jahangir Siddiqui Investments Company Limited	-	1,882,700	-	1,880,700	2,000	190	0.01	0.01
Jahangir Siddiqui & Company Limited	-	230,000	-	230,000	-	-	-	-

Commercial Banks

Allied Bank Limited	315,000	200,000	-	515,000	-	-	-	-
Askari Commercial Bank Limited	-	770,000	-	770,000	-	-	-	-
Bank Al-Falah Limited	215,000	8,431,000	502,665	5,967,900	3,180,765	130,602	4.96	7.63
Bank Islami Pakistan Limited	1,400,000	4,942,000	593,750	6,255,750	680,000	10,071	0.38	0.59
The Bank of Punjab Limited	-	4,173,500	-	4,173,500	-	-	-	-
Faysal Bank Limited	-	100,000	-	100,000	-	-	-	-
Habib Bank Limited	-	200,100	5,000	205,100	-	-	-	-
JS Bank Limited	-	550,000	-	550,000	-	-	-	-
MCB Bank Limited	75,000	2,564,500	-	2,639,500	-	-	-	-
Meezan Bank Limited	455,000	669,500	120,000	1,244,500	-	-	-	-
National Bank of Pakistan	20,745	2,364,601	15	2,385,360	1	-	-	-
NIB Bank Limited	200,000	230,000	-	430,000	-	-	-	-
Saudi Pak Commercial Bank Limited	500,000	-	-	500,000	-	-	-	-
United Bank Limited	40,000	2,309,200	82,550	2,306,850	124,900	10,628	0.40	0.62

Insurance Companies

Adamjee Insurance Company Limited	-	405,200	-	317,100	88,100	23,850	0.91	1.39
Central Insurance Limited	-	8,000	-	8,000	-	-	-	-
Eastern Federal Union General Insurance Limited	70,000	25,000	-	95,000	-	-	-	-
New Jubilee Life Insurance Limited	197,500	238,000	-	435,500	-	-	-	-
Pakistan Reinsurance Company Limited	175,000	10,000	-	185,000	-	-	-	-
Premier Insurance Company Limited	400	40,000	-	40,400	-	-	-	-

Textile Spinning

Gadoon Textile Limited	-	51,800	-	51,800	-	-	-	-
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Textile Composite

Artistic Denim Mills Limited	193,400	407,400	60,000	485,800	175,000	7,450	0.28	0.44
Azgard Nine Limited	-	2,166,500	-	1,493,500	673,000	33,650	1.28	1.97
Chenab Limited	337,000	-	-	337,000	-	-	-	-
Colony Mills Limited	365,000	-	-	365,000	-	-	-	-
Dawood Lawrencepur	-	60,000	-	60,000	-	-	-	-
Kohinoor Mills Limited	-	-	10,000	10,000	-	-	-	-
Nishat (Chunian) Mills Limited	-	407,500	-	407,500	-	-	-	-
Nishat Mills Limited	-	2,187,400	-	2,187,400	-	-	-	-
Suraj Cotton Mills Limited	46,500	-	-	46,500	-	-	-	-

Synthetic & Rayon

Ibrahim Fibres Limited	122,000	-	-	122,000	-	-	-	-
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Jute

Thal Limited	23,100	159,100	-	182,200	-	-	-	-
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Sugar & Allied Industries

J.D.W Sugar Mills Limited	141,200	83,500	-	141,200	83,500	6,158	0.23	0.36
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NAFA MULTI ASSET FUND

Name of the investee company	Number of shares				As at June 30, 2008	Market value at June 30, 2008	Market Value as a percentage of net assets	Market Value as a percentage of total investment
	As at July 01, 2007	Purchases during the year	Bonus / Right Issue	Sales during the year				

(Rupees in '000')

Cement

Al-Abbas Cement Limited	-	900,000	-	900,000	-	-	-	-
Attock Cement Pakistan Limited	-	45,600	-	45,600	-	-	-	-
D.G. Khan Cement Company Limited	-	1,063,400	-	1,063,400	-	-	-	-
Fauji Cement Company Limited	-	1,845,000	-	1,845,000	-	-	-	-
Gharibwal Cement Company Limited	-	339,000	-	339,000	-	-	-	-
Kohat Cement Company Limited	952,000	681,000	188,700	864,000	957,700	35,081	1.33	2.05
Lucky Cement Limited	45,000	2,118,500	-	2,163,500	-	-	-	-
Maple Leaf Cement Limited	-	1,281,500	-	1,281,500	-	-	-	-
Pioneer Cement Limited	200,000	100,000	-	300,000	-	-	-	-

Refinery

Attock Refinery Limited	-	251,300	18,750	270,050	-	-	-	-
Bosicor Pakistan Limited	-	400,000	-	400,000	-	-	-	-
National Refinery Limited	-	392,200	6,000	398,200	-	-	-	-

Power & Generation & Distribution

The Hub Power Company Limited	10,000	5,299,500	-	4,509,500	800,000	22,880	0.87	1.34
Japan Power Generation Limited	-	3,201,000	-	3,201,000	-	-	-	-
Kot Addu Power Company Limited	-	380,300	-	380,300	-	-	-	-
Karachi Electric Supply Corporation Limited	-	422,500	-	422,500	-	-	-	-

Oil & Gas Marketing Companies

Attock Petroleum Limited	-	51,500	-	51,500	-	-	-	-
Pakistan State Oil Company Limited	-	851,200	-	801,200	50,000	20,862	0.79	1.22
Shell Pakistan Limited	-	60,000	-	60,000	-	-	-	-
Sui Northern Gas Pipelines Limited	-	204,300	-	204,300	-	-	-	-

Oil & Gas Exploration Companies

Mari Gas Company Limited	71,700	143,300	-	140,000	75,000	20,215	0.77	1.18
Oil & Gas Development Corporation Limited	300,100	7,585,000	-	6,726,100	1,159,000	144,133	5.48	8.42
Pakistan Oilfields Limited	-	1,700,300	-	1,500,300	200,000	72,968	2.77	4.26
Pakistan Petroleum Limited	70,100	3,400,000	38,500	3,108,600	400,000	98,396	3.74	5.75

Engineering

Crescent Steel and Allied Products Limited	-	70,000	6,000	76,000	-	-	-	-
Sazgar Engineering Works Limited	300,000	600	28,000	328,600	-	-	-	-

Automobile Assembler

Ghandara Industries Limited	200,000	-	-	200,000	-	-	-	-
Ghandara Nissan Limited	258,500	5,500	-	264,000	-	-	-	-
Indus Motor Company Limited	-	122,700	-	122,700	-	-	-	-
Millat Tractors Limited	14,000	2,200	-	16,200	-	-	-	-

Automobile Parts & Accessories

Agriauto Industries Limited	-	178,700	-	178,700	-	-	-	-
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Transport

Pakistan National Shipping Corporation Limited	58,600	204,300	-	262,900	-	-	-	-
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Technology and Communications

Eye Television Network Limited	565,000	474,500	-	750,500	289,000	17,022	0.65	0.99
Netsol Technologies Limited	920,750	3,216,900	168,656	2,827,506	1,478,800	143,858	5.47	8.40
Pakistan Telecommunication Company Limited	500,000	3,633,000	-	3,771,000	362,000	13,988	0.53	0.82
TRG Pakistan Limited	-	2,150,000	-	2,150,000	-	-	-	-
Telecard Limited	-	500,000	-	500,000	-	-	-	-
World Call Telecom Limited	-	756,000	-	756,000	-	-	-	-

NAFA MULTI ASSET FUND

Name of the investee company	Number of shares				As at June 30, 2008	Market value at June 30, 2008	Market Value as a percentage of net assets	Market Value as a percentage of total investment
	As at July 01, 2007	Purchases during the year	Bonus / Right Issue	Sales during the year				

(Rupees in '000')

Fertilizer

Engro Chemicals Pakistan Limited	150,000	1,742,000	82,455	1,768,200	206,255	57,918	2.20	3.38
Fauji Fertilizer Bin Qasim Limited	-	5,570,500	-	5,233,000	337,500	12,140	0.46	0.71
Fauji Fertilizer Company Limited	-	975,900	-	975,900	-	-	-	-

Pharmaceuticals

Abbot Laboratories Pakistan Limited	-	63,900	-	63,900	-	-	-	-
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Chemicals

Pakistan PTA Limited	-	472,000	-	472,000	-	-	-	-
Sitara Chemicals Limited	-	105,200	10,520	115,720	-	-	-	-

Paper & Board

Cherat Paper Sack Limited	-	46,300	10,700	57,000	-	-	-	-
Packages Limited	-	254,200	-	254,200	-	-	-	-

Glass & Ceramics

Ghani Glass Limited	59,800	25,000	-	84,800	-	-	-	-
Tariq Glass Industries Limited	50,000	-	50,000	100,000	-	-	-	-

Miscellaneous

Eco Pack Limited	126,500	-	-	126,500	-	-	-	-
Pace (Pakistan) Limited	1,034,000	5,185,000	-	2,879,000	3,340,000	94,656	3.60	5.53
Siddiqsons Tin Plate Limited	325,000	315,000	-	640,000	-	-	-	-
Tri Pack Films Limited	190,000	302,900	-	492,900	-	-	-	-

980,964 **37.28**

Cost of investments as at June 30, 2008

1,086,153

5.1.1 All shares have a nominal face value of Rs 10 each except for the shares of Thal Jute Limited which have a face value of Rs 5 each.

5.1.2 Investments include equity securities with market value aggregating to Rs 189,309 thousand that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular no. 11 dated October 23, 2007 issued by SECP.

5.2 Units of open-end mutual funds

Name of the investee company	Number of units				As at June 30, 2008	Market value at June 30, 2008	Market Value as a percentage of net assets	Market Value as a percentage of total investment
	As at July 01, 2007	Purchases during the year	Bonus	Sales during the year				

(Rupees in '000')

NAFA Cash Fund	-	80,255,050	339,284	61,824,900	18,769,434	202,276	7.69	11.81
NAFA Income Fund	-	5,519,036	-	-	5,519,036	56,353	2.14	3.29
NAFA Islamic Income Fund	-	17,050,628	-	9,726,870	7,323,758	75,824	2.88	4.43

334,453 **12.71**

Cost of investments as at June 30, 2008

331,211

NAFA MULTI ASSET FUND

5.3 Equity Securities purchased under futures sale contracts

These securities are held under Ready - Future transactions. These securities are purchased in the ready "T+2" market and simultaneously sold in the futures market. The details are as follows:

Name of the investee company	Number of shares				Market value at June 30, 2008	Market Value as a percentage of net assets	Market Value as a percentage of total investment
	As at July 01, 2007	Purchases during the year	Sales during the year	As at June 30, 2008			

(Rupees in '000')

Fully paid ordinary shares of Rs 10 each

Investment Banks / Companies

Jahangir Siddiqui & Company Limited	-	194,500	172,500	22,000	11,663	0.44	0.68
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Commercial Banks

Bank Al-Falah Limited	-	443,500	443,500	-	-	-	-
Faysal Bank Limited	-	8,000	8,000	-	-	-	-
MCB Bank Limited	-	292,500	282,500	10,000	3,264	0.12	0.19
National Bank of Pakistan	-	427,000	427,000	-	-	-	-
The Bank of Punjab	-	147,000	147,000	-	-	-	-

Insurance

Adamjee Insurance Company Limited	-	33,000	33,000	-	-	-	-
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Textile Composite

Nishat Mills Limited	-	64,500	64,500	-	-	-	-
Azgard Nine Limited	-	500,000	500,000	-	-	-	-

Cement

D.G. Khan Cement Company Limited	-	1,490,000	1,490,000	-	-	-	-
Lucky Cement Limited	-	47,500	47,500	-	-	-	-

Oil & Gas Marketing

Pakistan State Oil Company Limited	-	36,000	36,000	-	-	-	-
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Oil & Gas Exploration Companies

Oil & Gas Development Corporation Limited	-	139,000	139,000	-	-	-	-
Pakistan Oilfields Limited	-	90,500	90,500	-	-	-	-
Pakistan Petroleum Limited	-	484,500	484,500	-	-	-	-

Engineering

Crescent Steel & Allied Product Limited	-	3,000	3,000	-	-	-	-
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Technology & Communications

Pakistan Telecommunication Company Limited	-	626,000	626,000	-	-	-	-
Netsol Technologies Limited	-	5,500	5,500	-	-	-	-

Fertilizers

Engro Chemical Pakistan Limited	-	48,000	48,000	-	-	-	-
Fauji Fertilizers Bin Qasim Limited	-	2,500	2,500	-	-	-	-

Chemicals

Pakistan PTA Limited	-	50,000	50,000	-	-	-	-
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Miscellaneous

Pace (Pakistan) Limited	-	2,500	2,500	-	-	-	-
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5,135,000	5,103,000	14,927
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Cost of investments as at June 30, 2008

14,866

NAFA MULTI ASSET FUND



5.4 Term Finance certificates - listed

Name of the investee company	Number of certificates				As at June 30, 2008	Market value at June 30, 2008	Market Value as a percentage of net assets	Market Value as a percentage of total investment
	As at July 01, 2007	Purchases during the period	Sales during the period	Redemptions during the period				
(Rupees in '000')								
Chanda Oil & Gas Securitization Company Limited	10,000	-	-	10,000	-	-	-	-
Azgard Nine Limited	3,000	-	-	-	3,000	15,506	0.59	0.91
Pak Arab Fertilizer Company Limited	-	9,000	-	-	9,000	44,924	1.71	2.62
Jahangir Siddiqui & Company Limited	-	10,000	10,000	-	-	-	-	-
Engro Chemical Pakistan Limited	-	8,000	-	-	8,000	40,424	1.54	2.36
						100,854	3.83	
						101,439		

Cost of investments as at June 30, 2008

101,439

5.4.1 All term finance certificates have a face value of Rs 5,000 each.

5.4.2 Fair value of listed term finance certificates classified as investments at fair value through profit or loss is determined using rates notified by the Mutual Funds Association of Pakistan.

5.5 Available for sale

Name of the investee company	Number of certificates / bonds				As at June 30, 2008	Market value at June 30, 2008	Market Value as a percentage of net assets	Market Value as a percentage of total investment
	As at July 01, 2007	Purchases during the period	Sales during the period	Redemptions / Maturity during the period				
(Rupees in '000')								
Term finance certificate - unlisted								
Pakistan Mobile Communications Limited	-	3,000	-	3,000	-	-	-	-
Engro Chemicals Pakistan Limited	3,000	2,000	3,000	-	2,000	10,175	0.39	0.59
Pakistan Mobile Communications Limited PPTFC	-	5,000	-	-	5,000	24,895	0.95	1.45
Avari Hotels PPTFC	-	6,000	-	-	6,000	30,000	1.14	1.75
Pakistan Mobile Communications Limited PPTFC	-	5,000	-	-	5,000	25,000	0.95	1.46
						90,070		
Sukuk bonds								
New Allied Electronics Industries (Pvt.) Limited	-	192,000	160,000	-	32,000	10,067	0.38	0.59
Pak Electron Limited	-	8,000	-	-	8,000	40,468	1.54	2.36
Engro Chemicals Pakistan Limited	-	20,000	-	-	20,000	102,170	3.88	5.97
Maple Leaf Cement Company Limited	-	3,000	-	-	3,000	15,087	0.57	0.88
						167,792		
Commercial paper								
Azgard Nine Limited	4,000	5,000	-	4,000	5,000	23,357	0.89	1.36
						281,219		
						278,647		

Cost of Investments as at June 30, 2008

278,647

5.5.1 All term finance certificates and sukuk bonds have a face value of Rs 5,000 each except sukuk bonds of New Allied Electronics which have a face value of Rs 312.5 each.

6 RECEIVABLE AGAINST CFS TRANSACTIONS

The rates of return on CFS transactions outstanding at June 30, 2008 range between 10.26% and 22.76% per annum (2007: 10.34% to 13.5% per annum).

NAFA MULTI ASSET FUND

	NOTE	2008 (Rupees in '000')	2007 (Rupees in '000')
7 DIVIDEND AND PROFIT RECEIVABLE			
Dividend receivable on equity securities		8,064	1,875
Income accrued on Continuous Funding System (CFS) transactions		1,746	1,053
Profit on savings and term deposits		2,964	344
Income accrued on term finance certificates and sukuk bonds		10,285	1,419
		<u>23,059</u>	<u>4,691</u>
8 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECIEVABLES			
Security deposits with:			
- National Clearing Company of Pakistan Limited		3,500	1,000
- Central Depository Company of Pakistan Limited		100	100
Unrealised gain on revaluation of futures sale contracts		425	-
Prepaid mutual fund rating fee		60	-
		<u>4,085</u>	<u>1,100</u>
9 PRELIMINARY EXPENSES AND FLOATATION COSTS			
Opening Balance	9.1	2,278	-
Preliminary expenses and floatation costs incurred		-	2,500
Less: amortisation during the period		500	222
Balance as at June 30, 2008		<u>1,778</u>	<u>2,278</u>

9.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund and are being amortised over a period of five years commencing from January 22, 2007 as per the requirements set out in the Trust Deed of the Fund.

	NOTE	2008 (Rupees in '000')	2007 (Rupees in '000')
10 PAYABLE TO NATIONAL FULLERTON ASSET MANAGEMENT LIMITED – MANAGEMENT COMPANY			
	10.1	5,512	2,003
Management fee		21,445	5,608
Others		<u>26,957</u>	<u>7,611</u>

10.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2007, 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. Upto July 8, 2007, management fee was being calculated at the rate of 2 percent of the average annual net assets of the Fund. From July 9, 2007 onwards, management fee is being calculated at the rate of 2.5 percent of the average annual net assets of the Fund. The remuneration is paid to the Management Company monthly in arrears.

	NOTE	2008 (Rupees in '000')	2007 (Rupees in '000')
11 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE			
Trustee fee	11.1	<u>302</u>	<u>182</u>

NAFA MULTI ASSET FUND



- 11.1 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 as at June 30, 2008 is as follows:

Amount of Fund Under Management (Average NAV)

Tariff per annum

Upto Rs. 1,000 million	Rs 0.7 million or 0.20% p.a. of NAV, whichever is higher
On an amount exceeding Rs. 1,000 million	Rs 2.0 million plus 0.10% p.a. of NAV exceeding Rs 1,000 million.

	NOTE	2008 (Rupees in '000')	2007 (Rupees in '000')
12 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN			
Annual Fee	12.1	2,119	413

- 12.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2007, the Fund is required to pay as annual fee to the Securities and Exchange Commission of Pakistan, an amount equal to one-tenth of one percent of the average annual net assets of the Scheme.

13 PAYABLE ON REDEMPTION OF UNITS

This includes amounts of Rs 17,766 thousand and Rs 139 thousand payable to NAFA Cash Fund and NAFA Income Fund respectively on transfer - out of units to these funds.

	2008 (Rupees in '000')	2007 (Rupees in '000')
14 ACCRUED EXPENSES AND OTHER LIABILITIES		
Auditors' remuneration	214	190
Payable to Alexandra Fund Management Pte. Limited	484	691
Settlement charges payable	50	69
Payable to brokers	4,392	430
Dividend payable to brokers	3,088	696
Others	126	124
	<u>8,354</u>	<u>2,200</u>
15 COMMITMENTS		
Continuous Funding System (CFS) transactions (including transactions to be rolled over) entered into by the Fund in respect of which the purchase and sale transactions have not been settled as at year end	146,863	119,296
Spread Transactions (including transactions to be rolled over) entered into by the Fund in respect of which the sale transactions have not been settled as at year end	15,647	-

NAFA MULTI ASSET FUND

16 NET ASSET VALUE PER UNIT

The Net Asset Value 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 in circulation at the year / period end.

For the year
ended June
30, 2008

For the
period from
January 15,
2007 to June
30, 2007

(Rupees in '000')

17 PROFIT ON BANK DEPOSITS

Income on savings deposits	30,432	8,143
Income on term deposits	669	-
	31,101	8,143

18 AUDITORS' REMUNERATION

Audit fee	200	175
Half yearly review	80	-
Out of pocket expenses	10	15
	290	190

19 TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. The Fund has not recorded a tax liability in respect of income relating to the current year as the management company has decided to distribute at least 90 percent of the Fund's accounting income for the year as reduced by capital gains (whether realised or unrealised) to its unit holders.

20 EARNINGS PER UNIT

Earnings per unit (EPU) for the year ended June 30, 2008 has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

21 TRANSACTIONS WITH CONNECTED PERSONS

21.1 Connected persons include National Fullerton Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being Trustee, National Bank of Pakistan, NIB Bank Limited and Alexandra Fund Management Pte. Limited being the sponsors, other collective investment schemes managed by the Management Company and directors and officers of the Management Company..

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

21.3 Remuneration and front-end load payable to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

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

NAFA MULTI ASSET FUND

For the year
ended June
30, 2008

For the
period from
January 15,
2007 to June
30, 2007

(Rupees in '000')

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

National Fullerton Asset Management Limited - Management Company

Management fee expense for the year / period
Preliminary expenses and floatation costs reimbursed

52,840
-

8,267
2,500

NAFA Provident Fund Trust

Units issued / transferred in (70,828 units; 2007 : 69,088 units)
Bonus units issued (13,992 units; 2007 : Nil)

800
164

805
-

National Bank of Pakistan - Sponsor

Investment made by the Sponsor in the Fund (Nil; 2007 : 11,300,000 units)
Profit paid by the Fund on pre-IPO investment
Units redeemed / transferred out (5,446,411 units; 2007 : Nil)
Bonus units issued (1,646,411 units; 2007 : Nil)
Cash dividend

-
-
63,364
18,532
4,372

113,000
411
-
-

NIB Bank Limited - Sponsor

Investment made by the Sponsor in the Fund (Nil; 2007 : 7,500,000 units)
Profit paid by the Fund on pre-IPO investment
Units redeemed / transferred out (1,092,750 units; 2007 : Nil))
Bonus units issued (1,092,750 units; 2007 : Nil)
Income on bank deposits
Cash dividend

-
-
12,724
12,300
6,254
2,533

75,000
518
-
-
5,017
-

Alexandra Fund Management Pte. Limited - Sponsor

Investment made by the Sponsor in the Fund (Nil; 2007 : 10,000,000 units)
Bonus units issued (1,756,914 units; 2007 : Nil)

-
20,269

100,000
691

Central Depository Company of Pakistan Limited - Trustee

Remuneration
CDS charges

3,119
545

-
-

Chief Executive Officer

Units issued / transferred in (9,724,169 units; 2007 : 404,817 units)
Units redeemed / transferred out (10,187,968 units; 2007 : Nil)
Bonus units issued (58,982 units; 2007 : Nil)

124,009
128,562
664

5,019
-
-

Executives of Management Company

Units issued / transferred in (151,492 units; 2007 : 618,184 units)
Units redeemed / transferred out (733,711 units; 2007 : 83,690 units)
Bonus units issued (74,505 units; 2007 : Nil)

1,882
7,758
839

6,445
970
-

NAFA Cash Fund

Units issued / transferred in (80,255,050 units; 2007 : Nil)
Units redeemed / transferred out (61,824,900 units; 2007 : Nil)
Bonus units issued (339,284 units; 2007 : Nil)

840,000
647,757
3,582

-
-
-

NAFA Income Fund

Units issued / transferred in (5,519,036 units; 2007: Nil)

56,000

-

NAFA Islamic Income Fund

Units issued / transferred in (17,050,628 units; 2007 : Nil)
Units redeemed / transferred out (9,726,870 units; 2007 : Nil)
Sale of sukuk bonds

175,000
100,000
50,384

-
-
-

NAFA MULTI ASSET FUND

	As at June 30, 2008	As at June 30, 2007
	(Rupees in '000')	
Amounts outstanding as at year / period end		
National Fullerton Asset Management Limited - Management Company		
Management Fee Payable	5,512	2,003
Others	21,445	5,608
NAFA Provident Fund Trust		
Investment held by Nafa Provident Fund Trust (153,908 units, 2007 : 69,088 units)	1,775	891
National Bank of Pakistan - Sponsor		
Investment held by the sponsor in the Fund (7,500,000 units; 2007 : 11,300,000 units)	86,475	145,725
Balance in current account	3,722	721
NIB Bank Limited - Sponsor		
Investment held by the sponsor in the Fund (7,500,000 units, 2007 : 7,500,000 units)	86,475	96,720
Balance in savings account	125,181	34,369
Profit receivable on bank deposits	572	-
Alexandra Fund Management Pte. Limited - Sponsor		
Investment held by the sponsor in the Fund (11,756,914 units; 2007 : 10,000,000 units)	135,557	128,960
Profit payable by the Fund on pre-IPO investment	484	691
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	302	-
CDS charges payable	50	-
Security deposit	100	-
Chief Executive Officer		
Investment held by the Chief Executive Officer (Nil; 2007 : 404,817 units)	-	5,221
Executives of Management Company		
Investment held by the executives in the Fund (3,558 units, 2007 : 534,494 units)	41	6,893
NAFA Cash Fund		
Investment held by the Fund (18,769,432 units; 2007 : Nil)	202,276	-
NAFA Income Fund		
Investment held by the Fund (5,519,037 units; 2007 : Nil)	56,353	-
NAFA Islamic Income Fund		
Investment held by the Fund (7,323,758 units; 2007 : Nil)	75,824	-

22 YIELD / INTEREST RATE RISK

- 22.1 The Fund is mainly exposed to mark-up / interest rate risk on its investment portfolio. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that risk is managed within acceptable limits. Yield / interest rate sensitivity position for on balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off balance sheet instruments is based on settlement date.

NAFA MULTI ASSET FUND

June 30, 2008

Total	--Exposed to Yield/Interest risk--			Not exposed to Yield/Interest 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

Balances with banks	338,104	333,308	-	-	4,796
Receivable against sale of investments	154,480	-	-	-	154,480
Investments	1,712,417	1,250	380,823	-	1,330,344
Receivable against Continuous Funding System (CFS) transactions	453,294	453,294	-	-	-
Dividend and profit receivable	23,059	-	-	-	23,059
Advances, deposits and other receivables	3,600	-	-	-	3,600
	<u>2,684,954</u>	<u>787,852</u>	<u>380,823</u>	<u>-</u>	<u>1,516,279</u>

Financial Liabilities

Payable to National Fullerton Asset Management Limited - Management Company	26,957	-	-	-	26,957
Payable to Central Depository Company of Pakistan Limited - Trustee	302	-	-	-	302
Payable on redemption of units	17,991	-	-	-	17,991
Accrued expenses and other liabilities	8,354	-	-	-	8,354
	<u>53,604</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,604</u>

On-balance sheet gap

	<u>2,631,350</u>	<u>787,852</u>	<u>380,823</u>	<u>-</u>	<u>1,462,675</u>
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Off-balance sheet financial instruments

CFS transactions (including transactions to be rolled over) entered into by the Fund in respect of which the purchase and sale transactions have not been settled as at June 30, 2008	146,863	146,863	-	-	-
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Spread transactions (including transactions to be rolled over) entered into by the Fund in respect of which the sale transaction have not been settled as at June 30, 2008	15,647	-	-	-	15,647
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Off-balance sheet gap

	<u>162,510</u>	<u>146,863</u>	<u>-</u>	<u>-</u>	<u>15,647</u>
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On-balance sheet financial instruments

Financial Assets

Balances with banks	172,559	171,607	-	-	952
Receivable against sale of investments	6,243	-	-	-	6,243
Investments	789,350	15,741	73,892	-	699,717
Receivable against Continuous Funding System (CFS) transactions	282,829	282,829	-	-	-
Dividend and profit receivable	4,691	-	-	-	4,691
Advances, deposits and other receivables	1,100	-	-	-	1,100
	<u>1,256,772</u>	<u>470,177</u>	<u>73,892</u>	<u>-</u>	<u>712,703</u>

NAFA MULTI ASSET FUND

June 30, 2008

Total	--Exposed to Yield/Interest risk--			Not exposed to Yield/Interest risk
	Upto three months	More than three months and upto one year	More than one year	

Financial Liabilities

Payable to National Fullerton Asset Management Limited - Management Company
 Payable to Central Depository Company of Pakistan Limited - Trustee
 Accrued expenses and other liabilities

------(Rupees in '000')-----				
Total	Upto three months	More than three months and upto one year	More than one year	Not exposed to Yield/Interest risk
7,611	-	-	-	7,611
182	-	-	-	182
2,200	-	-	-	2,200
9,993	-	-	-	9,993
1,246,779	470,177	73,892	-	702,710

On-balance sheet gap

Off-balance sheet financial instruments

CFS transactions (including transactions to be rolled over) entered into by the Fund in respect of which the purchase transaction have not been settled as at June 30, 2007

119,296	119,296	-	-	-
119,296	119,296	-	-	-

Off-balance sheet gap

2008
2007
Percentage per annum

22.2 The rates of return on financial instruments are as follows:

Balances with banks	1.30 - 13.00	1.30 - 10.75
Receivable against Continuous Funding System (CFS) transactions	10.26 - 22.76	10.80 - 13.04
Investment in term finance certificates and sukuk bonds	10.42 - 15.14	12.84 - 13.00
CFS transaction (including transactions to be rolled over) entered into by the Fund in respect of which the purchase transactions have not been settled as at year end	14.05 - 23.20	10.34 - 13.50

23 MATURITIES OF ASSETS AND LIABILITIES

23.1 The maturity profile of the Fund's assets and liabilities based on contractual maturities is given below:

June 30, 2008

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

Assets

Balances with banks
 Receivable against sale of investments
 Investments
 Receivable against Continuous Funding System (CFS) transactions
 Dividend and profit receivable
 Advances, deposits, prepayments and other receivables
 Preliminary expenses and floatation costs

------(Rupees in '000')-----			
Total	Upto three months	Over three months and upto one year	Over one year
338,104	338,104	-	-
154,480	154,480	-	-
1,712,417	1,331,594	29,355	351,468
453,294	453,294	-	-
23,059	23,059	-	-
4,085	450	35	3,600
1,778	125	375	1,278
2,687,217	2,301,106	29,765	356,346

NAFA MULTI ASSET FUND



June 30, 2008

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

Liabilities

Payable to National Fullerton Asset Management Limited – Management Company
 Payable to Central Depository Company of Pakistan Limited – Trustee
 Payable to Securities and Exchange Commission of Pakistan
 Payable on redemption of units
 Accrued expenses and other liabilities

26,957	26,957	-	-
302	302	-	-
2,119	2,119	-	-
17,991	17,991	-	-
8,354	8,354	-	-
55,723	55,723	-	-
2,631,494	2,245,383	29,765	356,346

June 30, 2007

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

Assets

Balances with banks
 Receivable against sale of investments
 Investments
 Receivable against Continuous Funding System (CFS) transactions
 Dividend and profit receivable
 Advances, deposits, prepayments and other receivables
 Preliminary expenses and floatation costs

172,559	172,559	-	-
6,243	6,243	-	-
789,350	699,717	18,203	71,430
282,829	282,829	-	-
4,691	4,691	-	-
1,100	-	-	1,100
2,278	125	375	1,778
1,259,050	1,166,164	18,578	74,308

Liabilities

Payable to National Fullerton Asset Management Limited – Management Company
 Payable to Central Depository Company of Pakistan Limited – Trustee
 Payable to Securities and Exchange Commission of Pakistan
 Accrued expenses and other liabilities

7611	7,611	-	-
182	182	-	-
413	413	-	-
2,200	2,200	-	-
10,406	10,406	-	-
1,248,644	1,155,758	18,578	74,308

24 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

	2008	
	Qualification	Experience in years
1 Dr. Amjad Waheed	Doctorate in Business Administration/ CFA	17
2 Adnan Faisal	MBA/ CFA	10
3 Khurram Shahzad	MBA/ CFA	9
4 Rukhsana Narejo	MBA/ CFA	6
5 Abdul Rehman Warraich	LLB/ CFA	13

24.1 Adnan Faisal is the manager of the Fund.

NAFA MULTI ASSET FUND

25 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

1	Fortune Securities (Private) Limited	7.63%
2	Global Securities Pakistan Limited	6.77%
3	Khoja's Capital Management (Pvt.) Limited	6.04%
4	Foundation Securites	5.12%
5	Invest Capital & Securities (Private) Limited	4.80%
6	Invisor Securities (Private) Limited	4.64%
7	Invest and Finance Securities (Private) Limited	4.30%
8	Moosani Securites (Private) Limited	4.22%
9	Saa Capital	3.89%
10	Taurus Securities Limited	3.63%

2007
%

1	Taurus Securities Limited	7.03%
2	Foundation Securites	6.32%
3	Global Securities Pakistan Limited	6.22%
4	Invisor Securities (Private) Limited	5.32%
5	KASB Securities Limited	5.20%
6	Fortune Securities (Private) Limited	4.73%
7	First Capital Equities Limited	4.73%
8	Invest and Finance Securities (Private) Limited	4.72%
9	First National Equities Limited	4.67%
10	Ismail Iqbal Securities (Pvt.) Limited	4.39%

26 PATTERN OF UNIT HOLDING

Category	2008		
	Number of unit holders	Investment amount	Percentage investment
		(Rupees in '000')	
Individuals	2,276	393,267	14.94%
Associated companies / Directors	3	308,507	11.72%
Insurance companies	6	143,584	5.46%
Banks / DFIs	7	4,565	0.17%
NBFCs	-	-	-
Retirement funds	-	-	-
Public limited companies	4	301,843	11.47%
Others	143	1,479,728	56.24%
	2,439	2,631,494	100.00%
Category	2007		
	Number of unit holders	Investment amount	Percentage investment
		(Rupees in '000')	
Individuals	500	295,772	23.69%
Associated companies / Directors	4	279,905	22.42%
Insurance companies	2	64,480	5.16%
Banks / DFIs	9	378,937	30.35%
NBFCs	1	-	-
Retirement funds	-	-	-
Public limited companies	2	25,751	2.06%
Others	43	203,799	16.32%
	561	1,248,644	100.00%

NAFA MULTI ASSET FUND



27 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 12th, 13th, 14th, 15th and 16th Board meetings were held on July 5, 2007, August 8, 2007, October 18, 2007, February 15, 2008 and April 16, 2008 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	
Masood Karim	5	5	-	
Dr Amjad Waheed	5	5	-	
Gerard Lee	5	4	1	12th meeting
Iqbal Hassan	5	4	1	16th meeting
Patrick Pang	5	5	-	
Shahid Anwar	5	2	3	12th, 13th and 16th meeting
Masroor Qureshi	5	5	-	

28 RISK MANAGEMENT POLICIES

28.1 Market risk

Market risk is the risk that the value of a financial instrument may fluctuate as a result of changes in market interest rates or market price of securities due to change in credit rating of the issuer of the instrument, change in market sentiments, supply and demand of securities and liquidity in the market. There is a possibility of default of participants and of failure of the financial markets / stock exchanges, the depositories, the settlement or the clearing system etc.

The Management Company manages the market risk by monitoring exposure on marketable securities by following internal risk management policies and regulations laid down by the Securities and Exchange Commission of Pakistan.

28.2 Credit risk

Credit risk arising from the inability of the counterparties to fulfill their obligations in respect of financial instrument contracts, is generally limited to the principal amount and accrued income thereon. The Fund's policy is to enter into financial instrument contracts by following internal guidelines such as approving counterparties, approving credit, obtaining adequate collateral and transacting through approved brokers.

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse creditworthy counterparties thereby mitigating any significant concentration of credit risk.

28.3 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset at close to its fair value. In addition the Fund is exposed to daily cash redemption of units. The Management Company manages liquidity risk by following internal guidelines such as monitoring maturities of financial assets and financial liabilities and investing in highly liquid financial assets.

28.4 Yield / Interest rate risk

Yield risk is the risk of decline in earnings due to adverse movements of the yield curve. Yield / interest rate risk arises from the possibility that changes in market rates of return will affect the value of the financial instruments. A Fund is exposed to yield / interest rate risk as a result of mismatches or gaps in the amounts of financial assets and financial liabilities that mature or reprice in a given period. The Fund manages this risk by matching the repricing of financial assets and liabilities through risk management strategies. The position for financial instruments is based on earlier of contractual repricing date or maturity.



NAFA MULTI ASSET FUND

29 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. There is no specific capital requirement which is applicable on the Fund.

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 28, 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.

30 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 the fair value estimates.

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

31 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the Management Company in their meeting held on July 03, 2008 have approved a final distribution at the rate of 4.221 percent (2007 : 16.40 percent). The financial statements of the Fund for the year ended June 30, 2008 do not include the effect of the distribution which will be accounted for in the financial statements of the Fund for the year ending June 30, 2009.

32 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on August 11, 2008.

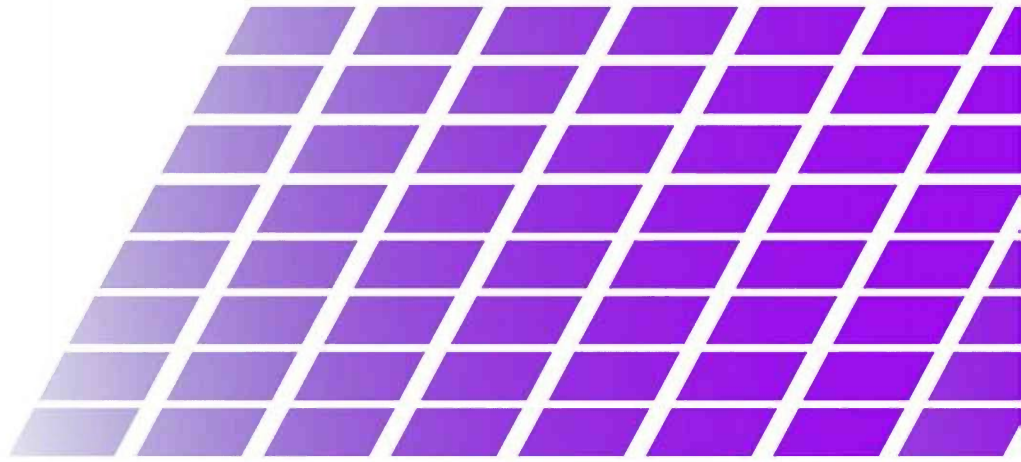
33 GENERAL

Figures have been rounded off to the nearest thousand rupees.

For National Fullerton Asset Management Limited
(Management Company)

Dr. Amjad Waheed, CFA
Chief Executive

Masood Karim Shaikh, FCA
Chairman



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