

# NAFA MULTI ASSET FUND

## NAFA MULTI ASSET FUND

**HALF YEARLY REPORT  
FOR THE HALF YEAR ENDED  
DECEMBER 31, 2009  
(UN-AUDITED)**

# NAFA MULTI ASSET FUND

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# NAFA MULTI ASSET FUND

## DIRECTORS' REPORT

The Board of Directors of National Fullerton Asset Management Limited is pleased to present the unaudited financial statements of NAFAMulti Asset Fund for the half year ended December 31, 2009.

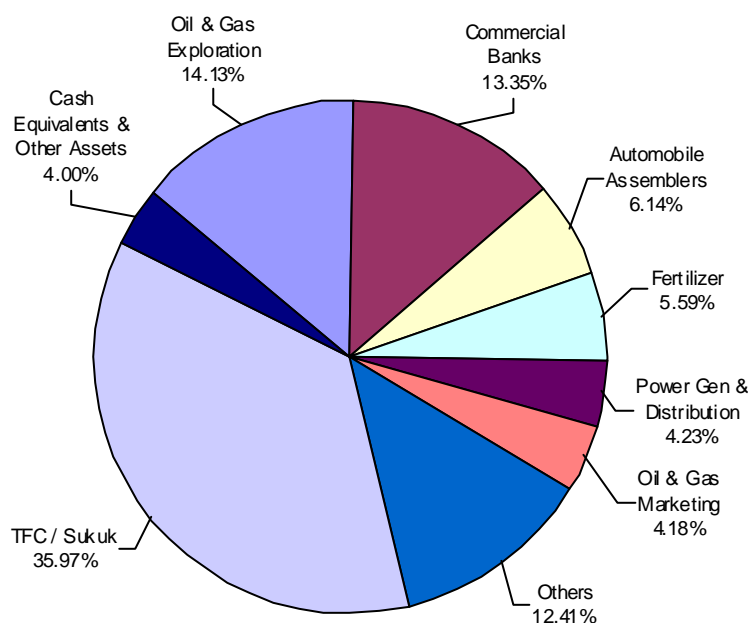
### Fund's Performance

The size of NAFAMulti Asset Fund has decreased from Rs. 1,777 million to Rs. 1,159 million during the period, i.e. a decline of 34.78%. During the said period, the unit price of NAFAMulti Asset Fund has increased from Rs. 8.4877 (Ex-Div) on June 30, 2009 to Rs. 9.3023 on December 31, 2009, thus showing a growth of 9.60%, as compared to its Benchmark (50% KSE-30 Index, 50% 1-Month KIBOR) return of 18.17% during the same period. Since inception (January 22, 2007), the unit price of the Fund has shown a growth of 15.05% as compared to 5.10% increase in its Benchmark. Thus, the Fund has outperformed its Benchmark by 9.95% since inception.

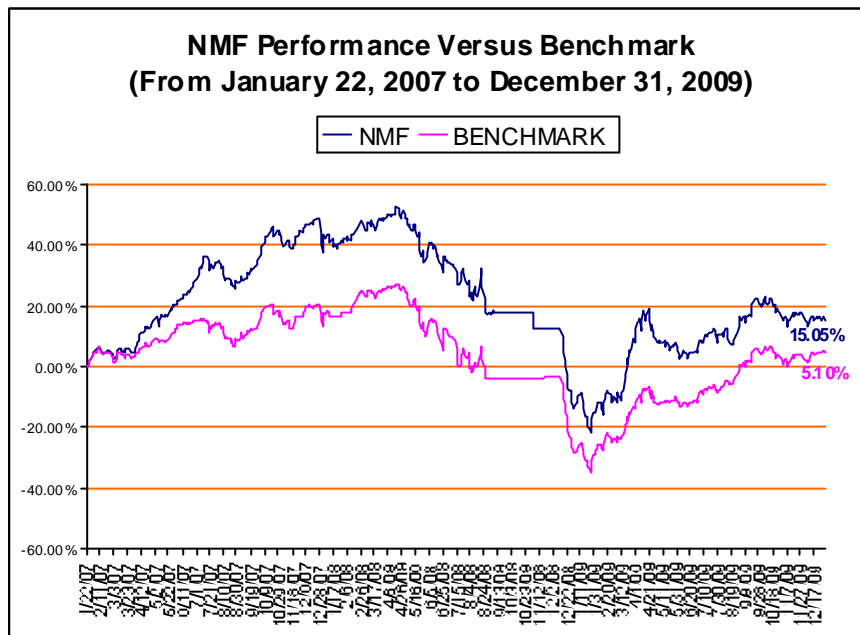
NAFAMulti Asset Fund has earned total income of Rs. 163.74 million during the period. After deducting expenses of Rs. 65.42 million, the net income is Rs. 98.32 million, translating into an earning per unit of Rs. 0.8146.

The asset allocation of the Fund as on December 31, 2009, and its performance against the KSE-30 Index are as follows:

**Asset Allocation as on December 31, 2009**



# NAFA MULTI ASSET FUND



## **Income Distribution**

The Board of Directors of the Management Company has approved an interim distribution of 1.72%,. After interim distribution, the net asset value per unit will be Rs.9.1303 on December 31, 2009.

## **Acknowledgement**

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

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

On behalf of the Board of  
National Fullerton Asset Management Limited

Chief Executive

Chairman

Date: February 17, 2010  
Place: Karachi.

# NAFA MULTI ASSET FUND

## TRUSTEEREPOR TTOTHEUNITHOLDERS

### ReportoftheTrusteepursuanttoRegulation41(h)oftheNon-BankingFinanceCompaniesandNotified EntitiesRegulations,2008

NAFAMultiAssetFund(theFund),anopen-endschemewasestablishedunderatrusteddatedDecember06, 2006,executedbetweenNationalFullertonAssetManagementLimited,asthemanagementcompanyandCentral DepositoryCompanyofPakistanLimited,asthetrustee.

Inouropinion,theManagementCompanyhasinallmaterialrespectsmangedtheFundduringtheperiodfromJuly 01,2009toDecember31,2009inaccordancewiththeprovisionsofthefollowing:

- (i) Limitationsimposedontheinvestmentpowersofthemanagementcompanyundertheconstitutive documentsoftheFund;
- (ii) Thepricing,issuanceandredemptionofunitsarecarriedoutinaccordancewiththerequirementsofthe constitutivedocumentsoftheFund;and
- (iii) TheNon-BankingFinanceCompanies(EstablishmentandRegulations)Rules,2003,theNon-Banking FinanceCompaniesandNotifiedEntitiesRegulations,2008andtheconstitutedocumentsoftheFund.

**MuhammadHanifJakhura**  
ChiefExecutiveOfficer  
CentralDepositoryCompanyofPakistanLimited

Karachi,February24,2010

# NAFA MULTI ASSET FUND

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

### *Introduction*

We have reviewed the accompanying condensed interim statement of assets and liabilities of **NAFA Multi Asset Fund** as at December 31, 2009, and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' funds and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial information'), for the half year ended December 31, 2009. The Management Company (National Fullerton Asset Management Limited) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' funds and condensed interim cash flow statement for the quarters ended December 31, 2009 and 2008 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2009.

### *Scope of Review*

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

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2009 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

A.F. Ferguson & Co.  
Chartered Accountants.

Date: February 24, 2010

Karachi

# NAFA MULTI ASSET FUND

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2009

|   | Note | Unaudited<br>December 31,<br>2009 | Audited<br>June 30,<br>2009 |
|---|------|-----------------------------------|-----------------------------|
| -----Rupees in '000-----  |      |                                   |                             |
| <b>ASSETS</b>   |      |                                   |                             |
| Balances with banks   | 4    | 26,346                            | 188,357                     |
| Investments   | 5    | 1,112,877                         | 1,573,961                   |
| Receivable against sale of investments  |      | -                                 | 16,473                      |
| Dividend and profit receivable  | 6    | 17,255                            | 16,898                      |
| Advances, deposits, prepayments and other receivables                         |      | 7,395                             | 4,771                       |
| Preliminary expenses and floatation costs                                     |      | 1,025                             | 1,278                       |
| <b>Total assets</b>   |      | <b>1,164,898</b>                  | <b>1,801,738</b>            |
| <b>LIABILITIES</b>  |      |                                   |                             |
| Payable to National Fullerton Asset Management Limited-<br>Management Company |      | 2,676                             | 4,174                       |
| Payable to Central Depository Company of Pakistan Limited-Trustee             |      | 184                               | 227                         |
| Payable to Securities and Exchange Commission of Pakistan                     |      | 709                               | 1,815                       |
| Accrued expenses and other liabilities  | 7    | 2,051                             | 18,135                      |
| <b>Total liabilities</b>  |      | <b>5,620</b>                      | <b>24,351</b>               |
| <b>NET ASSETS</b>   |      | <b>1,159,278</b>                  | <b>1,777,387</b>            |
| <b>UNIT HOLDERS' FUND (As per statement attached)</b>                         |      | <b>1,159,278</b>                  | <b>1,777,387</b>            |
| <b>CONTINGENCIES AND COMMITMENTS</b>  | 8    |                                   |                             |
| <b>Number of units</b>  |      |                                   |                             |
| Number of units in issue  |      | 124,622,831                       | 206,624,557                 |
| <b>Rupees</b>   |      |                                   |                             |
| Net Asset Value per unit  |      | 9.3023                            | 8.6020                      |

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

For National Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Chairman

# NAFA MULTI ASSET FUND

## CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2009

|   | Note | Half year ended   |                   | Quarter ended     |                   |
|---|------|-------------------|-------------------|-------------------|-------------------|
|   |      | December 31, 2009 | December 31, 2008 | December 31, 2009 | December 31, 2008 |
| -----Rupees in '000-----  |      |                   |                   |                   |                   |
| <b>INCOME</b>   |      |                   |                   |                   |                   |
| Gain/(loss) on sale of investments  |      | 189,187           | (74,596)          | 37,529            | (9,837)           |
| Income from Term Finance Certificates and Sukuk bonds   |      | 24,896            | 37,936            | 7,413             | 21,045            |
| Income from Continuous Funding System (CFS)   |      | -                 | -                 | -                 | -                 |
| Transactions  |      | -                 | 5,102             | -                 | -                 |
| Income from spread transactions   |      | -                 | 2,065             | -                 | -                 |
| Profit on bank deposits   |      | 7,397             | 17,656            | 4,272             | 5,282             |
| Dividend income   |      | 17,551            | 27,334            | 10,404            | 23,256            |
| Other income  |      | -                 | 320               | -                 | (410)             |
| Unrealised appreciation/(diminution) in the value of investments classified as 'at fair value through profit or loss'   |      | 5,456             | (856,604)         | (91,830)          | (558,055)         |
| <b>Total Income</b>   |      | <b>244,487</b>    | <b>(840,797)</b>  | <b>(32,212)</b>   | <b>(518,719)</b>  |
| <b>EXPENSES</b>   |      |                   |                   |                   |                   |
| Remuneration of National Fullerton Asset Management Limited-Management Company  |      | 20,853            | 27,872            | 8,999             | 12,941            |
| Remuneration of Central Depository Company of Pakistan Limited-Trustee  |      | 1,338             | 1,619             | 612               | 770               |
| Annual fee-Securities and Exchange Commission of Pakistan   |      | 709               | 1,085             | 306               | 488               |
| Securities transaction cost   |      | 9,138             | 2,142             | 3,508             | 121               |
| Settlement and bank charges   |      | 420               | 609               | 117               | (21)              |
| Annual listing fee  |      | 15                | 15                | 8                 | 7                 |
| Legal and professional charges  |      | 60                | -                 | 60                | -                 |
| Auditors' remuneration  |      | 213               | 239               | 106               | 138               |
| Impairment loss on investments classified as 'available for sale'   |      | 32,148            | 2,875             | 26,429            | 2,875             |
| Other expenses  |      | 68                | 511               | -                 | 254               |
| Printing expenses   |      | 178               | 808               | 178               | 535               |
| Fundraising fee   |      | 26                | 50                | 26                | 25                |
| Amortisation of preliminary expenses and floatation costs   |      | 253               | 253               | 127               | 127               |
| <b>Total Expenses</b>   |      | <b>65,419</b>     | <b>38,078</b>     | <b>40,476</b>     | <b>18,260</b>     |
| <b>Net income/(loss) from operating activities</b>  |      | <b>179,068</b>    | <b>(878,875)</b>  | <b>(72,688)</b>   | <b>(536,979)</b>  |
| Element of (loss)/income and capital (losses)/gains included in prices of units issued less those in units redeemed-net |      | (80,749)          | 15,814            | (58,681)          | 2,009             |
| <b>Net income/(loss) for the period before taxation</b>   |      | <b>98,319</b>     | <b>(863,061)</b>  | <b>(131,369)</b>  | <b>(534,970)</b>  |
| <b>Taxation</b>   | 9    | -                 | -                 | -                 | -                 |
| <b>Net income/(loss) for the period after taxation</b>  |      | <b>98,319</b>     | <b>(863,061)</b>  | <b>(131,369)</b>  | <b>(534,970)</b>  |
| <b>Earnings per unit</b>  | 10   |                   |                   |                   |                   |

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

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

Chief Executive

Chairman



# NAFA MULTI ASSET FUND

## CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2009

|  | Half year ended          |                   | Quarter ended     |                   |
|--|--------------------------|-------------------|-------------------|-------------------|
|  | December 31, 2009        | December 31, 2008 | December 31, 2009 | December 31, 2008 |
|  | -----Rupees in '000----- |                   |                   |                   |
| Net income/(loss) for the period after taxation  | 98,319                   | (863,061)         | (131,369)         | (534,970)         |
| <b>Other comprehensive income</b>  |                          |                   |                   |                   |
| Element of income/(loss) and capital gains/(losses) included in prices of units issued less those units redeemed | 110,930                  | (13,216)          | 81,704            | (1,378)           |
| Net unrealised appreciation/(diminution) in the value of investments classified as 'available for sale'          |                          |                   |                   |                   |
| <b>Total comprehensive income/(loss) for the period</b>  | 12,349                   | (33,320)          | 11,639            | (32,560)          |
|  | <u>221,598</u>           | <u>(909,597)</u>  | <u>(38,026)</u>   | <u>(568,908)</u>  |

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

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

Chief Executive

Chairman

# NAFA MULTI ASSET FUND

## CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2009

|   | Half year ended          |                   | Quarter ended     |                   |
|---|--------------------------|-------------------|-------------------|-------------------|
|   | December 31, 2009        | December 31, 2008 | December 31, 2009 | December 31, 2008 |
|   | -----Rupees in '000----- |                   |                   |                   |
| <b>(Accumulated loss)/undistributed income brought forward</b>  | (320,971)                | 313,822           | (62,057)          | (122,442)         |
| Net income/(loss) for the period  | 98,319                   | (863,061)         | (131,369)         | (534,970)         |
| Interim distribution for the quarter ended September 30, 2009: 1.29%<br>(Date of distribution: October 28, 2009)  |                          |                   |                   |                   |
| - Bonus units   | (18,316)                 | -                 | (18,316)          | -                 |
| - Cash distribution   | (575)                    | -                 | (575)             | -                 |
| Final distribution for the year ended June 30, 2008: 7.598%   |                          |                   |                   |                   |
| - Bonus units   | -                        | (89,962)          | -                 | -                 |
| - Cash distribution   | -                        | (6,373)           | -                 | -                 |
| <b>Other comprehensive income</b>   |                          |                   |                   |                   |
| Element of income/(loss) and capital gains/(losses) included in prices of units sold less those in units redeemed | 110,930                  | (13,216)          | 81,704            | (1,378)           |
| <b>(Accumulated loss)/undistributed income carried forward</b>  | <u>(130,613)</u>         | <u>(658,790)</u>  | <u>(130,613)</u>  | <u>(658,790)</u>  |

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

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

Chief Executive

Chairman

# NAFA MULTI ASSET FUND

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUNDS (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2009

|  | Half year ended          |                        | Quarter ended          |                      |
|--|--------------------------|------------------------|------------------------|----------------------|
|  | December 31, 2009        | December 31, 2008      | December 31, 2009      | December 31, 2008    |
|  | -----Rupees in '000----- |                        |                        |                      |
| <b>Net assets at the beginning of the period</b>   | 1,777,387                | 2,631,494              | 1,855,511              | 2,177,302            |
| Issue of 11,808,247 units including 1,911,461 bonus units<br>(2008: 44,609,314 units)  | 93,391                   | 384,379                | 53,974                 | (10)                 |
| Redemption of 93,809,974 units (2008: 49,028,322 units)  | (902,342)<br>(808,951)   | (507,236)<br>(122,857) | (688,583)<br>(634,609) | (17,684)<br>(17,694) |
| Interim distribution of bonus units for the quarter ended<br>September 30, 2009: 1.29%   | 18,316                   | -                      | 18,316                 | -                    |
| Final distribution for the year ended June 30, 2008: 7.598%  | -                        | 89,962                 | -                      | -                    |
| Net element of (income)/loss and capital (gains)/losses included<br>in prices of units issued less those in units redeemed   |                          |                        |                        |                      |
| - amount representing (income)/loss and capital<br>(gains)/losses transferred to Income Statement  | 80,749                   | (15,814)               | 58,681                 | (2,009)              |
| - amount representing (income)/loss that forms part of<br>unitholders' fund - transfer red to Statement of<br>Comprehensive Income   | (110,930)<br>(30,181)    | 13,216<br>(2,598)      | (81,704)<br>(23,023)   | 1,378<br>(631)       |
| Net unrealised appreciation/(diminution) in the value of investments<br>classified as 'available for sale'   | 12,349                   | (33,320)               | 11,639                 | (32,560)             |
| Unrealised appreciation/(diminution) in the value of investments<br>classified as 'at fair value through profit or loss'   | 5,456                    | (856,604)              | (91,830)               | (558,055)            |
| Gain/(loss) on sale of investments   | 189,187                  | (74,596)               | 37,529                 | (9,837)              |
| Other income (net of expenses)   | (96,324)                 | 68,139                 | (77,068)               | 32,922               |
|  | 98,319                   | (863,061)              | (131,369)              | (534,970)            |
| <b>Distribution:</b>   |                          |                        |                        |                      |
| Interim distribution for the quarter ended September 30, 2009: 1.29%<br>(Date of distribution: October 28, 2009)   |                          |                        |                        |                      |
| - Bonus units  | (18,316)                 | -                      | (18,316)               | -                    |
| - Cash distribution  | (575)                    | -                      | (575)                  | -                    |
| Final distribution for the year ended June 30, 2008: 7.598%  |                          |                        |                        |                      |
| - Bonus units  | -                        | (89,962)               | -                      | -                    |
| - Cash distribution  | -                        | (6,373)                | -                      | -                    |
| Element of income/(loss) and capital gains/(losses) included<br>in prices of units sold less those in units repurchased<br>- amount representing income/(losses) that form<br>part of unitholders' funds - net | 110,930                  | (13,216)               | 81,704                 | (1,378)              |
| <b>Net assets as at the end of the period</b>  | <u>1,159,278</u>         | <u>1,590,069</u>       | <u>1,159,278</u>       | <u>1,590,069</u>     |

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

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

Chief Executive

Chairman

# NAFA MULTI ASSET FUND

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2009

|   | Half year ended   |                   | Quarter ended     |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | December 31, 2009 | December 31, 2008 | December 31, 2009 | December 31, 2008 |
| -----Rupees in '000-----  |                   |                   |                   |                   |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>  |                   |                   |                   |                   |
| Net income/(loss) for the period  | 98,319            | (863,061)         | (131,369)         | (534,970)         |
| <b>Adjustments</b>  |                   |                   |                   |                   |
| Net unrealised (appreciation)/diminution in the value of investments classified as 'at fair value through profit or loss' | (5,456)           | 856,604           | 91,830            | 558,055           |
| Amortization of preliminary expenses and floatation costs   | 253               | 253               | 127               | 127               |
| (Gain)/loss on sale of investments - net  | (189,187)         | 74,596            | (37,529)          | 9,837             |
| Impairment loss on investments classified as 'available for sale'   | 32,148            | 2,875             | 26,429            | 2,875             |
| Net element of loss/(income) and capital losses/(gains) included in prices of units issued less those in units redeemed   | 80,749            | (15,814)          | 58,681            | (2,009)           |
|   | 16,826            | 55,453            | 8,169             | 33,915            |
| <b>Decrease/(increase) in assets</b>  |                   |                   |                   |                   |
| Receivable against Continuous Funding System (CFS) transactions   | -                 | 453,294           | -                 | -                 |
| Investments   | 635,928           | (701,123)         | 415,358           | (301,609)         |
| Loans and receivables   | -                 | -                 | -                 | 200,000           |
| Receivable against sale of investments  | 16,473            | 154,480           | 126,889           | 66,757            |
| Advances, deposits, prepayments and other receivables   | (2,624)           | (108)             | 7,705             | 234               |
| Dividend and profit receivable  | (357)             | (8,916)           | 13,406            | (6,625)           |
|   | 649,420           | (102,373)         | 563,358           | (41,243)          |
| <b>(Decrease)/increase in liabilities</b>   |                   |                   |                   |                   |
| Payable to National Fullerton Asset Management Limited - Management Company   | (1,498)           | (21,683)          | (1,452)           | (4,824)           |
| Payable to Central Depository Company of Pakistan Limited - Trustee   | (43)              | (55)              | (54)              | (16)              |
| Payable to Securities and Exchange Commission of Pakistan   | (1,106)           | (1,034)           | 306               | (1,632)           |
| Payable on redemption of units  | -                 | (17,991)          | (16,919)          | (10,184)          |
| Payable against purchase of investments   | -                 | 55,365            | (56,441)          | 53,254            |
| Accrued expenses and other liabilities  | (16,084)          | (1,878)           | 480               | 3,375             |
|   | (18,731)          | 12,724            | (74,080)          | 39,973            |
| <b>Net cash inflow/(outflow) on operating activities</b>  | 647,515           | (34,196)          | 497,447           | 32,645            |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>  |                   |                   |                   |                   |
| Receipts from issue of units  | 93,391            | 384,379           | 53,974            | (10)              |
| Payments on redemption of units   | (902,342)         | (507,236)         | (688,583)         | (17,684)          |
| Distribution paid   | (575)             | (6,373)           | (575)             | -                 |
| <b>Net cash outflow on financing activities</b>   | (809,526)         | (129,230)         | (635,184)         | (17,694)          |
| <b>Net (decrease)/increase in cash and cash equivalents during the period</b>   | (162,011)         | (163,426)         | (137,737)         | 14,951            |
| Cash and cash equivalents at the beginning of the period  | 188,357           | 338,104           | 164,083           | 159,727           |
| Cash and cash equivalents at the end of the period  | 26,346            | 174,678           | 26,346            | 174,678           |

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

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

Chief Executive

Chairman

# NAFA MULTI ASSET FUND

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2009

### 1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Multi Asset Fund (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 6, 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. The Fund offers units 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.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM2-' to the Management Company. Based on the performance of the Fund for the period ended June 30, 2009, it has assigned short term performance ranking of "Three Star" to the Fund.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of Compliance

These condensed interim 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, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by SECP prevail. The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34, 'Interim Financial Reporting'.

These condensed interim financial statements are un-audited. However, a limited scope review has been performed by the external auditors in accordance with the requirements of clause (xxi) of the Code of Corporate Governance.

The directors of the asset management company declare that these condensed interim financial statements give a true and fair view of the Fund.

### 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2009, except for the changes mentioned below:

- 3.1 IAS 1 (revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. It requires non-owner changes in equity to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they are required to present a restated statement of financial position (referred to

# NAFA MULTI ASSET FUND

asthestatementofassetsandliabilitiesinthesecondensedinterimfinancialstatements)asatthebeginningofthecomparativeperiod,inadditiontothecurrentrequirementtopresentstatementsoffinancialpositionattheendofthecurrentperiodandcomparativeperiod.

TheFundhasappliedIAS1(revised)fromJuly1,2009,andhasselectedtopresentoneperformance statement.As a result non-owner changes in equity which were previously credited directly in the statement of movement in unit holders' fund and the distribution statement are now shown as other comprehensive income in the performance statement (referred to as income statement in these condensed interim financial statements). The change in presentation has not affected the values of the net assets of the Fund for either the current or any of the prior periods and hence restated statement of assets and liabilities has not been presented.

### 3.2 The following new standards and amendments to existing standards are mandatory for the first time for the financial year beginning July 1, 2009:

IAS39(amendment), 'Financial instruments: Recognition and measurement'. The amendment was part of the IASB's annual improvements project published in May 2008. The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading was amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with the evidence of an actual recent pattern of short-term profit taking is included in such a portfolio on initial recognition. The adoption of the amendment did not have a significant impact on the Fund's financial statements.

IFRS7(amendment) 'Financial instruments: Disclosures'. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of fair value measurement hierarchy. The adoption of the amendment results in additional disclosures, which would be detailed in the financial statements for the year ending June 30, 2010, but does not have an impact on the Fund's financial position or performance.

IAS32(amendment), 'Financial instruments: Presentation', and IAS 1 (amendment), 'Presentation of financial statements – Puttable financial instruments and obligations arising on liquidation'. The amended standards require entities to classify puttable financial instruments, or components of instruments that impose on the entity an obligation to deliver to another party a prorata share of the net assets of the entity only on liquidation as equity, provided the financial instruments have particular features and meet specific conditions, including that all financial instruments in the class of instruments that is subordinate to all other instruments have identical features. One of the particular features is that apart from the contractual obligation for the issuer to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any contractual obligation to deliver cash or another financial asset to another entity. In this connection, Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 mandates the payment of 90% of the Fund's profits for the year as dividends, therefore the amendment has not changed the classification of units.

There are other standards, amendments and interpretations that were mandatory for accounting periods beginning on or after July 1, 2009 but were considered not to be relevant or did not have any significant effect on the Fund's operations.

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|                                  | Note  | Unaudited<br>December 31,<br>2009 | Audited<br>June 30,<br>2009 |
|----------------------------------|---|-----------------------------------|-----------------------------|
| -----Rupeesin'000-----           |   |                                   |                             |
| <b>4</b>                         | <b>BALANCESWITHBANKS</b>  |                                   |                             |
| Currentaccounts                  |   | 805                               | 895                         |
| Savingsaccounts                  |   | 25,541                            | 187,462                     |
|                                  |   | <u>26,346</u>                     | <u>188,357</u>              |
| <b>5</b>                         | <b>INVESTMENTS</b>  |                                   |                             |
| <b>5.1</b>                       | <b>Financialassetsatfairvaluethroughprofitorloss-heldfortrading</b> |                                   |                             |
| Equitysecurities-listed          | 5.1.1   | 695,898                           | 1,288,095                   |
| Unitsofopenendmutualfunds        | 5.1.2   | -                                 | 36,606                      |
| Termfinancecertificates-listed   | 5.1.3   | 61,341                            | 113,918                     |
|                                  |   | <u>757,239</u>                    | <u>1,378,619</u>            |
| <b>5.2</b>                       | <b>Availableforsalefinancialassets</b>                              |                                   |                             |
| Termfinancecertificates-unlisted | 5.2.1   | 161,340                           | 58,599                      |
| Termfinancecertificates-listed   |   | 24,481                            | 24,005                      |
| Sukukbonds                       |   | 169,817                           | 112,738                     |
|                                  |   | <u>355,638</u>                    | <u>195,342</u>              |
|                                  |   | <u>1,112,877</u>                  | <u>1,573,961</u>            |

## 5.1.1 Equitysecurities-listed

| Nameoftheinvesteecompany            | Numberofshares  |                            |                    |                       |                       | Market Value asat December 31,2009 | Investmentasapercentageof |                                  |                                     |
|-------------------------------------|-----------------|----------------------------|--------------------|-----------------------|-----------------------|------------------------------------|---------------------------|----------------------------------|-------------------------------------|
|                                     | AsatJuly1, 2009 | Purchases duringthe period | Bonus/ Right Issue | Salesduring theperiod | Asat December 31,2009 |                                    | Net Assets                | Market Value of Total Investment | Paid-up Capital of Investee Company |
| (Rupeesin'000)-----%                |                 |                            |                    |                       |                       |                                    |                           |                                  |                                     |
| InvestmentBanks/Companies           |                 |                            |                    |                       |                       |                                    |                           |                                  |                                     |
| ArifHabibSecuritiesLimited          | 862,200         | 2,762,683                  | -                  | 3,294,000             | 330,883               | 16,303                             | 1.41                      | 1.46                             | 0.09                                |
| JahangirSiddiquiCompanyLimited      | 200,000         | 1,120,000                  | -                  | 1,279,000             | 41,000                | 1,233                              | 0.11                      | 0.11                             | 0.01                                |
| CommercialBanks                     |                 |                            |                    |                       |                       |                                    |                           |                                  |                                     |
| AlliedBankLimited                   | -               | 605,000                    | -                  | 410,000               | 195,000               | 11,452                             | 0.99                      | 1.03                             | 0.03                                |
| BankAl-FalahLimited                 | -               | 5,613,000                  | -                  | 5,235,000             | 378,000               | 5,205                              | 0.45                      | 0.47                             | 0.03                                |
| BankIslamiPakistanLimited           | 1,814,000       | -                          | -                  | 1,814,000             | -                     | -                                  | -                         | -                                | -                                   |
| HabibBankLimited                    | -               | 280,000                    | -                  | 280,000               | -                     | -                                  | -                         | -                                | -                                   |
| MCBBankLimited                      | 295,100         | 1,580,308                  | -                  | 1,501,600             | 373,808               | 82,118                             | 7.08                      | 7.38                             | 0.05                                |
| MeezanBankLimited                   | -               | 90,500                     | -                  | 90,500                | 90,500                | 1,424                              | 0.12                      | 0.13                             | 0.01                                |
| NationalBankofPakistan              | 250,461         | 3,581,054                  | -                  | 3,459,000             | 372,515               | 27,704                             | 2.39                      | 2.49                             | 0.03                                |
| UnitedBankLimited                   | 1,832,978       | 5,303,000                  | -                  | 6,676,074             | 459,904               | 26,882                             | 2.32                      | 2.42                             | 0.04                                |
| InsuranceCompanies                  |                 |                            |                    |                       |                       |                                    |                           |                                  |                                     |
| AdamjeeInsuranceCompanyLimited      | 175,000         | 573,000                    | -                  | 654,000               | 94,000                | 11,590                             | 1.00                      | 1.04                             | 0.08                                |
| EFUGLifeInsuranceCompanyLimited     | -               | 140,000                    | -                  | 140,000               | -                     | -                                  | -                         | -                                | -                                   |
| TextileComposite                    |                 |                            |                    |                       |                       |                                    |                           |                                  |                                     |
| AzgardNineLimited                   | 691,000         | 690,000                    | -                  | 1,381,000             | -                     | -                                  | -                         | -                                | -                                   |
| AzgardNineLimited(Non-votingshares) | 807,000         | -                          | -                  | -                     | 807,000               | 20,409                             | 1.76                      | 1.83                             | 0.15                                |
| NishatMillsLimited                  | -               | 437,000                    | -                  | 295,000               | 142,000               | 9,926                              | 0.86                      | 0.89                             | 0.06                                |
| Jute                                |                 |                            |                    |                       |                       |                                    |                           |                                  |                                     |
| ThallLimited                        | -               | 323,226                    | 56,281             | 40,449                | 339,058               | 28,776                             | 2.48                      | 2.59                             | 1.33                                |
| Cement                              |                 |                            |                    |                       |                       |                                    |                           |                                  |                                     |
| AttockCementPakistanLimited         | -               | 102,500                    | -                  | -                     | 102,500               | 5,330                              | 0.46                      | 0.48                             | 0.12                                |
| D.G.KhanCementCompanyLimited        | 1,390,000       | 969,000                    | -                  | 2,166,000             | 193,000               | 6,284                              | 0.54                      | 0.56                             | 0.06                                |
| FaujiCementCompanyLimited           | -               | 2,225,000                  | -                  | 2,225,000             | -                     | -                                  | -                         | -                                | -                                   |
| KohatCementCompanyLimited           | -               | 2,787,500                  | -                  | 2,787,500             | -                     | -                                  | -                         | -                                | -                                   |
| LuckyCementLimited                  | 1,390,000       | 2,041,800                  | -                  | 3,251,000             | 180,800               | 11,976                             | 1.03                      | 1.08                             | 0.06                                |
| MapleLeafCementCompanyLimited       | -               | 6,519,000                  | -                  | 6,519,000             | -                     | -                                  | -                         | -                                | -                                   |
| <b>Balancecarriedforward</b>        |                 |                            |                    |                       |                       | <b>266,612</b>                     |                           |                                  |                                     |

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| Name of the investee company   | Number of shares   |                             |                    |                         |                         | Market Value as at December 31, 2009 | Investment as a percentage of |                                  |                                     |
|--|--------------------|-----------------------------|--------------------|-------------------------|-------------------------|--------------------------------------|-------------------------------|----------------------------------|-------------------------------------|
|  | As at July 1, 2009 | Purchases during the period | Bonus/ Right Issue | Sales during the period | As at December 31, 2009 |                                      | Net Assets                    | Market Value of Total Investment | Paid-up Capital of Investee Company |
| Unless stated otherwise, the holding are ordinary shares of Rs. 10 each. |                    |                             |                    |                         |                         | (Rupees in '000)                     |                               |                                  |                                     |
| <b>Balance brought forward</b>   |                    |                             |                    |                         |                         | <b>266,212</b>                       |                               |                                  |                                     |
| <b>Refinery</b>  |                    |                             |                    |                         |                         |                                      |                               |                                  |                                     |
| Attock Refinery Limited  | 82,000             | 383,400                     | -                  | 465,400                 | -                       | -                                    | -                             | -                                | -                                   |
| National Refinery Limited  | 45,000             | 132,000                     | -                  | 177,000                 | -                       | -                                    | -                             | -                                | -                                   |
| Pakistan Refinery Limited  | 33,000             | 323,765                     | -                  | 356,765                 | -                       | -                                    | -                             | -                                | -                                   |
| <b>Power &amp; Generation &amp; Distribution</b>                         |                    |                             |                    |                         |                         |                                      |                               |                                  |                                     |
| The Hub Power Company Limited  | 4,387,158          | 5,291,000                   | -                  | 8,101,250               | 1,576,908               | 49,010                               | 4.23                          | 4.40                             | 0.14                                |
| Kot Addu Power Company Limited   | -                  | 259,512                     | -                  | 259,512                 | -                       | -                                    | -                             | -                                | -                                   |
| Nishat Chunian Power Limited   | -                  | 500,000                     | -                  | 499,907                 | 93                      | -                                    | -                             | -                                | -                                   |
| Nishat Power Limited   | -                  | 500,000                     | -                  | 500,000                 | -                       | -                                    | -                             | -                                | -                                   |
| <b>Oil &amp; Gas Marketing Companies</b>                                 |                    |                             |                    |                         |                         |                                      |                               |                                  |                                     |
| Attock Petroleum Limited   | -                  | 155,200                     | -                  | 77,000                  | 78,200                  | 27,184                               | 2.34                          | 2.44                             | 0.14                                |
| Pakistan State Oil Company Limited                                       | 579,100            | 824,800                     | -                  | 1,332,268               | 71,632                  | 21,306                               | 1.84                          | 1.91                             | 0.04                                |
| <b>Oil &amp; Gas Exploration Companies</b>                               |                    |                             |                    |                         |                         |                                      |                               |                                  |                                     |
| Oil & Gas Development Corporation Limited                                | 2,230,007          | 1,646,200                   | -                  | 3,397,000               | 479,207                 | 53,005                               | 4.57                          | 4.76                             | 0.01                                |
| Pakistan Oilfields Limited   | 278,580            | 2,152,900                   | -                  | 2,159,200               | 272,280                 | 62,834                               | 5.42                          | 5.65                             | 0.12                                |
| Pakistan Petroleum Limited   | 834,894            | 1,109,000                   | 141,259            | 1,832,001               | 253,152                 | 47,995                               | 4.14                          | 4.31                             | 0.03                                |
| <b>Automobile Assembler</b>  |                    |                             |                    |                         |                         |                                      |                               |                                  |                                     |
| AIGhazi Tractors Limited   | -                  | 64,000                      | -                  | 38,556                  | 25,444                  | 6,057                                | 0.52                          | 0.54                             | 0.06                                |
| Indus Motor Company Limited  | 93,200             | 181,190                     | -                  | 92,300                  | 182,090                 | 35,784                               | 3.09                          | 3.22                             | 0.23                                |
| Pak Suzuki Motor Company Limited   | -                  | 466,000                     | -                  | 136,751                 | 329,249                 | 29,290                               | 2.53                          | 2.63                             | 0.40                                |
| <b>Technology and Communications</b>                                     |                    |                             |                    |                         |                         |                                      |                               |                                  |                                     |
| Eye Television Network Limited   | 1,135,000          | -                           | -                  | 677,066                 | 457,934                 | 13,331                               | 1.15                          | 1.20                             | 0.92                                |
| Netsof Technologies Limited  | -                  | 1,464,100                   | -                  | 1,464,100               | -                       | -                                    | -                             | -                                | -                                   |
| Pakistan Telecommunication Company Limited                               | -                  | 3,605,176                   | -                  | 2,911,000               | 694,176                 | 12,253                               | 1.06                          | 1.10                             | 0.02                                |
| <b>Fertilizer</b>  |                    |                             |                    |                         |                         |                                      |                               |                                  |                                     |
| Engro Chemicals Pakistan Limited   | 840,187            | 900,500                     | -                  | 1,591,500               | 149,187                 | 27,342                               | 2.36                          | 2.46                             | 0.05                                |
| Fauji Fertilizer Bin Qasim Limited                                       | 1,350,000          | 5,050,000                   | -                  | 6,400,000               | -                       | -                                    | -                             | -                                | -                                   |
| Fauji Fertilizer Company Limited   | 9,900              | 967,000                     | -                  | 613,400                 | 363,500                 | 37,415                               | 3.23                          | 3.36                             | 0.05                                |
| <b>Paper &amp; Board</b>   |                    |                             |                    |                         |                         |                                      |                               |                                  |                                     |
| Packages Limited   | 119,000            | 125,000                     | -                  | 244,000                 | -                       | -                                    | -                             | -                                | -                                   |
| <b>Miscellaneous</b>   |                    |                             |                    |                         |                         |                                      |                               |                                  |                                     |
| Tri Pack Films Limited   | -                  | 139,500                     | -                  | 76,585                  | 62,915                  | 6,480                                | 0.56                          | 0.58                             | 0.21                                |
| Pace (Pakistan) Limited  | 5,495,948          | 1,875,000                   | -                  | 7,370,948               | -                       | -                                    | -                             | -                                | -                                   |
|  |                    |                             |                    |                         |                         | <b>695,898</b>                       |                               |                                  |                                     |
| Carrying value before fair value adjustments at December 31, 2009        |                    |                             |                    |                         |                         | <b>698,063</b>                       |                               |                                  |                                     |

5.1.1.1 All shares have a nominal face value of Rs 10 each except shares of Thal Limited and AIGhazi Tractors Limited which have a face value of Rs 5 each.

5.1.1.2 Investments include shares with market value of Rs 178.519 million (2009: Rs. 141.842 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the Securities & Exchange Commission of Pakistan.



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## 5.1.2 Units of open-end mutual funds

| Name of the investee company  | Number of units    |                             |                    |                         |                         | Market Value as at December 31, 2009 | Investment as a percentage of |                                  |                                     |
|---|--------------------|-----------------------------|--------------------|-------------------------|-------------------------|--------------------------------------|-------------------------------|----------------------------------|-------------------------------------|
|   | As at July 1, 2009 | Purchases during the period | Bonus/ Right Issue | Sales during the period | As at December 31, 2009 |                                      | Net Assets                    | Market Value of Total Investment | Paid-up Capital of Investee Company |
| NAFA Islamic Income Fund  | 3,891,358          | -                           | -                  | 3,891,358               | -                       | -                                    | -                             | -                                | -                                   |
|   |                    |                             |                    |                         |                         | (Rupees in '000)                     |                               |                                  |                                     |
| Carrying value before fair value adjustment as at December 31, 2009 |                    |                             |                    |                         |                         | -                                    |                               |                                  |                                     |

## 5.1.3 Term finance certificates-listed

| Name of the investee company  | Number of certificates/bonds |                             |                         |                         | Market Value as at December 31, 2009 | Investment as a percentage of |                                  |                                     |  |
|---|------------------------------|-----------------------------|-------------------------|-------------------------|--------------------------------------|-------------------------------|----------------------------------|-------------------------------------|--|
|   | As at July 1, 2009           | Purchases during the period | Sales during the period | As at December 31, 2009 |                                      | Net Assets                    | Market Value of Total Investment | Paid-up Capital of Investee Company |  |
| Azgard Nine Limited   | 3,000                        | -                           | 3,000                   | -                       | -                                    | -                             | -                                | -                                   |  |
| Pak Arab Fertilizer Company Limited                                 | 9,000                        | -                           | 9,000                   | -                       | -                                    | -                             | -                                | -                                   |  |
| Saudi Pak Leasing Company Limited                                   | 10,000                       | -                           | -                       | 10,000                  | 39,311                               | 3.39                          | 3.53                             | 6.67                                |  |
| United Bank Limited   | 5,000                        | -                           | -                       | 5,000                   | 22,030                               | 1.90                          | 1.98                             | 0.42                                |  |
|   |                              |                             |                         |                         | 15,000                               | 61,341                        |                                  |                                     |  |
| Carrying value before fair value adjustment as at December 31, 2009 |                              |                             |                         |                         |                                      | 53,720                        |                                  |                                     |  |

5.1.4 All term finance certificates have a face value of Rs5,000 each except sukuk bonds of New Allied Electronics and Orix Leasing Pakistan Limited which have a face value of Rs312.50 and Rs100,000 each respectively.

## 5.2.1 Term finance certificates-listed

| Name of the investee company                                     | Number of certificates/bonds |                             |                         |                         | Market Value as at December 31, 2009 | Investment as a percentage of |                                  |                                     |  |
|--|------------------------------|-----------------------------|-------------------------|-------------------------|--------------------------------------|-------------------------------|----------------------------------|-------------------------------------|--|
|  | As at July 1, 2009           | Purchases during the period | Sales during the period | As at December 31, 2009 |                                      | Net Assets                    | Market Value of Total Investment | Paid-up Capital of Investee Company |  |
| <b>Term finance certificate-unlisted</b>                         |                              |                             |                         |                         |                                      |                               |                                  |                                     |  |
| Avari Hotel Limited  | 6,000                        | -                           | -                       | 6,000                   | 28,438                               | 2.45                          | 2.56                             | 0.95                                |  |
| Engro Chemical Pakistan Limited                                  | 2,000                        | -                           | -                       | 2,000                   | 9,713                                | 0.84                          | 0.87                             | 0.25                                |  |
| Pakistan Mobile Communications Limited                           | 5,000                        | 10,000                      | -                       | 15,000                  | 70,089                               | 6.05                          | 6.30                             | 2.14                                |  |
| Orix Leasing Pakistan Limited                                    | -                            | 600                         | -                       | 600                     | 53,100                               | 4.58                          | 4.77                             | 1.20                                |  |
|  |                              |                             |                         |                         | 161,340                              |                               |                                  |                                     |  |
| <b>Term finance certificate-listed</b>                           |                              |                             |                         |                         |                                      |                               |                                  |                                     |  |
| Pakistan Mobile Communications Limited                           | 5,000                        | -                           | -                       | 5,000                   | 24,481                               | 2.11                          | 2.20                             | 0.59                                |  |
| <b>Sukuk bonds</b>   |                              |                             |                         |                         |                                      |                               |                                  |                                     |  |
| Eden Builders Limited  | 1,590                        | 3,312                       | -                       | 4,902                   | 24,407                               | 2.11                          | 2.19                             | 1.23                                |  |
| Engro Chemical Pakistan Limited                                  | 10,000                       | -                           | 8,000                   | 2,000                   | 9,470                                | 0.82                          | 0.85                             | 3.33                                |  |
| Maple Leaf Cement Factory Limited (note 5.2.2)                   | 3,000                        | 14,688                      | -                       | 17,688                  | 75,174                               | 6.48                          |                                  | 1.11                                |  |
| New Allied Electronics Industries (Private) Limited (note 5.2.3) | 32,000                       | -                           | -                       | 32,000                  | -                                    | -                             | -                                | 1.11                                |  |
| Pak Electron Limited   | 8,000                        | -                           | -                       | 8,000                   | 30,179                               | 2.60                          | 2.71                             | 3.33                                |  |
| Eden Housing Limited (note 5.2.4)                                | -                            | 10,000                      | -                       | 10,000                  | 30,587                               | 2.64                          | 2.75                             | 6.85                                |  |
|  |                              |                             |                         |                         | 169,817                              |                               |                                  |                                     |  |

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| Name of the investee company | Number of certificates/bonds |                             |                         |                         | Market Value as at December 31, 2009 | Investment as a percentage of |                                  |                                     |
|------------------------------|------------------------------|-----------------------------|-------------------------|-------------------------|--------------------------------------|-------------------------------|----------------------------------|-------------------------------------|
|                              | As at July 1, 2009           | Purchases during the period | Sales during the period | As at December 31, 2009 |                                      | Net Assets                    | Market Value of Total Investment | Paid-up Capital of Investee Company |

(Rupees in '000) ----- %-----

103,190 355,638

Carrying value before fair value adjustment as at December 31, 2009

379,718

Provision for impairment loss as at December 31, 2009

36,429

**5.2.2** This represents investment in sukuk bonds with a term of six years (with two years grace period) secured against the pari passu charge over present and future fixed asset of the investee company with 25% margin. On December 3, 2009 the profit redemption of Rs 5.790 million was not received by the Fund. An impairment loss of Rs 13.266 million has been recognised till December 31, 2009. As per SECP Circular 1 of 2009 the Fund has to make a minimum provision of 20% by the 90th day of default. However, as a matter of prudence, the Fund, in accordance with its provisioning policy, has made a provision of 15% as on December 31, 2009. The income suspended on these sukuk bonds amounts to Rs 7.837 million.

**5.2.3** This represents investment in sukuk bonds with a term of five years secured against the pari passu charge over present and future fixed asset of the investee company with 25% margin. The principal was to be redeemed from the fifteenth month of drawdown by the investee company. However, on October 24, 2008 (the scheduled redemption date) principal redemption of Rs 0.625 million was not received by the Fund. An impairment loss of the full amount of Rs 10 million has been recognised till December 31, 2009 out of which Rs 5.719 million pertains to the current period. As per SECP Circular 1 of 2009 the Fund has to make a 100% provision by the 45th day of default. However, as a matter of prudence, the Fund, in accordance with its provisioning policy, has made a full provision as on December 31, 2009. The income suspended on these sukuk bonds amounts to Rs 1.560 million.

**5.2.4** This represents investment in sukuk bonds with a term of five years (with a one year grace period) secured against the pari passu charge over land and related development/construction of specific projects of Eden Housing Limited. On September 30, 2009 the principal redemption of Rs 6.250 million and profit redemption of Rs 3.822 million was not received by the Fund. However the amount was subsequently received on October 16, 2009. An impairment loss of Rs 13.163 million has been recognised till December 31, 2009. As per SECP Circular 1 of 2009 the fund has to make a provision of 20% by the 90th day of default. However, as a matter of prudence, the Fund, in accordance with its provisioning policy, has made a provision of 30% as on December 31, 2009. The income suspended on these sukuk bonds amounts to Rs 1.689 million.

|   | Unaudited<br>December 31,<br>2009 | Audited<br>June 30,<br>2009 |
|---|-----------------------------------|-----------------------------|
|   | -----Rupees in '000-----          |                             |
| <b>6 DIVIDEND AND PROFIT RECEIVABLE</b>                     |                                   |                             |
| Dividend receivable on equity shares                        | 3,584                             | 4,499                       |
| Profit on savings and term deposits                         | 463                               | 824                         |
| Income accrued on Term Finance Certificates and Sukuk Bonds | 24,343                            | 12,583                      |
| Less suspended income                                       | (11,135)                          | (1,008)                     |
|   | 13,208                            | 11,575                      |
|   | <u>17,255</u>                     | <u>16,898</u>               |

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|   | Unaudited<br>December 31,<br>2009 | Audited<br>June 30,<br>2009 |
|---|-----------------------------------|-----------------------------|
|   | -----Rupees in '000-----          |                             |
| <b>7 ACCRUED EXPENSES AND OTHER LIABILITIES</b> |                                   |                             |
| Auditors' remuneration                          | 206                               | 240                         |
| Settlement charges payable                      | 54                                | 131                         |
| Payable to brokers                              | 713                               | 16,354                      |
| Dividend payable to brokers                     | 493                               | 664                         |
| Others  | 585                               | 746                         |
|   | <u>2,051</u>                      | <u>18,135</u>               |

## 8 CONTINGENCIES AND COMMITMENTS

The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby the definition of "industrial establishment" was amended to include therein any establishment to which the West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment, it can be construed that all Collective Investment Schemes (CISs) whose income exceeds Rs 0.5 million in a tax year are brought within the purview of the WWF Ordinance, thus rendering them liable to pay contribution to the WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In case of the Fund, such contribution works out to Rs 1.966 million for the half year ended December 31, 2009. However, the final contribution amount will be based on the income earned by the Fund for the year ending June 30, 2010.

To avoid any claim in this regard by the relevant authorities, the Mutual Funds Association of Pakistan (MUFAP) filed a constitutional petition in the Honourable High Court of Sindh in December 2009. The main grounds of the said petition are that since CIS do not have any workers or employees and they are run and managed by the Asset Managers, the WWF Ordinance is not applicable to them. The said petition has not been heard yet.

The Management Company and the MUFAP's legal counsel are strongly of the opinion that the said petition will succeed and, accordingly, no provision for any liability that may arise in this respect has been made in these condensed interim financial statements of the Fund.

There were no other contingencies and commitments outstanding as at December 31, 2009 and June 30, 2009.

## 9 TAXATION

The Fund is exempt from income tax under clause 99 of part 1 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 realized or unrealized, is distributed among its unit holders. The Fund has not recorded a tax liability in respect of income relating to the current period as the management company intends to distribute at least 90 percent of the Fund's accounting income for the year ending June 30, 2010 as reduced by capital gains (whether realized or unrealized) to its unit holders.

## 10 EARNINGS PER UNIT

Earnings per unit (EPU) for the half year ended December 31, 2009 has not been disclosed as in the opinion of the management determination of weighted average units for calculating EPU is not practicable.

# NAFA MULTI ASSET FUND

## 11 TRANSACTIONS WITH CONNECTED PERSONS

**11.1** Connected persons include National Fullerton Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan, NIB Bank Limited and Alexandra Fund Management Pte. Limited being the Sponsors of the Fund / Management Company, other collective investment schemes managed by the Management Company any person or company beneficially owning directly or indirectly ten percent or more of the capital of Management Company or Fund and the directors and officers of the Management Company and employee of benefit funds of the Management Company.

**11.2** Transactions with connected persons essentially comprises sale and repurchase of units, fee on account of managing the affairs of the Fund, sales load and other charges and distribution made to the connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

**11.3** 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.

**11.4** Remuneration payable to the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

| 11.5 Transactions during the period                                     | Unaudited                               |                      |                                       |                      |
|---|---|----------------------|---------------------------------------|----------------------|
|   | Half year ended<br>December 31,<br>2009 | December 31,<br>2008 | Quarter ended<br>December 31,<br>2009 | December 31,<br>2008 |
|   | -----Rupees in '000-----                |                      |                                       |                      |
| <b>National Fullerton Asset Management Limited - Management Company</b> |   |                      |                                       |                      |
| Management fee expense for the period                                   | 20,853                                  | 27,872               | 8,999                                 | 12,941               |
| Front end load  | 1,202                                   | 4,367                | 500                                   | -                    |
| <b>National Bank of Pakistan - Sponsor</b>                              |   |                      |                                       |                      |
| Cash dividend paid  | -                                       | 3,166                | -                                     | -                    |
| Units redeemed (3,089,248 units; 2008: Nil units)                       | 30,000                                  | -                    | -                                     | -                    |
| <b>NIB Bank Limited - Sponsor</b>                                       |   |                      |                                       |                      |
| Cash dividend paid  | -                                       | 3,166                | -                                     | -                    |
| Income from bank deposits   | 1,361                                   | 4,573                | 645                                   | 466                  |
| <b>Alexandra Fund Management Pte. Limited - Sponsor</b>                 |   |                      |                                       |                      |
| Bonus Units Issued (164,293 units; 2008: 446,763 units)                 | 1,574                                   | 4,963                | -                                     | -                    |
| <b>Company Secretary/CFO</b>  |   |                      |                                       |                      |
| Units issued/Transfer in (103,368 units; 2008: Nil units)               | 989                                     | -                    | -                                     | -                    |
| Units redeemed/Transfer out (103,368 units; 2008: Nil units)            | 1,030                                   | -                    | 1,030                                 | -                    |
| <b>NAFA Provident Fund</b>  |   |                      |                                       |                      |
| Bonus units issued (Nil Units; 2008: 5,849 units)                       | -                                       | 65                   | -                                     | -                    |
| Units redeemed/transferred out (Nil units; 2008: 159,757 units)         | -                                       | 1,545                | -                                     | -                    |
| <b>Central Depository Company of Pakistan Limited - Trustee</b>         |   |                      |                                       |                      |
| Remuneration  | 1,338                                   | 1,619                | 612                                   | 770                  |
| CDS Charges   | 299                                     | 500                  | 100                                   | (76)                 |
| <b>Employees of Management Company</b>                                  |   |                      |                                       |                      |
| Units issued/Transfer in (224,235 units; 2008: 8,094 units)             | 2,100                                   | 85                   | 1,707                                 | 85                   |
| Units redeemed/Transfer out (78,866 units; 2008: 7,177 units)           | 763                                     | 73                   | 488                                   | 73                   |
| Bonus units issued (384 units; 2008: 1250 units)                        | 4                                       | 14                   | 4                                     | -                    |

# NAFA MULTI ASSET FUND

|   | Unaudited                |                   |                   |                   |
|---|--------------------------|-------------------|-------------------|-------------------|
|   | Half year ended          |                   | Quarter ended     |                   |
|   | December 31, 2009        | December 31, 2008 | December 31, 2009 | December 31, 2008 |
|   | -----Rupees in '000----- |                   |                   |                   |
| <b>NAFA Cash Fund</b>   |                          |                   |                   |                   |
| Bonus units received (Nil Units; 2008: 1,962,029 units)           | -                        | 21,794            | -                 | -                 |
| Units Purchased (Nil Units; 2008: 20,752,095 units)               | -                        | 215,000           | -                 | 215,000           |
| Units Sold (Nil Units; 2008: 30,578,547 units)                    | -                        | 302,480           | -                 | 100,000           |
| TFC's purchased   | 56,595                   | -                 | 56,595            | -                 |
| <b>NAFA Income Fund</b>   |                          |                   |                   |                   |
| Bonus units issued (Nil Units; 2008: 346,629 units)               | -                        | 3,850             | -                 | -                 |
| Units issued/Transferred in (Nil Units; 2008: 8,708,694 units)    | -                        | 90,000            | -                 | 90,000            |
| Units redeemed/Transferred out (Nil Units; 2008: 1,156,516 units) | -                        | 111,402           | -                 | 55,000            |
| TFC's purchased   | -                        | 175,000           | -                 | 175,000           |
| <b>NAFA Islamic Income Fund</b>                                   |                          |                   |                   |                   |
| Bonus units issued (Nil Units; 2008: 361,424 units)               | -                        | 4,015             | -                 | -                 |
| Units issued/transferred in (Nil Units; 2008: 6,737,137 units)    | -                        | 70,000            | -                 | 70,000            |
| Units redeemed/transferred out (Nil Units; 2008: 7,512,417 units) | -                        | 77,080            | -                 | 77,080            |
| Purchase of sukuk bonds   | 134,475                  | -                 | -                 | -                 |

| 11.6 Balances outstanding at period/year end   | Unaudited                | Audited       |
|--|--------------------------|---------------|
|  | December 31, 2009        | June 30, 2009 |
|  | -----Rupees in '000----- |               |
| <b>National Fullerton Asset Management Limited-Management Company</b>                          |                          |               |
| Management fee payable   | 2,488                    | 3,638         |
| Others   | 188                      | 536           |
| <b>National Bank of Pakistan- Sponsor</b>  |                          |               |
| Investment held by the Sponsor in the Fund (4,410,752 units; June 30, 2009: 7,500,000 units)   | 41,030                   | 64,515        |
| Balance in current account   | 805                      | 895           |
| <b>NIB Bank Ltd.- Sponsor</b>  |                          |               |
| Balance in saving account  | 1,768                    | 147,224       |
| <b>Alexandra Fund Management Pte. Limited- Sponsor</b>   |                          |               |
| Investment held by the Sponsor in the Fund (12,367,970 units; June 30, 2009: 12,203,676 units) | 115,051                  | 104,976       |
| <b>Central Depository Company of Pakistan Limited-Trustee</b>                                  |                          |               |
| Remuneration payable   | 184                      | 227           |
| CDC charges payable  | 46                       | 131           |
| Security deposit   | 100                      | 100           |
| <b>Employees of Management Company</b>   |                          |               |
| Investment held in the Fund (197,403 units; June 30, 2009: 55,883 units)                       | 1,836                    | 481           |
| <b>NAFA Islamic Income Fund</b>  |                          |               |
| Investment held by the Fund (Nil units; 2009: 3,891,358 units)                                 | -                        | 36,606        |

## 12 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue by the Board of Directors of the Management Company on February 17, 2010.

# NAFA MULTI ASSET FUND

## 13 GENERAL

13.1 Figures have been rounded off to the nearest thousand rupees, except where otherwise stated.

13.2 The bifurcation of undistributed income into realised and unrealised income at the beginning and end of the period as required by the NBFC Regulations has not been disclosed as such bifurcation is not practicable.

13.3 Corresponding figures have been rearranged and reclassified, where necessary, for the purpose of comparison. There were no significant rearrangements or reclassification except as required because of the change in accounting policy as more fully explained in note 3.1 to these condensed interim financial statements.

For National Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Chairman