

# NAFA MULTI ASSET FUND

## MISSION STATEMENT

To rank in the top quartile  
in performance of  
**NAFA FUNDS**  
relative to the competition,  
and to consistently offer  
Superior risk-adjusted returns to investors

# NAFA MULTI ASSET FUND

## FUND'S INFORMATION

### Management Company

**NBP Fullerton Asset Management Limited - Management Company**  
(Formerly National Fullerton Asset Management Limited)

### Board of Directors of the Management Company

Mr. Qamar Hussain	Chairman
Mr. Shahid Anwar Khan	Director
Mr. Gerard Lee How Cheng	Director
Mr. Patrick Pang Chin Hwang	Director
Mr. Shehryar Farooque	Director
Mr. Kamal Amir Chinoy	Director
Dr. Anjad Waheed	Chief Executive Officer
Dr. Asif A. Brohi	Director

### Company Secretary & CFO of the Management Company

Mr. Muhammad Murtaza Ali

### Audit & Risk Committee

Mr. Gerard Lee How Cheng	Chairman
Mr. Shahid Anwar Khan	Member
Mr. Shehryar Farooque	Member

### Trustee

Central Depository Company of Pakistan Limited (CDC)  
CDC House, 99-B, Block "B" S.M.C.H.S.,  
Main Shakra-e-Faisal, Karachi.

### Bankers to the Fund

Allied Bank Limited  
Askari Bank Limited  
Atlas Bank Ltd.  
Bank Alfalah Limited  
Bank Al-Habib Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
KASB Bank Limited  
MCB Bank Limited  
National Bank of Pakistan  
NIB Bank Limited  
Saudi Pak Commercial Bank  
Soneri Bank Limited  
Standard Chartered Bank (PAK) Ltd.  
The Bank of Punjab  
United Bank Ltd.

# NAFA MULTI ASSET FUND

## **Auditors**

A.F. Ferguson & Co. Chartered Accountants  
State Life Building No. 1-C  
I.I Chundrigar Road,  
P.O. Box 4716  
Karachi.

## **Legal Advisor**

M/s Jooma Law Associates  
205, E.I. Lines, Dr. Daudpota Road,  
Karachi.

## **Head Office:**

9th Floor, Adamjee House,  
I.I Chundrigar Road,  
Karachi.

## **Lahore Office:**

68-B-1, M. M. Alam Road,  
Gulberg 3, Lahore.  
UAN: 042-111-111-632,  
Phone: 042-35778248-63  
Fax: 042-35876806

## **Islamabad Office:**

Plot No. 395, 396  
Industrial Area, 1-9/3, Islamabad.  
UAN: 051-111-111-632  
Phone: 051-2514987  
Fax: 051-4859031

## **Peshawar Office:**

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

## **Multan Office:**

82 Khan Centre, Near SP Chowk  
Abdali Road, Multan Cantt,  
Multan.

# NAFA MULTI ASSET FUND

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# NAFA MULTI ASSET FUND

## DIRECTORS' REPORT

The Board of Directors of NBP Fullerton Asset Management Limited (formerly: National Fullerton Asset Management Limited) is pleased to present the unaudited financial statements of NAFA Multi Asset Fund for the quarter ended September 30, 2010.

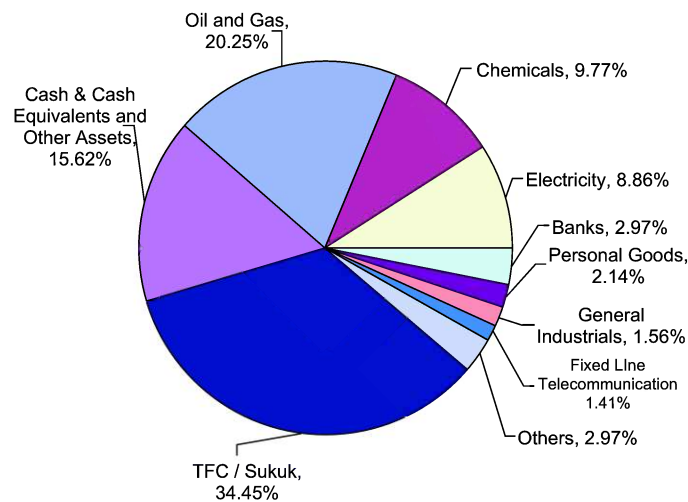
### Fund's Performance

During the said period, the unit price of NAFA Multi Asset Fund has increased from Rs.8.9984 (Ex-Div) on June 30, 2010 to Rs.9.4644 on September 30, 2010, thus showing a growth of 5.18%, as compared to its Benchmark (50% KSE-30 Index, 50% 1-Month KIBOR) return of 2.24% during the same period. Since inception (January 22, 2007), the unit price of the Fund has shown a growth of 24.08% as compared to 8.16% increase in its Benchmark. Thus, the Fund has outperformed its Benchmark by 15.92% since inception. This performance is net of management fee and all other expenses. The size of NAFA Multi Asset Fund has decreased from Rs.996 million to Rs.915 million during the period, i.e. a decline of 8.13%.

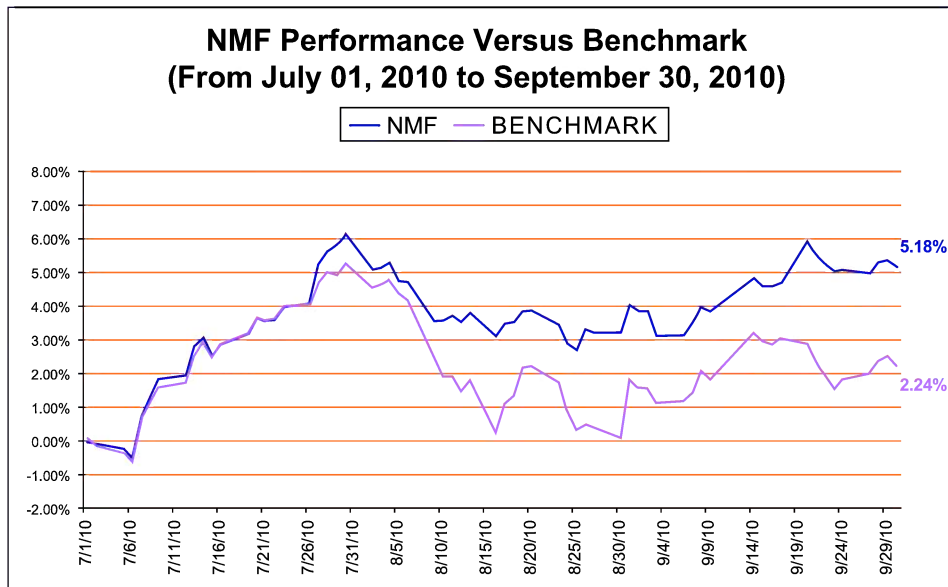
The KSE-30 Index stood at 9674.34 points as on September 30, 2010, 1.23% higher compared to 9566.58 points as on June 30, 2010. The stock market showed a flat trend during 1QFY11. The performance of the stock market was affected by: (i) unprecedented floods in the country causing severe damage to agriculture and infrastructure; (ii) positive trends in foreign portfolio investment (iii) sanguine corporate earnings; (iv) higher interest rate environment.

Rising Government borrowing and inflation has forced the SBP to raise the Discount Rate by another 50 basis points over the last two months. The circular debt in the energy sector has exceeded Rs 200 billion, which has resulted in tight liquidity conditions in the market. Such an environment has not been conducive for corporate debt. Several companies have been forced to restructure their listed and unlisted debt. Mutual funds have made significant provisioning in such TFCs. This has substantially increased the Yield to Maturity on such TFCs. Increase in KIBOR has also improved the return on TFCs, since almost all TFCs in the market are floating rate instruments.

NAFA Multi Asset Fund has earned total income of Rs.72.82 million during the period. After deducting expenses of Rs.9.45 million, the net income is Rs.63.37 million, translating into an earning per unit of Rs.0.466. The asset allocation of the Fund as on September 30, 2010, and its performance against the Benchmark are as follows:



# NAFA MULTI ASSET FUND



## Acknowledgement

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

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

On behalf of the Board of  
NBP Fullerton Asset Management Limited  
(formerly: National Fullerton Asset Management Limited)

Chief Executive

Director

Date: October 18, 2010  
Place: Karachi.

# NAFA MULTI ASSET FUND

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2010 (UN-AUDITED)

	Note	Un-audited September 30, 2010	Audited June 30, 2010
----- (Rupees in '000) -----			
<b>ASSETS</b>			
Balances with banks		64,506	60,338
Receivable against sale of investments		-	-
Investments	4	846,612	925,403
Dividend and profit receivable	5	28,567	13,376
Advances, deposits, prepayments and other receivables		3,659	3,641
Preliminary expenses and floatation costs		651	778
<b>Total assets</b>		<b>943,995</b>	<b>1,003,536</b>
<b>LIABILITIES</b>			
Payable to the Management Company		2,179	2,341
Payable to the Trustee		150	164
Payable to Securities and Exchange Commission of Pakistan		203	1,153
Payable against purchase of investments		22,194	580
Payable on redemption of units		53	-
Accrued expenses and other liabilities	6	4,501	3,317
<b>Total liabilities</b>		<b>29,280</b>	<b>7,555</b>
<b>NET ASSETS</b>		<b>914,715</b>	<b>995,981</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>914,715</b>	<b>995,981</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	7		
		(Number of units)	
<b>Number of units in issue</b>		<b>96,648,124</b>	<b>106,362,408</b>
		(Rupees)	
<b>NET ASSET VALUE PER UNIT</b>		<b>9.4644</b>	<b>9.3640</b>

The annexed notes 1 to 13 form an integral part of these Condensed Interim financial statements.

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

Chief Executive

Director

# NAFA MULTI ASSET FUND

## CONDENSED INTERIM INCOME STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2010 (UN-AUDITED)

	Note	Quarter Ended September 30, 2010	Quarter Ended September 30, 2009
----- (Rupees in '000) -----			
<b>INCOME</b>			
Capital gain / (loss) on sale of investments - net		28,372	151,658
Income from term finance certificates and sukuk bonds		17,927	17,483
Income from government securities		2,400	-
Dividend income		8,572	7,147
Profit on bank deposits		2,205	3,125
Unrealised diminution in the value of investments 'at fair value through profit or loss' - net		(428)	97,286
		<u>59,048</u>	<u>276,699</u>
<b>EXPENSES</b>			
Remuneration of the Management Company		5,975	11,854
Remuneration of the Trustee		476	726
Annual fee - Securities and Exchange Commission of Pakistan		203	403
Securities transaction cost		1,108	5,630
Settlement and bank charges		57	303
Annual listing fee		10	7
Legal and professional charges		15	-
Auditors' remuneration		96	107
Printing charges		61	-
Fund's rating fee		25	-
Other expenses		-	68
Provision expenses		(24,381)	5,719
Amortisation of preliminary expenses and floatation costs		126	126
		<u>(16,229)</u>	<u>24,943</u>
<b>Net income / (loss) from operating activities</b>		<u>75,277</u>	<u>251,756</u>
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed		(10,612)	(22,068)
Provision for Workers' Welfare Fund		(1,293)	-
<b>Net income/ (loss) for the period before taxation</b>		<u>63,372</u>	<u>229,688</u>
<b>Taxation</b>	8	-	-
<b>Net income / (loss) for the period after taxation</b>		<u><u>63,372</u></u>	<u><u>229,688</u></u>
<b>Earnings per unit</b>	9		

The annexed notes 1 to 13 form an integral part of these Condensed Interim financial statements.

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

Chief Executive

Director



# NAFA MULTI ASSET FUND

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED SEPTEMBER 30, 2010 (UN-AUDITED)

	Quarter Ended September 30, 2010	Quarter Ended September 30, 2009
	----- (Rupees in '000) -----	
Net income / (loss) for the period after taxation	63,372	229,688
<b>Other comprehensive income :</b>		
Net unrealised appreciation / (diminution) in the market value of investments classified as 'available for sale'	(32,195)	710
Reversal of unrealised diminution in the value of investments pertaining to impairment of non-performing assets	10,202	-
Total comprehensive income / (loss) for the period	<u>41,379</u>	<u>230,398</u>

The annexed notes 1 to 13 form an integral part of these Condensed Interim financial statements.

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

Chief Executive

Director

# NAFA MULTI ASSET FUND

## CONDENSED INTERIM DISTRIBUTION STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2010 (UN-AUDITED)

	Quarter Ended September 30, 2010	Quarter Ended September 30, 2009
	----- (Rupees in '000) -----	
(Accumulated loss) / undistributed income brought forward	(113,994)	(320,971)
Distribution:		
Final distribution for the year ended June 30, 2010: (3.6560%) (2009: Nil units)		
- Bonus units	(37,264)	-
- Cash distribution	(1,622)	-
Element of income and capital gains included in prices of units issued less those in units redeemed - amount representing income that form part of the unit holders' fund	17,531	29,226
Net income / (loss) for the period	63,372	229,688
Accumulated loss carried forward	<u>(71,977)</u>	<u>(62,057)</u>

The annexed notes 1 to 13 form an integral part of these Condensed Interim financial statements.

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

Chief Executive

Director

# NAFA MULTI ASSET FUND

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE QUARTER ENDED SEPTEMBER 30, 2010 (UN-AUDITED)

	Quarter Ended September 30, 2010	Quarter Ended September 30, 2009
	----- (Rupees in '000) -----	
Net assets at the beginning of the period	995,981	1,777,387
Issue of 286,128 units; (September 30, 2009: 4,264,683)	2,614	39,417
Redemption of 14,141,585 units (September 30 2009: 22,414,657 units)	(134,249)	(213,759)
Issue of bonus units for the year ended June 30, 2010: 4,141,173 units (June 30, 2009: Nil units)	(131,635)	(174,342)
	37,264	-
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed		
- amount representing loss / (income) and capital losses / (gains) - transferred to Income Statement	10,612	22,068
- amount representing income that form part of the unit holders' fund - transferred to Distribution Statement	(17,531)	(29,226)
	(6,919)	(7,158)
Net unrealised appreciation / (diminution) in the market value of investments classified as 'available for sale'	(32,195)	710
Reversal of unrealised diminution in the value of investments pertaining to impairment of non-performing assets	10,202	-
Capital gain / (loss) on sale of investments	28,372	151,658
Unrealised diminution in the value of investments 'at fair value through profit or loss' - net	(428)	97,286
Other net (loss) / income for the period	35,428	(19,256)
Distribution:		
Final distribution for the year ended June 30, 2010: (3.6560%) (2009: Nil units)		
- Bonus units	(37,264)	-
- Cash distribution	(1,622)	-
	24,486	229,688
Element of income and capital gains included in prices of units issued less those in units redeemed - amount representing income that form part of the unit holders' fund	17,531	29,226
<b>Net assets at the end of the period</b>	<u>914,715</u>	<u>1,855,511</u>

The annexed notes 1 to 13 form an integral part of these Condensed Interim financial statements.

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

Chief Executive

Director

# NAFA MULTI ASSET FUND

## CONDENSED INTERIM CASH FLOW STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2010 (UN-AUDITED)

	Quarter Ended September 30, 2010	Quarter Ended September 30, 2009
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income / (loss) for the period before taxation	63,372	229,688
<b>Adjustments :</b>		
Unrealised diminution in the value of investments 'at fair value through profit or loss' - net	428	(97,286)
Amortisation of preliminary expenses and floatation costs	126	127
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed	10,612	22,068
	<u>74,538</u>	<u>154,597</u>
<b>Decrease / (increase) in assets</b>		
Receivable against sale of investments	-	(110,416)
Investments	56,371	74,631
Dividend and profit receivable	(15,191)	(13,763)
Advances, deposits, prepayments and other receivables	(18)	(10,329)
	<u>41,162</u>	<u>(59,877)</u>
<b>(Decrease) / increase in liabilities</b>		
Payable to the Management Company	(162)	(46)
Payable to the Trustee	(14)	11
Payable to Securities and Exchange Commission of Pakistan	(950)	(1,412)
Payable against purchase of investments	21,614	56,441
Accrued expenses and other liabilities	1,184	(16,565)
	<u>21,672</u>	<u>38,429</u>
<b>Net cash inflow from operating activities</b>	<u>137,372</u>	<u>133,149</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issue of units	2,614	39,417
Payments on redemption of units	(134,196)	(196,840)
Distributions paid	(1,622)	-
<b>Net cash outflow on financing activities</b>	<u>(133,204)</u>	<u>(157,423)</u>
<b>Net decrease in cash and cash equivalents during the period</b>	<u>4,168</u>	<u>(24,274)</u>
Cash and cash equivalents at the beginning of the year	60,338	188,357
<b>Cash and cash equivalents at the end of the period</b>	<u>64,506</u>	<u>164,083</u>

The annexed notes 1 to 13 form an integral part of these Condensed Interim financial statements.

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

Chief Executive

Director

# NAFA MULTI ASSET FUND

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2010 (UN-AUDITED)

### 1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Multi Asset Fund (NMF, the Fund) was established under a Trust Deed executed between NBP Fullerton Asset Management Limited (Formerly National Fullerton Asset Management Limited) 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).

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by SECP. The registered office of the Management Company is situated at 9th Floor, Adamjee House, I.I. Chundigarh Road, Karachi.

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 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 year ended June 30, 2009, it has been assigned short term performance ranking of '3 star'.

### 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, 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'.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted for the preparation of the financial statements for the quarter ended September 30, 2010 are same as those applied in the preparation of annual audited financial statements for the year ended June 30, 2010

	Note	Un-audited September 30, 2010	Audited June 30, 2009
----- (Rupees in '000) -----			
<b>4 INVESTMENTS</b>			
<b>4.1 At fair value through profit or loss - held for trading</b>			
Equity securities - listed	4.1.1	456,686	575,212
Investment in Government Securities -Market Treasury Bills	4.1.2	74,833	-
Term finance certificates - listed	4.1.3	27,283	51,031
		558,802	626,243
<b>4.2 Available for sale</b>	4.2.1		
Term finance certificates - listed		19,587	21,625
Term finance certificates - unlisted		119,673	128,165
Sukuk bonds		148,550	149,370
		287,810	299,160
		846,612	925,403

# NAFA MULTI ASSET FUND

## 4.1.1 Listed equity securities - at fair value through profit or loss

Name of the investee company	Number of shares					Market value as at September 30, 2010	Investment as a percentage of		
	As at July 01, 2010	Purchases during the period	Bonus / Right Issue	Sales during the period	As at September 30, 2010		Net assets	Market value of total investments	Paid up capital of the investee company
Rupees in '000									
<b>Oil &amp; Gas</b>									
Attock Petroleum Limited	9,794	97,530		36,900	70,424	23,984	2.62	2.83	0.12
Attock Refinery Limited	300				300	24	0.00	0.00	0.00
National Refinery Limited	16,322			16,322	-	-	-	-	-
Oil & Gas Development Company Limited	519,707	96,000		435,500	180,207	26,258	2.87	3.10	0.00
Pakistan Oilfields Limited	185,880	401,500		316,800	270,580	64,163	7.01	7.58	0.11
Pakistan Petroleum Limited	364,452	353,200	79,690	387,500	409,842	70,661	7.72	8.35	0.04
Pakistan State Oil Company Limited	74,932	35,300		109,800	432	116	0.01	0.01	0.00
<b>Chemicals</b>									
Engro Corporation Limited	55,755			55,700	55	10	0.00	0.00	0.00
Fatima Fertilizer Company Limited	375				375	4	0.00	0.00	0.00
Fauji Fertilizer Bin Qasim Limited	760,000	972,000		1,152,000	580,000	15,718	1.72	1.86	0.06
Fauji Fertilizer Company Limited	741,500	518,620		558,000	702,120	73,610	8.05	8.69	0.10
<b>Construction and Materials</b>									
Attock Cement Pakistan Limited	52,506			52,506	-	-	-	-	-
D.G. Khan Cement Company Limited	325,000	164,000		489,000	-	-	-	-	-
Lucky Cement Limited	85,000	171,000		173,000	83,000	5,740	0.63	0.68	0.03
Maple Leaf Cement Factory Limited	-				-	-	-	-	-
<b>General Industrials</b>									
Thal Limited	203,558			69,000	134,558	14,285	1.56	1.69	0.26
<b>Industrial Engineering</b>									
Al Ghazi Tractors Limited	21,594			7,100	14,494	3,103	0.34	0.37	0.01
Millat Tractors Limited	-	15,800			15,800	9,012	0.99	1.06	0.01
<b>Automobile and Parts</b>									
Indus Motor Company Limited	13,978			13,978	-	-	-	-	-
<b>Personal Goods</b>									
AMTEX Limited	1,363,534			924,701	438,833	7,451	0.81	0.88	0.18
Azgard Nine Limited (Non-voting shares)	807,000				807,000	12,105	1.32	1.43	1.24
Nishat Mills Limited	700				700	32	0.00	0.00	0.00
<b>Media</b>									
Eye Television Network Limited	457,934				457,934	9,301	1.02	1.10	0.92
<b>Fixed Line Telecommunication</b>									
Pakistan Telecommunication Company Limited	1,156,980	405,000		1,095,000	466,980	8,779	0.96	1.04	0.12
Wateen Telecom Limited	1,000,000				1,000,000	4,160	0.45	0.49	0.16
<b>Electricity</b>									
The Hub Power Company Limited	2,355,934	1,023,000		1,234,500	2,144,434	71,388	7.80	8.43	0.19
Nishat Power Limited	-	825,000			825,000	9,628	1.05	1.14	0.23
<b>Banks</b>									
MCB Bank Limited	217,149	95,500		193,000	119,649	22,531	2.46	2.66	0.02
Meezan Bank Limited	95,025			94,151	874	13	0.00	0.00	0.00
National Bank of Pakistan	434,518	419,500		782,000	72,018	4,565	0.50	0.54	0.01
United Bank Limited	494	161,000		161,000	494	25	0.00	0.00	0.00
<b>Financial Services</b>									
Arif Habib Securities Limited	883				883	20	0.00	0.00	0.00
					<b>8,796,986</b>	<b>456,686</b>	<b>49.93</b>	<b>53.95</b>	
Carrying value as at September 30, 2010						<u>457,098</u>			

# NAFA MULTI ASSET FUND

4.1.1.1 All shares have a nominal face value of Rs 10 each except for shares of Thal Limited and Al Ghazi Tractors Limited which have a face value of Rs 5 each.

4.1.1.2 Investments include shares with market value of Rs.131.097 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 SECP.

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

Issue date	Tenor	Face Value				Market value as at June 30, 2009		
		As at July 01, 2010	Purchases during the period	Sales/ matured during the period	As at September 30, 2010	Market Value as at September 30, 2010	Market value as a percentage of net assets	Market value as a percentage of total investment
(Rupees in '000)								
September 26, 2010	12 Months		250,000		-			
April 8, 2010	6 Months		125,000	50,000	75,000	74,833	8.18	8.84
					<u>75,000</u>	<u>74,833</u>		
<b>Carrying value as at September 30, 2010</b>						<u>74,850</u>		

#### 4.1.3 Term finance certificates - listed - 'at fair value through profit or loss'

All term finance certificates have a face value of Rs 5,000 each unless stated otherwise

Name of the investee company	Number of certificates / bonds				Market value as at September 30, 2010	Investment as a percentage of		
	As at July 01, 2010	Purchases during the period	Sales during the period	As at September 30, 2010		Net assets	Market value of total investments	Issue size
Rupees in '000' %								
Saudi Pak Leasing Company Limited (note 4.2.3)	10,000	-	-	10,000	27,283	2.98	3.22	5.83
United Bank Limited	5,000	-	5,000	-	-	-	-	-
	<u>15,000</u>		<u>5,000</u>	<u>10,000</u>	<u>27,283</u>	<u>2.98</u>	<u>3.23</u>	
<b>Carrying value as at September 30, 2010</b>						<u>37,485</u>		
<b>Provision for impairment loss as at September 30, 2010</b>						<u>10,202</u>		

# NAFA MULTI ASSET FUND

## 4.2.1 Term Finance Certificates - Available for sale

Name of investee company	Number of certificates / bonds				Market value as at September 30, 2010	Investment as a percentage of		
	As at July 01, 2010	Purchases during the period	Sales during the period	As at September 30, 2010		Net assets	Market value of total investments	Issue size
Rupees in '000'								
----- % -----								
<b>Term finance certificate - listed</b>								
Pakistan Mobile Communications Limited	5,000	-	-	5,000	19,587	2.14	2.31	0.59
<b>Term finance certificate - unlisted</b>								
Avari Hotel Limited	6,000	-	-	6,000	26,166	2.86	3.09	0.95
Engro Fertilizer Limited	2,000	-	-	2,000	9,340	1.02	1.10	0.25
Pakistan Mobile Communications Limited	15,000	-	-	15,000	37,417	4.09	4.42	2.14
Orix Leasing Pakistan Limited	600	-	-	600	46,750	5.11	5.52	1.20
				23,600	119,673			
<b>Sukuk bonds</b>								
Eden Builders Limited	4,902	-	-	4,902	20,471	2.24	2.42	1.23
Engro Fertilizer Limited	2,000	-	-	2,000	9,825	1.07	1.16	0.33
Maple Leaf Cement Factory Limited	17,688	-	-	17,688	66,288	7.25	7.83	1.11
New Allied Electronics Industries (Private) Limited (note 4.2.4)	32,000	-	-	32,000	-	-	-	1.56
Pak Electron Limited	8,000	-	-	8,000	25,163	2.75	2.97	2.62
Eden Housing Limited	10,000	-	-	10,000	26,803	2.93	3.17	5.99
Maple Leaf Cement Factory Limited II (note 4.2.5)	663	-	-	663	-	-	-	1.11
				75,253	148,550			
	<b>72,590</b>	<b>39,263</b>	<b>8,000</b>	<b>103,853</b>	<b>287,810</b>	<b>31.47</b>	<b>34.00</b>	

Carrying value as at September 30, 2010

333,322

Provision for impairment loss as at September 30, 2010

13,317

- 4.2.2 All term finance certificates have a face value of Rs 5,000 each except sukuk bonds of New Allied Electronics Industries (Pvt) Limited and Orix Leasing Pakistan Limited which have a face value of Rs 312.50 and Rs 100,000 each respectively.
- 4.2.3 This represents investment in listed term finance certificates with a term of five years. On September 13, 2010, the scheduled profit payment date, principal redemption of Rs.6.248 million and profit redemption of Rs 2.610 million were not received by the Fund. The management has recognised an impairment loss of Rs 10.202 million till September 30, 2010. The minimum amount of provision as per SECP circular no. 01 of 2009 amounts to Rs.10.621 million. The income suspended on these term finance certificates amounted to Rs.2.835 million.
- 4.2.4 New Allied Electronic Industries (Pvt) Limited defaulted on the amount of principal and mark-up due on the scheduled redemption dates [i.e. October 25, 2008 (only principal), January 25, 2009, April 25, 2009, July 25, 2009, October 25, 2009, January 25, 2010 and April 25, 2010 & July 25, 2010]. Hence, the Fund has provided for the amount of the investment by Rs.10 million in accordance with the provisioning policy approved by the Board of Directors of the Management Company and Circular 1 of 2009. Furthermore the Management Company has also provided suspended income of Rs.2.204 million.
- 4.2.5 This represents 2nd issue of sukuk by Maple Leaf Cement Factory Limited under a restructuring agreement with a face value of Rs 3.317million. As this issue represents overdue mark-up (note 5.2.3), the management has fully provided the amount of issue and has suspended income of Rs 0.114 million of this issue.



# NAFA MULTI ASSET FUND

Un-audited  
September 30,  
2010  
Audited  
June 30,  
2010  
(Rupees in '000)

## 5 DIVIDEND AND PROFIT RECEIVABLE

Dividend receivable on equity shares	7,495	2,376
Profit on savings and term deposits	865	812
Income accrued on term finance certificates and sukuk bonds	25,357	20,460
Less: Suspended income	5,150	(10,272)
	20,207	10,188
	<u>28,567</u>	<u>13,376</u>

## 6 ACCRUED EXPENSES AND OTHER LIABILITIES

Auditors' remuneration	98	260
Settlement charges payable	6	76
Payable to brokers	-	-
Dividend payable to brokers	493	493
Bank charges payable	63	62
Workers Welfare Fund payable	3,029	1,734
Others	812	692
	<u>4,501</u>	<u>3,317</u>

## 7 Commitments

NIL NIL

## 8 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 ninety 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 provision for taxation as the Management Company intends to distribute atleast 90 percent of the Fund's accounting income for the current year as reduced by capital gains (whether realised or unrealised) to its unit holders.

## 9 EARNINGS PER UNIT

Earnings per unit (EPU) for the year ended June 30, 2010 has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

## 10 DETAILS OF NON COMPLAINT INVESTMENT WITH THE INVESTMENT CRITERIA AS DEFINED BY THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

The Securities and Exchange Commission of Pakistan vide circular no. 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the circular. The Board has approved the category of the fund as 'Balanced Fund'.

In accordance with clause (iv) of the investment criteria laid down for 'Balanced scheme', the Fund is required to invest in debt security having rating not lower than A- (A Minus). Further, clause (v) of the said categorization criteria requires that the ratings of any banks and DFIs with which funds are placed should not be lower than AA- (Double A Minus). Clause (vii) of the said categorisation criteria also requires that the weighted average time to maturity of non equity assets shall not exceed 2 years. However, as at September 30, 2010, the Fund is in non-compliance with the above-mentioned requirements in respect of the following:

Type of Investment	Name of non-compliant investment	Value of investment before provision	Provision held, if any	Value of investment after provision	Percentage of net assets	Percentage of gross assets
-----Rupees in 000-----						
TFC*	Saudi Pak Leasing Company Limited	37,485	10,202	27,283	2.98	2.89
Sukuks**	Eden Housing Limited	26,803		26,803	2.93	2.84
Sukuks**	Maple Leaf Sukuk	66,288		66,288	7.25	7.02
Sukuks*	New Allied Electronics Limited	10,000	10,000	-	-	-
Sukuks*	Maple Leaf Cement Company Limited Second Issue	3,317	3,317	-	-	-

# NAFA MULTI ASSET FUND

SECP vide circular no. 16 of 2010 dated July 7, 2010 requires that a scheme presently non-compliant with this requirement complies with this requirement by December 31, 2010.

\* At the time of purchase, the TFCs and Sukuks were in compliance with the aforementioned circular, however they subsequently defaulted or were downgraded to non investment grade.

\*\* Performing but below grade

## 11 TRANSACTIONS WITH CONNECTED PERSONS

11.1 Connected persons include NBP Fullerton Asset Management Limited (Formerly National Fullerton Asset Management Limited) being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan (NBP) and Alexandra Fund Management Pte. Limited being the sponsors of the Fund / Management Company, other collective investment schemes managed by the Management Company, directors and officers of the Management Company and employee benefit funds of the Management Company.

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

	Un-audited Quarter Ended September 30, 2010	Un-audited Quarter Ended September 30, 2009
	(Rupees in '000)	

### 11.3 Details of the transactions with connected persons are as follows:

#### NBP Fullerton Asset Management Limited - Management Company (Formerly National Fullerton Asset Management Limited)

Management fee expense for the year	5,975	11,854
Front end load	14	702

#### National Bank of Pakistan - Sponsor

Cash Distribution	1,621	-
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#### Alexandra Fund Management Pte. Limited - Sponsor

Units redeemed / transferred out: 10,471,972 units (September 30, 2009: Nil units)	100,000	-
Bonus units issued: 511,879 units (September 30, 2009: Nil units)	187	-

#### Central Depository Company of Pakistan Limited - Trustee

Remuneration	476	726
CDS charges	34	199

#### Chief Financial Officer / Company Secretary

Units issued / transferred in: (September 30, 2009: 103,368 units)	-	989
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#### Employees of Management Company

Units issued / transferred in: Nil units (2009: September 30, 2009 41,418 units)	-	393
Units redeemed / transferred out: 2025 units (September 30, 2009: 28,001 units)	19	275
Bonus units issued: 522 units (September 30, 2009: Nil units)		

#### NAFA Islamic Income Fund

Units redeemed / transferred out: Nil units (September 30, 2009: 3,891,359 units)	-	36,920
Purchase of sukuk bonds	-	134,475

# NAFA MULTI ASSET FUND

	Un-audited September 30, 2010	Audited June 30, 2010
	(Rupees in '000)	
<b>Amounts outstanding as at year end</b>		
<b>11.4 NBP Fullerton Asset Management Limited - Management Company (Formerly National Fullerton Asset Management Limited)</b>		
Management fee payable	1,875	2,053
Others	304	288
<b>National Bank of Pakistan - Sponsor</b>		
Investment held in the Fund: 4,410,752 units (June 30, 2010: 4,410,752 units)	41,745	41,302
Balance in current account	620	4,532
<b>Alexandra Fund Management Pte. Limited - Sponsor</b>		
Investment held in the Fund: 2,638,635 units (June 30, 2010: 12,203,676 units)	24,973	117,974
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	150	164
CDS charges	6	76
Security deposit	100	100
<b>Employees of Management Company</b>		
Investment held in the Fund: 11,338units (June 30, 2010; 12,841 units)	107	120

**12 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue by the Board of Directors of the Management Company on \_\_\_\_\_

**13 GENERAL**

**13.1** Figures have been rounded off to the nearest thousand rupees.

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

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

Chief Executive

Director