


## 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. Choy Peng Wah	Director
Mr. Patrick Pang Chin Hwang	Director
Mr. Shehryar Faruque	Director
Mr. Kamal Amir Chinoy	Director
Dr. Amjad Waheed	Chief Executive Officer
Dr. Asif A. Brohi	Director

### Company Secretary & CFO of the Management Company

Mr. Muhammad Murtaza Ali

### Audit & Risk Committee

Mr. Choy Peng Wah	Chairman
Mr. Shahid Anwar Khan	Member
Mr. Shehryar Faruque	Member

### Trustee

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

### Bankers to the Fund

Allied Bank Limited  
Askari Bank Limited  
Atlas Bank Limited  
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  
Silk Bank Limited  
Soneri Bank Limited  
Standard Chartered Bank (PAK) Limited  
The Bank of Punjab  
United Bank Limited

# 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:**

NBP Corporate Branch  
3rd Floor, Park Lane Tower, near Shahjahan Banquet Hall,  
Officers Colony, Khanewal Road. Multan.  
Tel : 92-061-6214070  
Fax: 92-061-6214062  
UAN: 92-061-111-111-632

# 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 (reviewed) financial statements of NAFA Multi Asset Fund for the half year ended December 31, 2010.

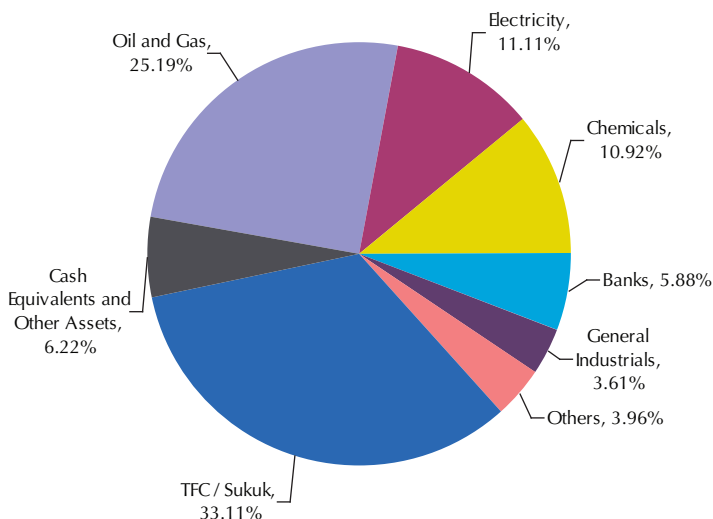
### Fund's Performance

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.10.6003 on December 31, 2010, thus showing a growth of 17.80%, as compared to its Benchmark (50% KSE-30 Index, 50% 3-Month KIBOR\*) return of 13.64% during the same period. Since inception (January 22, 2007), the unit price of the Fund has shown a growth of 38.98% as compared to 20.22% increase in its Benchmark. Thus, the Fund has outperformed its Benchmark by 18.76% 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.791 million during the period, i.e. a decline of 20.58%.

The stock market showed a buoyant trend during 1HFY11 and the KSE-30 Index gained 21.26%. During the period under review, the key factors that contributed to the strong performance of the market were healthy foreign inflows, robust corporate earnings and improvement in the country's external account.

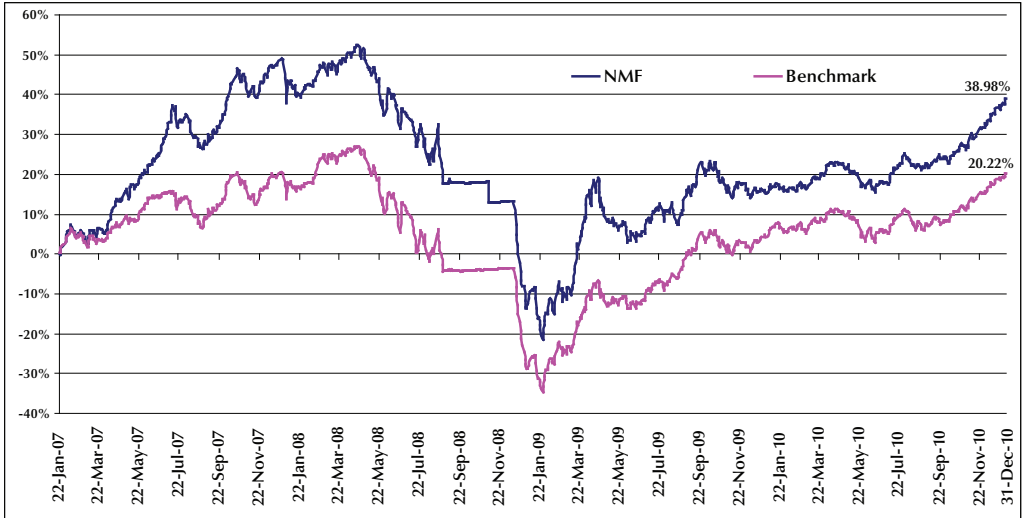
The fixed income market has also depicted some improvement. Although the prices of TFCs have not recovered yet these are still trading at significant discount to the par values. However, many non-performing TFCs have been restructured now. It is expected that gradually these TFCs will attract investors and start trading at par values again. In addition the floating rate nature of these debt securities make them attractive in the present rising interest rate environment.

The Fund has earned total income of Rs.162.04 million during the period. After deducting expenses of Rs.18.18 million, the net income is Rs.143.86 million, translating into earning per unit of Rs.1.6019. The asset allocation of the Fund as on December 31, 2010, is as follows:



# NAFA MULTI ASSET FUND

NMF Performance versus Benchmark (Since Inception)



\*Benchmark changed with effect from 15-12-2010. Previous Benchmark was 50% KSE-30 Index and 50% 1 month KIBOR.

## Income Distribution

The Board of Directors of the Management Company has approved an interim distribution of 2.70%.

## 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  
Date: February 18, 2011  
Place: Karachi.

Director

# NAFA MULTI ASSET FUND

## TRUSTEE REPORT TO THE UNIT HOLDERS NAFA MULTI ASSET FUND

### Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

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

In our opinion, the Management Company has in all material respects managed the Fund during the period from July 01, 2010 to December 31, 2010 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

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

Karachi, February 24, 2011

# 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, 2010, and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim cash flow statement and condensed interim statement of movement in unit holders' fund 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, 2010. The Management Company (NBP Fullerton Asset Management Company Limited) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim cash flow statement and condensed interim statement of movement in unit holders' fund for the quarters ended December 31, 2010 and 2009 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2010.

### Scope of Review

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2010 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants  
Engagement Partner: **Rashid A. Jafer**

Dated: February 18, 2011

Karachi



# NAFA MULTI ASSET FUND

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2010

	Note	Unaudited December 31, 2010	Audited June 30, 2010
-----Rupees in '000-----			
<b>ASSETS</b>			
Balances with banks		64,988	60,338
Investments	4	742,212	925,403
Receivable against sale of Investments		8,595	-
Dividend and profit receivable	5	20,037	13,376
Advances, deposits, prepayments and other receivables		2,698	3,641
Preliminary expenses and floatation costs		525	778
<b>Total assets</b>		<b>839,055</b>	<b>1,003,536</b>
<b>LIABILITIES</b>			
Payable to Management Company		1,726	2,341
Payable to the Trustee		137	164
Payable to Securities and Exchange Commission of Pakistan		382	1,153
Payable against purchase of investments		28,576	580
Payable against redemption of units		10,640	-
Accrued expenses and other liabilities	6	6,130	3,317
<b>Total liabilities</b>		<b>47,591</b>	<b>7,555</b>
<b>NET ASSETS</b>		<b>791,464</b>	<b>995,981</b>
<b>UNIT HOLDERS' FUND (As per statement attached)</b>		<b>791,464</b>	<b>995,981</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	7		
-----Number of Units-----			
<b>Number of units in issue</b>		<b>74,664,264</b>	<b>106,362,408</b>
-----Rupees-----			
<b>Net Asset Value per unit</b>		<b>10.6003</b>	<b>9.3640</b>

The annexed notes 1 to 14 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 (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010

	Note		Half year ended		Quarter ended	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
----- Rupees in '000 -----						
<b>INCOME</b>						
Capital gain on sale of investments	51,472	189,187	23,100	37,529		
Income from Term Finance Certificates and Sukuk bonds	27,153	24,896	9,226	7,413		
Income from government securities	2,907	-	507	-		
Dividend income	23,101	17,551	14,529	10,404		
Profit on bank deposits	3,616	7,397	1,411	4,272		
Unrealised appreciation / (diminution) in the value of investments classified as 'at fair value through profit or loss'	-	-	-	-		
	70,433	5,456	70,861	(91,830)		
<b>Total Income</b>	<b>178,682</b>	<b>244,487</b>	<b>119,634</b>	<b>(32,212)</b>		
<b>EXPENSES</b>						
Remuneration of the Management Company	11,241	20,853	5,266	8,999		
Remuneration of the Trustee	898	1,338	422	612		
Annual fee - Securities and Exchange Commission of Pakistan	382	709	179	306		
Securities transaction cost	1,943	9,138	835	3,508		
Settlement and bank charges	170	488	113	117		
Annual listing fee	20	15	10	8		
Legal and professional charges	25	60	10	60		
Auditors' remuneration	253	213	157	106		
(Reversal of provision) / provision against investments	(24,292)	32,148	89	26,429		
Printing expenses	12	178	(49)	178		
Fund rating fee	50	26	25	26		
Amortisation of preliminary expenses and floatation costs	253	253	127	127		
<b>Total Expenses</b>	<b>(9,045)</b>	<b>65,419</b>	<b>7,184</b>	<b>40,476</b>		
<b>Net income / (loss) from operating activities</b>	<b>187,727</b>	<b>179,068</b>	<b>112,450</b>	<b>(72,688)</b>		
Element of (loss) and capital (losses) included in prices of units issued less those in units redeemed	(40,928)	(80,749)	(30,316)	(58,681)		
Provision for Workers' Welfare Fund	(2,936)	-	(1,643)	-		
<b>Net income / (loss) for the period before taxation</b>	<b>143,863</b>	<b>98,319</b>	<b>80,491</b>	<b>(131,369)</b>		
<b>Taxation</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>-</b>		
<b>Net income / (loss) for the period after taxation</b>	<b>143,863</b>	<b>98,319</b>	<b>80,491</b>	<b>(131,369)</b>		
<b>Earnings / (loss) per unit</b>	<b>10</b>					

The annexed notes 1 to 14 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 STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010

	Half year ended		Quarter ended	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
	----- Rupees in '000 -----			
Net income / (loss) for the period after taxation	143,863	98,319	80,491	(131,369)
<b>Other comprehensive income</b>				
Net unrealised appreciation / (diminution) in the value of investments classified as 'available for sale'	(39,088)	12,349	(6,893)	11,639
<b>Total comprehensive income / (loss) for the period</b>	<u>104,775</u>	<u>110,668</u>	<u>73,598</u>	<u>(119,730)</u>

The annexed notes 1 to 14 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 (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010

	Half year ended		Quarter ended	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
	----- Rupees in '000 -----			
Accumulated loss brought forward	(113,994)	(320,971)	(71,977)	(62,057)
Final distribution for the year ended June 30, 2010: 3.656% (Date of distribution: July 05, 2010) (2009: Nil units)				
- Bonus units	(37,264)	-	-	-
- Cash distribution	(1,622)	-	-	-
Interim distribution for the quarter ended September 30, 2009: 1.290% (Date of distribution: October 28, 2009)				
- Bonus units	-	(18,316)	-	(18,316)
- Cash distribution	-	(575)	-	(575)
Net income / (loss) for the period	143,863	98,319	80,491	(131,369)
Element of income and capital gains included in prices of units issued less those in units redeemed	50,723	110,930	33,192	81,704
<b>(Accumulated loss) / undistributed income carried forward</b>	<u>41,706</u>	<u>(130,613)</u>	<u>41,706</u>	<u>(130,613)</u>

The annexed notes 1 to 14 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 (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010

	Half year ended		Quarter ended	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
	----- Rupees in '000 -----			
<b>Net assets at the beginning of the period</b>	995,981	1,777,387	914,715	1,855,511
Issue of 367,418 units (2009: 11,808,247 units)	3,430	93,391	816	53,974
Redemption of 36,206,735 units (2009: 93,809,974 units)	(352,028)	(902,342)	(217,779)	(688,583)
	(348,598)	(808,951)	(216,963)	(634,609)
Final distribution of 4,141,173 bonus Units for the year ended June 30, 2010: 3.656%	37,264	-	-	-
Interim distribution of bonus units for the quarter ended September 30, 2009: 1.290%	-	18,316	-	18,316
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed				
- amount representing (income) / loss and capital (gains) / losses - transferred to Income Statement	40,928	80,749	30,316	58,681
- amount representing (income) / loss that form part of the unitholders' funds - transferred to distribution statement	(50,723)	(110,930)	(33,192)	(81,704)
	(9,795)	(30,181)	(2,876)	(23,023)
Net unrealised appreciation / (diminution) in the value of investments classified as 'available for sale'	(39,088)	12,349	(6,893)	11,639
Capital gain on sale of investments	51,472	189,187	23,100	37,529
Unrealised appreciation / (diminution) in the value of investments classified as 'at fair value through profit or loss'	70,433	5,456	70,861	(91,830)
Other income (net of expenses)	21,958	(96,324)	(13,470)	(77,068)
	143,863	98,319	80,491	(131,369)
<b>Distribution:</b>				
Final distribution for the year ended June 30, 2010: 3.656%				
- Bonus units	(37,264)	-	-	-
- Cash distribution	(1,622)	-	-	-
Interim distribution for the quarter ended September 30, 2009: 1.290%				
- Bonus units	-	(18,316)	-	(18,316)
- Cash distribution	-	(575)	-	(575)
Reversal of unrealized diminution in the value of investments pertaining to impairment of non-performing assets	-	-	(10,202)	-
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed				
- transferred to distribution statement	50,723	110,930	33,192	81,704
<b>Net assets as at the end of the period</b>	<u>791,464</u>	<u>1,159,278</u>	<u>791,464</u>	<u>1,159,278</u>

The annexed notes 1 to 14 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 (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010

	Half year ended		Quarter ended	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
----- Rupees in '000 -----				
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net income / (loss) for the period	143,863	98,319	80,491	(131,369)
<b>Adjustments</b>				
Unrealised (appreciation) / diminution in the value of investments classified as 'at fair value through profit or loss'	(70,433)	(5,456)	(70,861)	91,830
Amortization of preliminary expenses and floatation costs	253	253	127	127
Element of loss and capital losses included in prices of units issued less those in units redeemed	40,928	80,749	30,316	58,681
	<u>114,611</u>	<u>173,865</u>	<u>40,073</u>	<u>19,269</u>
<b>Decrease / (increase) in assets</b>				
Investments - net	214,536	478,889	158,165	404,258
Receivable against sale of investments	(8,595)	16,473	(8,595)	126,889
Advances, deposits, prepayments and other receivables	943	(2,624)	961	7,705
Dividend and profit receivable	(6,661)	(357)	8,530	13,406
	<u>200,223</u>	<u>492,381</u>	<u>159,061</u>	<u>552,258</u>
<b>(Decrease) / increase in liabilities</b>				
Payable to Management Company	(615)	(1,498)	(453)	(1,452)
Payable to the Trustee	(27)	(43)	(13)	(54)
Payable to Securities and Exchange Commission of Pakistan	(771)	(1,106)	179	306
Payable against purchase of investments	27,996	-	6,382	(56,441)
Accrued expenses and other liabilities	2,813	(16,084)	1,629	480
	<u>29,396</u>	<u>(18,731)</u>	<u>7,724</u>	<u>(57,161)</u>
<b>Net cash inflow from operating activities</b>	<u>344,230</u>	<u>647,515</u>	<u>206,858</u>	<u>514,366</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Receipts from issue of units	3,430	93,391	816	53,974
Payments on redemption of units	(341,388)	(902,342)	(207,192)	(705,502)
Distribution paid	(1,622)	(575)	-	(575)
<b>Net cash outflow on financing activities</b>	<u>(339,580)</u>	<u>(809,526)</u>	<u>(206,376)</u>	<u>(652,103)</u>
<b>Net (decrease) / increase in cash and cash equivalents during the period</b>	<u>4,650</u>	<u>(162,011)</u>	<u>482</u>	<u>(137,737)</u>
Cash and cash equivalents at the beginning of the period	60,338	188,357	64,506	164,083
<b>Cash and cash equivalents at the end of the period</b>	<u>64,988</u>	<u>26,346</u>	<u>64,988</u>	<u>26,346</u>

The annexed notes 1 to 14 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 AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE PERIOD AND QUARTER ENDED DECEMBER 31, 2010

## 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 the 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, 2010, it has been assigned short term performance ranking of '3 star'.

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

## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of IAS 34: 'Interim Financial Reporting' (IAS 34), the Trust Deed, Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules), Non Banking Finance Companies and Notified Entities Regulations 2008 (NBFC Regulations) and the directives issued by the SECP. In cases where requirements differ, the requirements of the Trust Deed, NBFC Rules, NBFC Regulations or the said directives take precedence.

2.2 These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2010.

2.3 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 the Code of Corporate Governance. Accordingly, the Board of Directors of the Management Company declare that these condensed interim financial statements give a true and fair view of state of affairs of the Fund.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements for the year ended June 30, 2010.

# NAFA MULTI ASSET FUND

## 3.1 Standards, interpretations and amendments to published approved accounting standards that are effective from January 1, 2010

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that became effective during the period and are mandatory for accounting periods beginning on or after January 1, 2010 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are, therefore, not disclosed in these condensed interim financial statements.

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

The following revised standard has been published and is mandatory for accounting periods beginning on or after January 1, 2011:

IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Fund will apply the revised standard from July 1, 2011. The Fund is currently in the process of assessing the impact, if any, of the revised standard on the related party disclosures.

There are other amendments to the standards, improvements to International Financial Reporting Standards 2010 and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2011 but were considered not to be relevant or did not have any significant effect on the Fund's operations and are therefore not detailed in these condensed interim financial statements.

## 3.3 Net Asset Value per unit

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

	Note	Unaudited December 31, 2010	Audited June 30, 2010
Rupees in '000			
<b>4 INVESTMENTS</b>			
<b>4.1 At fair value through profit or loss</b>			
Equity securities - listed	4.1.1	480,185	575,212
Term finance certificates - listed	4.1.3	24,782	51,031
		504,967	626,243
<b>4.2 Available for sale</b>			
Term finance certificates - listed	4.2.1	21,825	21,625
Term finance certificates - unlisted	4.2.1	82,425	128,165
Sukuk bonds	4.2.1	132,995	149,370
		237,245	299,160
		742,212	925,403



# NAFA MULTI ASSET FUND

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

Name of the investee company	Number of shares					Market value as at December 31, 2010	Investment as a percentage of		
	As at July 1, 2010	Purchases during the period	Bonus / right shares	Sales during the period	As at December 31, 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	159,030	23,885	144,701	48,008	16,059	2.03	2.16	0.07
Attock Refinery Limited	300	223,700	-	224,000	-	-	-	-	-
National Refinery Limited	16,322	37,700	-	16,322	37,700	10,322	1.30	1.39	0.05
Oil & Gas Development Company Limited	519,707	96,000	-	494,000	121,707	20,791	2.63	2.80	-
Pakistan Oilfields Limited	185,880	546,300	-	470,500	261,680	77,447	9.79	10.43	0.11
Pakistan Petroleum Limited	364,452	500,700	79,690	602,900	341,942	74,253	9.38	10.00	0.03
Pakistan State Oil Company Limited	74,932	65,100	-	138,300	1,732	511	0.06	0.07	-
<b>Chemicals</b>									
Engro Corporation Limited	55,755	112,500	-	122,500	45,755	8,868	1.12	1.19	0.01
Fauji Fertilizer Bin Qasim Limited	760,000	2,080,000	-	2,007,000	833,000	29,763	3.76	4.01	0.09
Fauji Fertilizer Company Limited	741,500	702,920	-	1,118,000	326,420	41,083	5.19	5.54	0.05
Lotte Pakistan PTA	-	845,000	-	355,000	490,000	6,713	0.85	0.90	0.03
Fatima Fertilizer Company Limited	375	264	-	639	-	-	-	-	-
<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	-	256,000	-	-	-	-	-
Maple Leaf Cement Factory Limited	-	-	-	-	-	-	-	-	-
<b>General Industrials</b>									
Thal Limited	203,558	84,500	43,812	112,501	219,369	28,573	3.61	3.85	0.38
<b>Industrial Engineering</b>									
Al Ghazi Tractors Limited	21,594	25,300	-	46,894	-	-	-	-	-
Millat Tractors Limited	-	15,800	3,950	19,750	-	-	-	-	-
<b>Automobile and Parts</b>									
Indus Motor Company Limited	13,978	-	-	13,978	-	-	-	-	-
<b>Personal Goods</b>									
AMTEX Limited	1,363,534	-	131,649	1,495,034	149	1	0.00	0.00	-
Azgard Nine Limited (Non-voting shares)	807,000	-	-	-	807,000	12,105	1.53	1.63	0.15
Nishat Mills Limited	700	-	-	700	-	-	-	-	-

# NAFA MULTI ASSET FUND

Name of the investee company	Number of shares					Market value as at December 31, 2010	Investment as a percentage of		
	As at July 1, 2010	Purchases during the period	Bonus / right shares	Sales during the period	As at December 31, 2010		Net assets	Market value of total investments	Paid Up Capital of the investee company
						(Rupees in '000)	-----%-----		
<b>Media</b>									
Eye Television Network Limited	457,934	-	-	-	457,934	10,784	1.36	1.45	0.92
<b>Fixed Line Telecommunication</b>									
Pakistan Telecommunication Company Limited	1,156,980	405,000	-	1,316,000	245,980	4,777	0.60	0.64	0.07
Wateen Telecom Limited	1,000,000	-	-	-	1,000,000	3,640	0.46	0.49	0.16
<b>Electricity</b>									
The Hub Power Company Limited	2,355,934	1,735,000	-	2,554,500	1,536,434	57,478	7.26	7.74	0.13
Nishat Power Limited	-	2,878,000	-	1,000,000	1,878,000	30,480	3.85	4.11	0.53
<b>Banks</b>									
Habib Bank Limited	-	92,000	-	92,000	-	-	-	-	-
MCB Bank Limited	217,149	133,500	-	247,200	103,449	23,642	2.99	3.19	0.01
Meezan Bank Limited	95,025	351,000	-	114,132	331,893	5,609	0.71	0.76	0.05
National Bank of Pakistan	434,518	572,500	-	782,000	225,018	17,286	2.18	2.33	0.02
United Bank Limited	494	161,000	-	161,494	-	-	-	-	-
<b>Financial Services</b>									
Arif Habib Securities Limited	883	-	-	883	-	-	-	-	-
	<u>11,320,804</u>	<u>12,157,814</u>	<u>282,986</u>	<u>14,448,434</u>	<u>9,313,170</u>	<u>480,185</u>			
Carrying value as at December 31, 2010						<u>419,954</u>			

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

4.1.1 Investments include shares with market value of Rs 218.701 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				Investment as a percentage of		
		As at July 01, 2010	Purchases during the period	Sales / matured during the period	As at December 31, 2010	Net assets	Market value of total investments	Paid Up Capital of the investee company
(Rupees in '000)								
September 26, 2010	12 Months	-	250,000	250,000	-	-	-	-
April 8, 2010	6 Months	-	125,000	125,000	-	-	-	-
September 9, 2010	3 Months	-	50,000	50,000	-	-	-	-
December 2, 2010	3 Months	-	30,000	30,000	-	-	-	-
		-	<u>455,000</u>	<u>455,000</u>	-	-	-	-
Carrying value as at December 31, 2010								

# NAFA MULTI ASSET FUND

## 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 December 31, 2010	Investment as a percentage of		
	As at July 1, 2010	Purchases during the period	Sales during the period	As at December 31, 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	24,782	3.13	3.35	5.83
United Bank Limited	5,000	-	5,000	-	-	-	-	-
	<u>15,000</u>	<u>-</u>	<u>5,000</u>	<u>10,000</u>	<u>24,782</u>			
Carrying value as at December 31, 2010					<u>26,413</u>			
Provision for impairment loss as at December 31, 2010					<u>11,833</u>			

## 4.2.1 Term Finance Certificates - Available for sale

Name of the investee company	Number of certificates / bonds				Market value as at December 31, 2010	Investment as a percentage of		
	As at July 1, 2010	Purchases during the period	Sales during the period	As at December 31, 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	21,825	2.76	2.94	0.59
<b>Term finance certificate - unlisted</b>								
Pakistan Mobile Communications Limited	15,000	-	15,000	-	-	-	-	-
Avari Hotel Limited	6,000	-	-	6,000	24,351	3.08	3.28	0.95
Engro Fertilizer Limited	2,000	-	-	2,000	8,850	1.12	1.19	0.25
Orix Leasing Pakistan Limited	600	-	-	600	49,224	6.22	6.63	1.20
				<u>8,600</u>	<u>82,425</u>			
<b>Sukuk bonds</b>								
Eden Builders Limited	4,902	-	-	4,902	19,215	2.43	2.59	1.23
Engro Fertilizer Limited	2,000	-	-	2,000	10,000	1.26	1.35	0.33
Maple Leaf Cement Factory Limited	17,688	-	-	17,688	55,418	7.00	7.47	1.11
New Allied Electronics Industries (Private) Limited (note 4.2.4)	32,000	-	-	32,000	-	-	-	-
Pak Electron Limited	8,000	-	-	8,000	22,527	2.85	3.04	2.62
Eden Housing Limited	10,000	-	-	10,000	25,835	3.26	3.48	5.99
Maple Leaf Cement Factory Limited II (note 4.2.5)	663	-	-	663	-	-	-	-
				<u>75,253</u>	<u>132,995</u>			
	<u>103,853</u>	<u>-</u>	<u>15,000</u>	<u>88,853</u>	<u>237,245</u>			
Carrying value as at December 31, 2010					<u>289,650</u>			
Provision for impairment loss as at December 31, 2010					<u>13,317</u>			

# NAFA MULTI ASSET FUND

- 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 2.611. million were not received by the Fund. The management has recognised an impairment loss of Rs 11.833 million till December 31, 2010. The income suspended on these term finance certificates amounted to Rs.3.538 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, April 25, 2010, July 25, 2010 & October 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 suspended income of Rs.2.380 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, the management has fully provided the amount of issue and has suspended income of Rs 0.117 million of this issue.

Unaudited December 31, 2010	Audited June 30, 2010
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-----Rupees in '000-----

## 5 DIVIDEND AND PROFIT RECEIVABLE

Dividend receivable on equity shares	183	2,376
Profit on savings and term deposits	469	812
Income accrued on Term Finance Certificates and Sukuk Bonds	25,420	20,460
Less suspended income	(6,035)	(10,272)
	19,385	10,188
	20,037	13,376

Unaudited December 31, 2010	Audited June 30, 2010
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-----Rupees in '000-----

## 6 ACCRUED EXPENSES AND OTHER LIABILITIES

Auditors' remuneration	254	260
Settlement charges payable	7	76
Dividend payable to brokers	493	493
Worker's Welfare Fund	4,670	1,734
Others	706	754
	6,130	3,317

# NAFA MULTI ASSET FUND

## 7 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2010.

## 8 PROVISION FOR WORKERS' WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication. However, without prejudice to the above, the Management Company made a provision for WWF contribution in the annual financial statements for the year ended June 30, 2010.

Subsequent to the year ended June 30, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However, on December 14, 2010, the Ministry has filed its response against the constitutional petition requesting the Court to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in the Court.

As the matter relating to levy of WWF is currently pending in the court, the Management Company, as a matter of abundant caution, has decided to retain the provision for WWF amounting to Rs 4.670 million in these condensed interim financial statements.

## 9 TAXATION

No provision for taxation has been made as 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 realised and unrealised, is distribution amongst the unit holders. The Management Company, on behalf of the Fund, intends to distribute at least 90 percent of such accounting income relating to the year ending June 30, 2011 to its unit holders. Accordingly, no tax liability has been recorded in the current period.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

## 10 EARNINGS / (LOSS) PER UNIT

Earnings per unit has not been disclosed as in the opinion of the management determination of cumulative weighted average number of outstanding units for calculating earnings / (loss) per unit is not practicable.

## 11 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 Management Company classified NAFA Multi Asset Fund (the Fund) as 'Balanced Scheme' in accordance with the said circular. As at December 31, 2010, the Fund is compliant with all the requirements of the said circular except for clause 2(iv) which requires that rating of any debt security in the portfolio shall not be lower than A- (A Minus), clause 2(vi) which requires that rating of any bank with which funds are placed should not be lower than AA(-) (double A Minus) and clause 2(vii) which requires that the weighted average time to maturity of non-equity assets shall not exceed 2 years.

# NAFA MULTI ASSET FUND

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
<b>1) Investment in Debt Securities</b>						
	a) Saudi Pak Leasing Company Limited-TFC	36,615	11,833	24,781	3.13	2.95
	b) Maple Leaf Cement factory Limited - Sukuk *	55,418	-	55,418	7.00	6.60
	c) Eden Housing Industries Private Limited - Sukuk*	25,835	-	25,835	3.26	3.08
	d) New Allied Electronics Limited	10,000	10,000	-	-	-
	e) Maple Leaf Cement Company Limited-Sukuk II	3,317	3,317	-	-	-
<b>2) Balances with banks</b>						
	Silk bank limited	397	-	397	0.05	0.05
	KASB Bank limited	72	-	72	0.01	0.01
<b>3) Weighted average time to maturity of the non-equity assets **</b>						
	Non-equity assets of the Fund	287,177	25,150	262,027	33.11	31.23

\* Performing but below investment grade

\*\* The weighted average time to maturity of the non-equity assets is 2.71 years.

11.1 At the time of purchase, the said Sukuks were in compliance with the requirements of the circular (i.e. investment grade) and were subsequently downgraded due to default in payments of due principal and markup.

11.2 The management is taking steps to ensure compliance with the above requirements.

## 12 TRANSACTIONS WITH CONNECTED PERSONS

12.1 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 and Alexandra Fund Management Pte. Limited being the sponsors, other collective investment schemes managed by the Management Company and directors and executives of the Management Company.

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

12.3 Remuneration and front - end load payable to the Management Company and remuneration payable to the Trustee are determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

### 12.4 Transactions during the period

	----- (Un-audited) -----			
	Half year ended		Quarter ended	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
----- Rupees in '000 -----				
<b>Management Company</b>				
Management fee expense for the period	11,241	20,853	5,266	8,999
Front end load	19	1,202	5	500
<b>National Bank of Pakistan - Sponsor</b>				
Cash dividend paid	1,612	-	-	-
Units redeemed	-	30,000	-	-
(Nil units; December 31, 2009: 3,089,248 units)				

# NAFA MULTI ASSET FUND

	----- (Un-audited) -----			
	Half year ended		Quarter ended	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
	----- Rupees in '000 -----			
<b>Alexandra Fund Management Pte. Limited - Sponsor</b>				
Units redeemed / transferred out (13,035,679 units; December 31, 2009: Nil units)	124,970	-	24,970	-
Bonus Units Issued (511,879 units; December 31, 2009: 164,293 units)	-	-	-	-
<b>Company Secretary / CFO</b>				
Units issued / Transfer in ( Nil units; December 31, 2009: 103,368 units)	-	989	-	-
Units redeemed / Transfer out (Nil units; December 31, 2009: 103,368 units)	-	1,030	-	1,030
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Remuneration	898	1,338	422	612
CDS charges	54	299	20	100
<b>NAFA Cash Fund</b>				
TFC's purchased	-	56,595	-	56,595
<b>NAFA Islamic Income Fund</b>				
Purchase of sukuk bonds	-	134,475	-	-
Units redeemed (Nil units; December 31, 2009: 3,891,359 units)	-	36,920	-	-
<b>Executives of Management Company</b>				
Bonus Units Issued (25 units: December 31, 2009: 206 units)	-	-	-	-
Units redeemed Nil units (2009: 25,744 units)	-	254	-	254

# NAFA MULTI ASSET FUND

	Unaudited December 31, 2010	Audited June 30, 2010
	-----Rupees in '000-----	
<b>12.5 Balances outstanding as at period / year end</b>		
<b>NBP Fullerton Asset Management Limited - Management Company (Formerly National Fullerton Asset Management Limited)</b>		
Management fee payable	1,710	2,053
Others	16	288
<b>National Bank of Pakistan - Sponsor</b>		
Investment held by the Sponsor in the Fund (4,410,752 units; June 30, 2010: 4,410,752 units)	46,755	41,302
Balance in current account	790	4,532
<b>Alexandra Fund Management Pte. Limited - Sponsor</b>		
Investment held by the Sponsor in the Fund (74,928 units; June 30, 2010: 12,598,728 units)	794	117,974
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	137	164
CDC charges payable	4	76
Security deposit	100	100
<b>Executives of Management Company</b>		
Investment held in the Fund (634 units; June 30, 2010: 609 units)	7	6

## 13 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 18, 2011.

## 14 GENERAL

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

14.2 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.

14.3 Corresponding figures have been rearranged and reclassified, where necessary, for the purpose of comparison. No significant reclassifications have been made to the corresponding figures during the period.

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

Chief Executive

Director