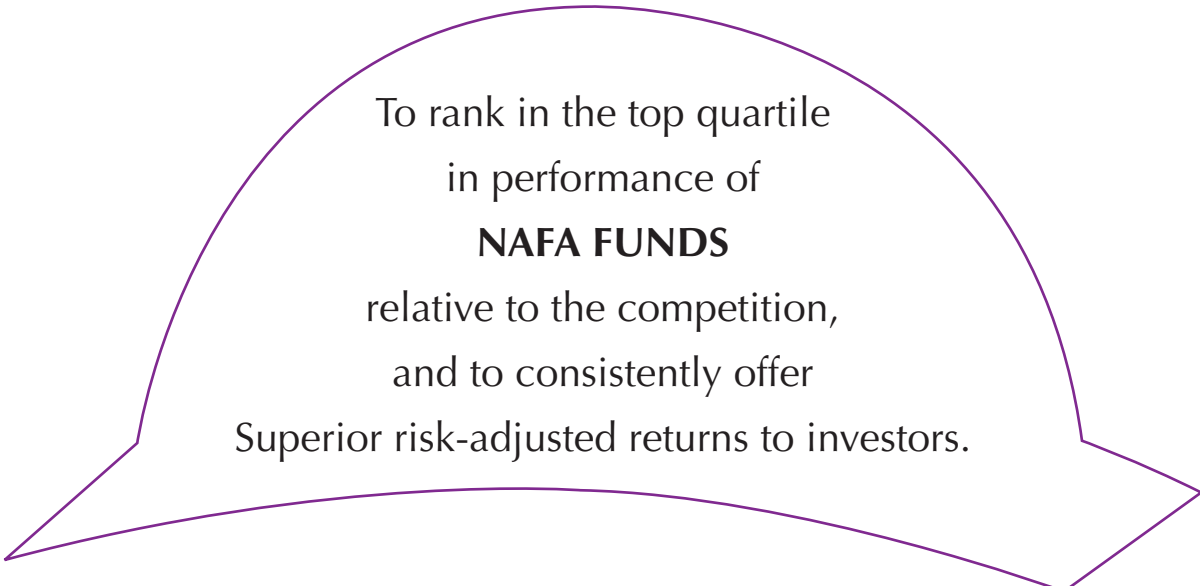


MISSION STATEMENT



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

Board of Directors of the Management Company

Mr. Shahid Anwar Khan	Chairman
Syed Ahmed Iqbal Ashraf	Director
Mr. Wah Geok Sum	Director
Mr. Patrick Pang Chin Hwang	Director
Mr. Shehryar Faruque	Director
Mr. Kamal Amir Chinoy	Director
Dr. Asif A. Brohi	Director
Dr. Amjad Waheed	Chief Executive Officer

Company Secretary & CFO of the Management Company

Mr. Muhammad Murtaza Ali

Audit & Risk Committee

Mr. Patrick Pang Chin Hwang	Chairman
Mr. Shehryar Faruque	Member
Syed Ahmed Iqbal Ashraf	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
Summit 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:

House # 10 - A, Block -S, Gulberg - II, Lahore.
UAN: (+92-42) 111-111-NFA (632)
Fax No: (+92-42) 35760373

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 is pleased to present the Fifth Annual Report of **NAFA Multi Asset Fund** for the year ended June 30, 2011.

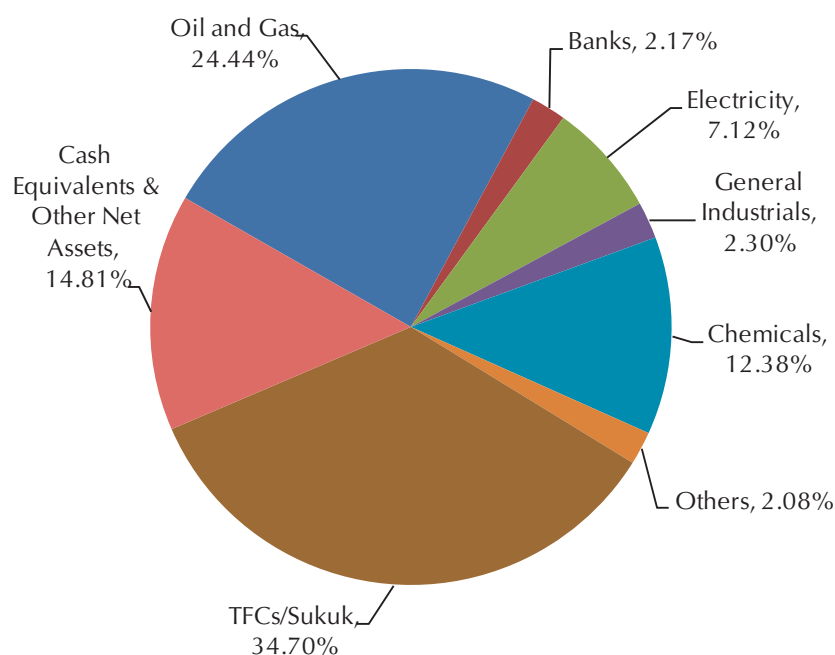
Fund's Performance

During the FY 2010-11, the stock market (KSE-30 Index) rose by 21.24% driven by healthy corporate earnings; improvement in external accounts; and positive foreign portfolio investment flows. Oil & Gas, Chemicals, Industrial Engineering and Electricity sectors outperformed the market. While Banking, Financial Services, Fixed Line Communications and Construction & Materials sectors lagged the market. In the Fixed Income portfolio, there continues to be a marginal improvement in market's demand for debt securities. Many of the non-performing securities have been restructured within this fiscal year. The coupon rates of all TFCs in your Fund are floating and linked to KIBOR, which reduces interest rate risk.

During the fiscal year, the return on NAFA Multi Asset Fund was 25.30% as against its benchmark (50% KSE-30 Index, 50% 3-Month KIBOR) return of 17.46%. Thus an out-performance of 7.84% during the year. The key factor for out-performance of the Fund was that some of the holdings in the Oil & Gas Exploration, Power and Fertilizer sub-sectors performed better than the market. Furthermore, our under-weight stance in the key companies in Cement, Oil & Gas Marketing sub-sectors and Banking sector that lagged the market also contributed to the out-performance of the Fund. Since, launch (January 22, 2007) the Fund has risen by 47.83%, whereas the benchmark has risen by 24.26%.

NAFA Multi Asset Fund has earned a total income of Rs.172.80 million during the year. After deducting total expenses of Rs.30.56 million, the net income is Rs.142.24 million. During the year, the unit price of NAFA Multi Asset Fund has increased from Rs.7.4036 on June 30, 2010 (distribution adjusted) to Rs.9.2769 (Ex-Div) on June 30, 2011.

The asset allocation of NAFA Multi Asset Fund as on June 30, 2011 is as follows:



NAFA MULTI ASSET FUND

Income Distribution

In addition to interim distribution of 6%, the Board of Directors of the Management Company has also approved a final distribution of 16%, translating into total distribution of 22% of opening ex-NAV (19.7970% of the par value). After final distribution, the net asset value per unit will be Rs.9.2769 on June 30, 2011.

Taxation

As the above distribution is more than 90% of the income earned during the year, excluding realized and unrealized capital gains on investments, the Fund is not subject to tax under Clause 99 of the Part I of the Second Schedule of the Income Tax Ordinance, 2001.

Auditors

Messrs A.F.Ferguson & Co., Chartered Accountants, has completed their five year tenure in the capacity of Auditor of the Fund. As per the requirement of Regulation 38(i) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, their replacement would be required. The Board has approved the appointment of Messrs M. Yousuf Adil Saleem & Co., Chartered Accountants for the year ending June 30, 2012.

Directors' Statement in Compliance with Code of Corporate Governance

1. The financial statements, prepared by the management company, present fairly the state of affairs of the Fund, the result of its operations, cash flows and statement of movement in unit holders' funds.
2. Proper books of account of the Fund have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
4. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Fund's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
8. A performance table/ key financial data is given in this annual report.
9. Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements.
10. The Board of Directors of the Management Company held five meetings during the current financial year. The attendance of all directors is disclosed in the note 24 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 23 to these financial statements.
12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 20 to these financial statements.

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

Dr. Amjad Waheed, CFA
Chief Executive

Shahid Anwar Khan
Chairman

Date: September 29, 2011
Place: Karach

NAFA MULTI ASSET FUND

TRUSTEE REPORT TO THE UNIT HOLDERS NAFA MULTI ASSET FUND

Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V 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, as the Management Company and Central Depository Company of Pakistan Limited, as the Trustee.

In our opinion, the Management Company has in all material respects managed the Fund during the year ended June 30, 2011 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.

We would like to draw unit holders attention towards the directives of the Securities and Exchange Commission of Pakistan issued vide Circulars # 1 of 2009 and 3 of 2010, which require that the debt securities shall only be reclassified as performing on receipt of all arrears i.e. principal as well as interest for the next two installments. The sukuk certificates of Maple Leaf Cement Factory Limited (MLCFL) were classified as performing in September 2010 respectively based on the restructured plan approved in March 2010.

The Management Company while complying the same has reclassified these sukuk certificates as performing, however, has not accrued the mark - up till October 13, 2010. Thereafter the Management Company started accruing the mark up completely from October 14, 2010. The Management Company has informed us that the same has been done on prudence basis, considering the underlying risk of realisability of the deferred mark-up which will be received in future periods. Moreover, it would be pertinent to note that subsequent to the year end MLCFL has shown their inability to fulfill obligation with respect to coupon payment of mentioned sukuk certificates.

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

Karachi, October 21, 2011

NAFA MULTI ASSET FUND

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2011

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of Listing Regulations of the Lahore Stock Exchange for the purpose of establishing a framework of good Governance, whereby a listed Company is managed in compliance with the best practice of corporate governance.

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

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

1. The Management Company encourages representation of independent non-executive directors. At present the Board consists of seven non-executive directors including two independent directors. The Management Company is not listed on any stock exchange and therefore does not have minority interest.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies.
3. All the resident directors of the Management Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Casual vacancies occurred during the year in the Board of the Management Company due to resignation of Mr. Gerard Lee How Cheng and Mr. Qamar Hussain was filled by Mr. Choy Peng Wah and Syed Iqbal Ashraf on November 15, 2010 and March 25, 2011. Further, the casual vacancy due to resignation of Mr. Choy Peng Wah was filled by Mr. Wah Geok Sum on February 18, 2011.
5. The Management Company has adopted a "Code of Business Ethics and Business Practices", which has been acknowledged by all the directors and distributed to employees of the Management Company.

NAFA MULTI ASSET FUND

6. The Board has developed a vision/mission statement overall corporate strategy and significant policies of the Fund. A complete record of the particulars along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter during the year. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated.
9. The related party transactions have been placed before the Audit Committee and approved by the Board of Directors with necessary justification for non arm's length transactions if any, and pricing methods for transactions that were made on terms equivalent to those that prevail in the arm's length transactions only if such terms can be substantiated.
10. All the members of Board are well aware of operations of the Fund and Management Company, therefore no orientation courses were arranged during the year.
11. The Board has approved the appointment of Head of Internal Audit and his terms of employment.
12. Directors' Report has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
13. The financial statements of the Fund were duly endorsed by CEO and CFO before approval of the Board.
14. The Directors, CEO and Executives do not hold units of the Fund other than those disclosed in note 20 to the financial statements "Transactions with Connected Persons".
15. The Management Company has complied with the corporate and financial reporting requirements of the Code with respect to the Fund.
16. The Board has formed an Audit Committee. It comprises three members, all of whom are non-executive directors including the chairman of the Committee.
17. The meetings of the Audit Committee were held at least once every quarter prior to approval of the interim and final results of the Fund as required by the Code. Terms of Reference of the Audit Committee have been prepared and advised to the Committee for compliance.

NAFA MULTI ASSET FUND

18. There exists an effective internal audit function within the Management Company. The Management Company has appointed the Head of Internal Audit, who is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Fund.
19. The Statutory Auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouse and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan.
20. The Statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. We confirm that all other material principles contained in the Code have been complied with.

Dated: September 29, 2011
Karachi

Dr. Amjad Waheed, CFA
Chief Executive Officer

NAFA MULTI ASSET FUND

FUND MANAGER REPORT

NAFA Multi Asset Fund

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

Investment Objective of the Fund

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

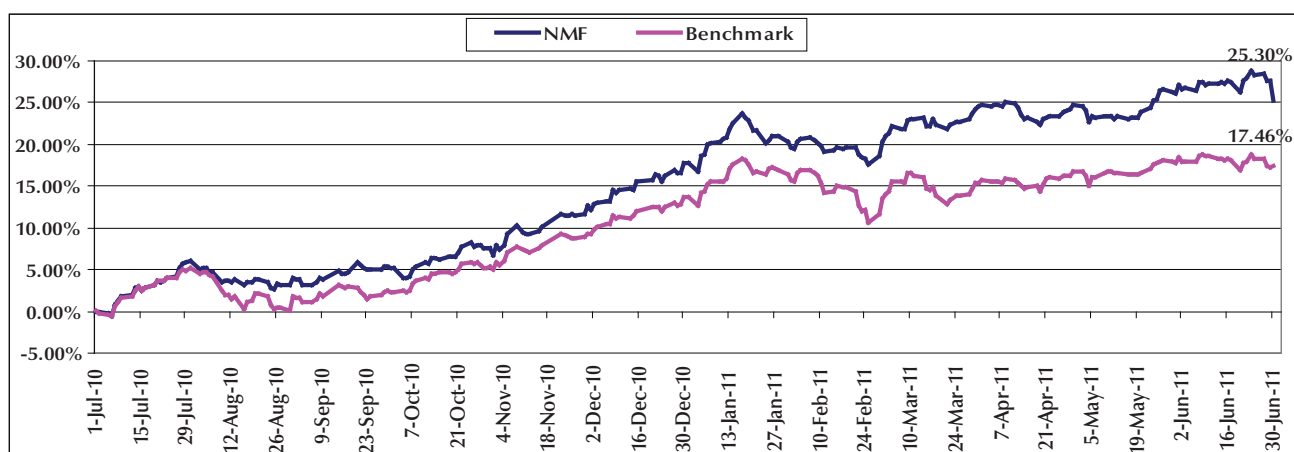
Benchmark

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

Fund Performance Review

During the year under review, NAFA Multi Asset Fund's (NMF) Net Asset Value (NAV) increased by 25.30%, whereas the benchmark, 50% KSE-30 Index and 50% 1-month KIBOR, increased by 17.46%, thus an out-performance of 7.84% was recorded. This out-performance is net of management fee and all other expenses. Thus, NMF has met its investment objective. We continued to follow our strategy of investing in high dividend yielding and defensive stocks belonging to the Oil & Gas, Chemicals and Electricity sectors, which benefited the Fund. Moreover, the under-weight stance in the Construction & Materials and Banking sectors that lagged the market also contributed to the out-performance of NMF. Since inception on January 22, 2007, the NAV of NMF has risen by 47.83% while that of the benchmark has increased by 24.26%, thus to date out-performance is 23.57%.

The chart below shows the performance of NMF against the benchmark for the year:

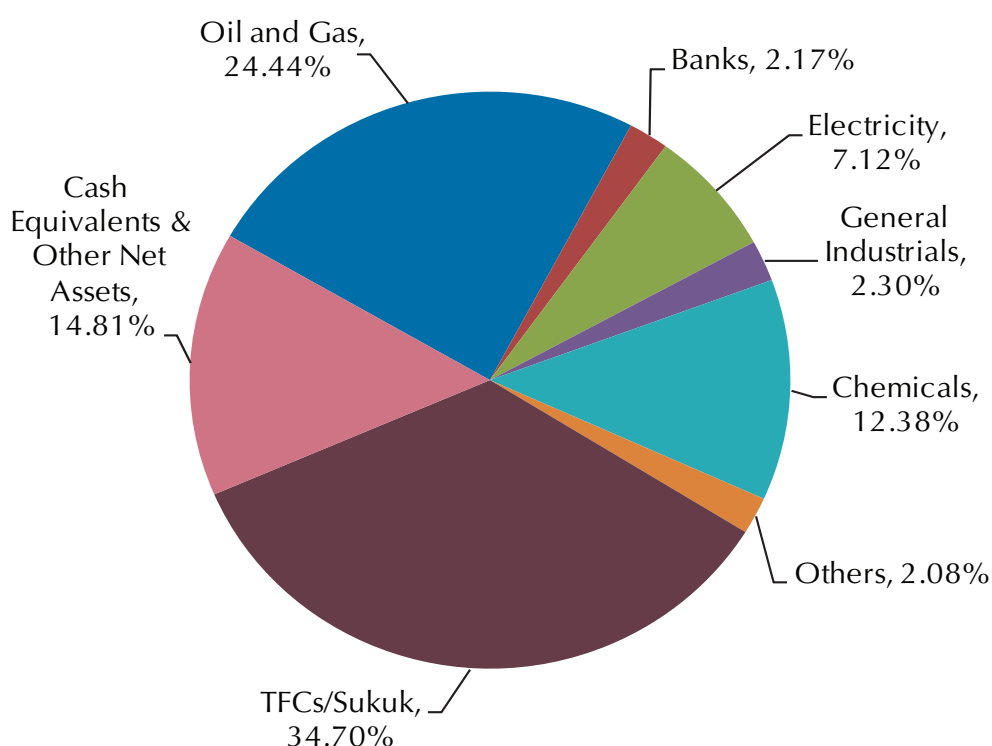


NAFA MULTI ASSET FUND

At the start of the year, NMF was around 58% invested in equities. During the year we altered the allocation in equities based on the performance of different asset classes. Towards the end of the year we reduced the allocation in equities to around the market weight.

Key factors responsible for the healthy performance of the stock market during the year include: (i) healthy corporate earnings (ii) positive foreign portfolio investment flows (iii) improvement in the external account (iv) stability on the domestic political front.

On the corporate debt sphere there continued to be a marginal improvement in the market's demand for debt securities of high rated issuers, mainly Banking, Telecom and Chemical sectors. Inflation as measured by CPI stood at 12.50% for FY11. During the year interest rates increased on the back of higher inflation. Coupon income on TFCs improved, which are floating rate instruments with coupon rate linked to KIBOR.



Income Distribution

Interim Periods / Quarters	Dividend % of Par Value	Cumulative Dividend Price Per Unit (Rs.)	Ex-Dividend Price Per Unit (Rs.)
Jun-11	14.40%	10.7166	9.2769
Mar-11	2.70%	10.7677	10.4977
Dec-11	2.70%	10.7564	10.4864

NAFA MULTI ASSET FUND

Pattern of Unit Holders for NAFA Multi Asset Fund – As on June 30, 2011

Size of Unit Holding (Units)		# of Unit Holders
1	1,000	107
1,001	5,000	206
5,001	10,000	73
10,001	50,000	130
50,001	100,000	22
100,001	500,000	26
500,001	1,000,000	6
1,000,001	5,000,000	1
5,000,001	10,000,000	1
10,000,001	100,000,000	2

Total: 574

During the period under question:

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

NAFA MULTI ASSET FUND

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **NBP Fullerton Asset Management Limited** (the Management Company) for and on behalf of **NAFA Multi Asset Fund** (the Fund) to comply with the Listing Regulation No. 35 (Chapter XI) of the Lahore Stock Exchange (Guarantee) Limited where the Fund is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Management Company of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Sub-regulation (xiii a) of the Listing Regulation No. 35 requires the Management Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of the requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length prices or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the year ended June 30, 2011.

Chartered Accountants
Karachi
Dated: October 03, 2011

NAFA MULTI ASSET FUND

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

We have audited the accompanying financial statements of **NAFA Multi Asset Fund** which comprise the statement of assets and liabilities as at June 30, 2011, and the related income statement, statement of comprehensive income, distribution statement, statement of movement in unit holders' fund and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management Company's responsibility for the financial statements

The Management Company of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with approved accounting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at June 30, 2011, and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

Other matters

In our opinion, the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Chartered Accountants
Engagement Partner: **Rashid A. Jafer**
Dated: October 03, 2011
Karachi

NAFA MULTI ASSET FUND

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2011

	Note	2011 -----Rupees in '000-----	2010 -----Rupees in '000-----
ASSETS			
Balances with banks	4	89,036	60,338
Investments	5	601,403	925,403
Dividend and profit receivable	6	20,815	13,376
Advances, deposits, prepayments and other receivables	7	3,050	3,641
Preliminary expenses and floatation costs	8	278	778
Total assets		714,582	1,003,536
LIABILITIES			
Payable to the Management Company	9	1,485	2,341
Payable to the Trustee	10	118	164
Payable to Securities and Exchange Commission of Pakistan	11	685	1,153
Accrued expenses and other liabilities	12	6,306	3,897
Total liabilities		8,594	7,555
NET ASSETS		705,988	995,981
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		705,988	995,981
CONTINGENCIES AND COMMITMENTS			
	13	-----Number of units-----	
Number of units in issue		65,877,812	106,362,408
-----Rupees-----			
NET ASSET VALUE PER UNIT	14	10.7166	9.3640

The annexed notes 1 to 31 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA MULTI ASSET FUND

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2011

	Note	2011 -----Rupees in '000-----	2010
INCOME			
Capital gain on sale of investments - net		139,054	216,721
Income from term finance certificates and sukuk bonds		40,892	56,747
Income from government securities		5,366	1,508
Dividend income		34,492	33,686
Profit on bank deposits		7,267	11,979
Unrealised (diminution) in the value of investments 'at fair value through profit or loss' - net	5.7	(4,390)	(19,506)
		222,681	301,135
EXPENSES			
Remuneration of the Management Company	9.1	20,157	33,919
Remuneration of the Trustee	10.1	1,611	2,356
Annual fee - Securities and Exchange Commission of Pakistan	11.1	685	1,153
Securities transaction cost		3,675	11,456
Settlement and bank charges		372	680
Annual listing fee		40	30
Legal and professional charges		95	170
Auditors' remuneration	15	396	373
Fund's rating fee		100	100
Other expenses		26	464
Impairment (reversed) / charged on investments classified as available for sale	5.9	(25,249)	45,161
Amortisation of preliminary expenses and floatation costs	8	500	500
		2,408	96,362
Net income from operating activities		<u>220,273</u>	<u>204,773</u>
Element of (loss) and capital (losses) included in prices of units issued less those in units redeemed		(75,133)	(118,225)
Provision for Workers' Welfare Fund	16	(2,903)	(1,734)
Net income for the year before taxation		<u>142,237</u>	<u>84,814</u>
Taxation	17	-	-
Net income for the year after taxation		<u>142,237</u>	<u>84,814</u>
Earnings per unit	18		

The annexed notes 1 to 31 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA MULTI ASSET FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2011

	Note	2011	2010
		-----Rupees in '000-----	
Net income for the year after taxation		142,237	84,814
Other comprehensive income / (loss):			
Net unrealised (diminution) / appreciation in the market value of investments classified as 'available for sale'	5.8	(23,625)	16,598
Total comprehensive income for the year		<u>118,612</u>	<u>101,412</u>

The annexed notes 1 to 31 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA MULTI ASSET FUND

DISTRIBUTION STATEMENT FOR THE YEAR ENDED JUNE 30, 2011

	2011	2010
	-----Rupees in '000-----	
Accumulated loss brought forward	(113,994)	(320,971)
Final distribution for the year ended June 30, 2010: 3.66% (2009: Nil) (Date of distribution: July 5, 2010)		
- Bonus units	(37,264)	-
- Cash distribution	(1,622)	-
Net income for the year	142,237	84,814
Interim distribution for the quarter ended September 30, 2010: Nil (2009: 1.29%) (Date of distribution: Nil)		
- Bonus units	-	(18,316)
- Cash distribution	-	(575)
Interim distribution for the quarter ended December 31, 2010: 2.70% (2009: 1.72%) (Date of distribution: February 18, 2011)		
- Bonus units	(16,306)	(18,412)
- Cash distribution	(1,191)	(763)
Interim distribution for the quarter ended March 31, 2011: 2.70% (2010: Nil) (Date of distribution: April 19, 2011)		
- Bonus units	(16,468)	-
- Cash distribution	(1,191)	-
Element of income and capital gains included in prices of units issued less those in units redeemed - amount representing income that forms part of the unit holders' fund	72,893	160,229
Undistributed income / (accumulated loss) carried forward	<u>27,094</u>	<u>(113,994)</u>

The annexed notes 1 to 31 form an integral part of these financial statements.a

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA MULTI ASSET FUND

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE YEAR ENDED JUNE 30, 2011

	2011	2010
	-----Rupees in '000-----	
Net assets at the beginning of the year	995,981	1,777,387
Issue of 8,197,379 units including 7,264,797 bonus units (2010: 16,351,279 units including 3,908,741 bonus units)	9,538	117,494
Redemption of 48,681,975 units (2010: 116,613,248 units)	(489,272) (479,734)	(1,117,199) (999,705)
Final distribution (bonus) for the year ended June 30, 2010: 3.66% (2009: Nil)	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	75,133	118,225
- amount representing income that form part of the unit holders' fund transferred to Distribution Statement	(72,893) 2,240	(160,229) (42,004)
Net unrealised appreciation / (diminution) in the market value of investments classified as 'available for sale' - note 5.8	(23,625)	16,598
Capital gain on sale of investments-net Unrealised (diminution) in the value of investments 'at fair value through profit or loss' - net Other net income/(loss) for the year	139,054 (4,390) 7,573 142,237	216,721 (19,506) (112,401) 84,814
Less: Distributions made during the year		
Final distribution for the year ended June 30, 2010: 3.66% (2009: Nil) (Date of distribution: July 5, 2010)		
- Bonus units	(37,264)	-
- Cash distribution	(1,622)	-
Interim distribution for the quarter ended September 30, 2010: Nil (2009: 1.29%) (Date of distribution: Nil)		
- Bonus units	-	(18,316)
- Cash distribution	-	(575)
Interim distribution for the quarter ended December 31, 2010: 2.70% (2009: 1.72%) (Date of distribution: February 18, 2011)		
- Bonus units	(16,306)	(18,412)
- Cash distribution	(1,191)	(763)
Interim distribution for the quarter ended March 31, 2011: 2.70% (2010: Nil) (Date of distribution: April 19, 2011)		
- Bonus units	(16,468)	-
- Cash distribution	(1,191) (74,042)	- (38,066)
Interim distribution: Issue of bonus units	32,774	36,728
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	72,893	160,229
Net assets at the end of the year	705,988	995,981

The annexed notes 1 to 31 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA MULTI ASSET FUND

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2011

	Note	2011	2010
		-----Rupees in '000-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before taxation		142,237	84,814
Adjustments			
Unrealised diminution in the value of investments 'at fair value through profit or loss' - net		4,390	19,506
Amortisation of preliminary expenses and floatation costs		500	500
Element of loss and capital losses included in prices of units issued less those in units redeemed		75,133	118,225
		80,023	138,231
		<u>222,260</u>	<u>223,045</u>
Decrease / (increase) in assets			
Receivable against sale of investments		-	16,473
Investments		295,985	645,650
Dividend and profit receivable		(7,439)	3,522
Advances, deposits, prepayments and other receivables		591	1,130
		289,137	666,775
(Decrease) / increase in liabilities			
Payable to the Management Company		(856)	(1,833)
Payable to the Trustee		(46)	(63)
Payable to Securities and Exchange Commission of Pakistan		(468)	(662)
Accrued expenses and other liabilities		2,409	(14,238)
		1,039	(16,796)
Net cash inflow from operating activities		<u>512,436</u>	<u>873,024</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts from issue of units		9,538	117,494
Payments on redemption of units		(489,272)	(1,117,199)
Distributions paid		(4,004)	(1,338)
Net cash outflow on financing activities		<u>(483,738)</u>	<u>(1,001,043)</u>
Net increase / (decrease) in cash and cash equivalents during the year		<u>28,698</u>	<u>(128,019)</u>
Cash and cash equivalents at the beginning of the year		60,338	188,357
Cash and cash equivalents at the end of the year	4	<u>89,036</u>	<u>60,338</u>

The annexed notes 1 to 31 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA MULTI ASSET FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Multi Asset Fund (the Fund) was established under a Trust Deed executed between NBP 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. Chundrigar Road, Karachi. The Management Company is a member of Mutual Fund Association of Pakistan.

The Fund is an open-ended mutual fund classified as a balanced scheme by the Management Company 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 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-' (Positive outlook) to the Management Company and has assigned long term and short-term performance ranking of '4 star' and '3 star' to the Fund respectively based on the performance of the Fund for the year ended June 30, 2010.

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

2.2 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

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

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

The following revised standard has been published and is mandatory for accounting periods beginning on or after July 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 are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not detailed in these financial statements.

NAFA MULTI ASSET FUND

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Fund's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The area where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in application of accounting policies principally relate to classification and valuation of investments (note 3.1 and note 5).

2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except that investments have been marked to market and carried at fair value.

2.6 Functional and presentation currency

These financial statements are presented in Pakistani Rupees, which is the Fund's functional and presentation currency.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

3.1 Financial assets

3.1.1 Classification

The Fund classifies its financial assets in the following categories: loans and receivables, at fair value through profit or loss and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this classification on a regular basis.

a) Loans and receivables

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

b) Financial assets at fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in market prices, interest rate movements or are financial assets included in a portfolio in which a pattern of short term profit making exists.

c) Available for sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables or (b) financial assets at fair value through profit or loss. These are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or change in price.

3.1.2 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

3.1.3 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the 'income statement'.

3.1.4 Subsequent measurement

Subsequent to initial recognition, financial assets designated by the management as 'at fair value through profit or loss' and 'available for sale' are valued as follows:

a) Basis of valuation of debt securities

The investment of the Fund in debt securities is valued on the basis of rates determined by the Mutual Fund Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its circular no. 1 of 2009 dated January 6, 2009. In the determination of the rates MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

NAFA MULTI ASSET FUND

b) Basis of valuation of government securities

The investment of the Fund in government securities is valued on the basis of rates announced by the Financial Markets Association of Pakistan.

c) Basis of valuation of equity securities

The investment of the Fund in equity securities is valued on the basis of closing quoted market prices available at the stock exchange.

Investments of the Fund in unquoted equity securities are carried at lower of investment price or their break-up value as per the latest audited financial statements.

Net gains and losses arising from changes in the fair value of financial assets carried 'at fair value through profit or loss' are taken to the 'income statement'.

Net gains and losses arising from changes in fair value of 'available for sale' financial assets are taken to the 'statement of comprehensive income' until these are derecognised or impaired. At this time, the cumulative gain or loss previously recognised directly in the 'statement of comprehensive income' is transferred to the 'income statement'.

Subsequent to initial recognition, financial assets classified as 'loans and receivables' are carried at amortised cost using the effective interest method.

Gains or losses are also recognised in the 'income statement' when financial assets carried at amortised cost are derecognised or impaired, and through the amortisation process.

3.1.5 Impairment

The Fund assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for 'available for sale' financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the 'Income Statement' is reclassified from 'Unit Holders' Fund' to the 'Income Statement'.

a) Debt securities

Provision for non-performing debt securities is made on the basis of time based criteria as prescribed under circular no. 1 of 2009 dated January 6, 2009 issued by the SECP. Impairment losses recognised on debt securities can be reversed through the 'Income Statement'.

As allowed under circular no. 13 of 2009 dated May 4, 2009 issued by the SECP, the management may also make provision against debt securities over and above the minimum provision requirement prescribed in the aforesaid circular, in accordance with a provisioning policy approved by the Board of Directors and disseminated by the Management Company in its website.

b) Equity securities

For equity securities classified as 'available for sale', a significant or prolonged decline in the fair value of the security below its cost is considered, among other indicators, as an indicator that the security is impaired. If any such evidence exists for 'available for sale' financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in 'income statement' is reclassified from 'unit holders' fund' to 'income statement'. Impairment losses recognised on equity instruments are not reversed through the 'income statement'.

c) Loans and receivables

For financial assets classified as 'loans and receivables', a provision for impairment is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The amount of the provision is the difference between the assets carrying value and present value of estimated future cash outflows, discounted at the original effective interest rate.

3.1.6 Derecognition

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

3.1.7 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the 'Statement of Assets and Liabilities' when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

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3.2 Cash and cash equivalents

Cash and cash equivalents include bank balances and other short term highly liquid investments with original maturities of three months or less and which are subject to insignificant changes in value.

3.3 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the 'income statement'.

3.4 Securities under repurchase / resale agreements

Transactions of purchase under resale (reverse-repo) of marketable and government securities are entered into at contracted rates for specified periods of time. Securities purchased with a corresponding commitment to resell at a specified future date (reverse-repo) are not recognised in the Statement of Assets and Liabilities. Amount paid under these agreements are included in receivable in respect of reverse repurchase transactions. The difference between purchase and resale price is treated as income from reverse repurchase transactions and accrued over the life of the reverse-repo agreement.

All reverse repo transactions are accounted for on the settlement date.

3.5 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

3.6 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

3.7 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that day. The offer price represents the Net Asset Value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable. The sales load is payable to the Management Company, investment facilitators or distributors. Transaction costs are recorded as income of the Fund.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours on that day. The redemption price represents the Net Asset Value per unit as of the close of the business day less any back-end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

3.8 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

An equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

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

3.9 Provisions

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

3.10 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed among the unit holders.

NAFA MULTI ASSET FUND

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.

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and the amounts used for taxation purposes. In addition, the Fund also records deferred tax asset on unutilised tax losses to the extent that it is no longer probable that the related tax benefit will be realised. However, the Fund has not recognised any amount in respect of deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, to its unit holders every year.

3.11 Proposed distributions

Distributions declared subsequent to the year end are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared.

3.12 Revenue recognition

- Realised capital gains / (losses) arising on sale of investments are included in the 'income statement' on the date at which the transaction takes place.
- Income from government securities is accrued using the effective interest method.
- Dividend income is recognised when the right to receive the dividend is established.
- Income from investments in term finance certificates and sukuk bonds is recognised on an accrual basis, except where - recovery is doubtful in which case it is credited to suspense account.
- Unrealised gains / (losses) arising on revaluation of investments classified as financial assets 'at fair value through profit or loss' are included in the 'income statement' in the period in which they arise.
- Profit on bank deposits is recognised on an accrual basis.
- Income on issue and repurchase of units is recognised when the units are issued and redeemed at the transaction date.

	Note	2011	2010
		-----Rupees in '000-----	
4 BALANCES WITH BANKS			
Current accounts	4.1	512	5,225
Savings accounts		<u>88,524</u>	<u>55,113</u>
		<u>89,036</u>	<u>60,338</u>
4.1	These carry profits at the rates ranging from 5.00% to 11.75% per annum (2010: 5.00% to 11.75% per annum).		

	Note	2011	2010
		-----Rupees in '000-----	
5 INVESTMENTS			
At fair value through profit or loss - held for trading			
Equity securities - listed	5.1	356,424	575,212
Term finance certificates - listed	5.2	<u>23,313</u>	<u>51,031</u>
		379,737	626,243
Available for sale			
Term finance certificates - listed	5.3	<u>23,536</u>	<u>21,625</u>
Term finance certificates - unlisted		<u>74,521</u>	<u>128,165</u>
Sukuk bonds		<u>123,609</u>	<u>149,370</u>
		<u>221,666</u>	<u>299,160</u>
		<u>601,403</u>	<u>925,403</u>

NAFA MULTI ASSET FUND

5.1 Listed equity securities - at fair value through profit or loss

Name of the investee company	Number of shares					Market value as at June 30, 2011	Investment as a percentage of		
	As at July 1, 2010	Purchases during the year	Bonus / right Issue	Sales during the year	As at June 30, 2011		Net assets	Market value of total investment	Paid up capital of investee company
Rupees in '000 ----- % -----									
Oil & Gas									
Attock Petroleum Limited	9,794	227,830	23,885	251,001	10,508	3,933	0.56	0.65	0.02
Attock Refinery Limited	300	276,700	-	252,500	24,500	3,007	0.43	0.50	0.03
National Refinery Limited	16,322	157,300	-	138,722	34,900	12,294	1.74	2.04	0.04
Oil & Gas Development Company Limited	519,707	395,500	-	682,500	232,707	35,602	5.04	5.92	0.01
Pakistan Oilfields Limited	185,880	886,800	-	903,600	169,080	60,701	8.60	10.09	0.07
Pakistan Petroleum Limited	364,452	1,124,100	79,690	1,357,400	210,842	43,659	6.18	7.26	0.02
Pakistan State Oil Company Limited	74,932	115,600	-	140,032	50,500	13,361	1.89	2.22	0.03
Chemicals									
Lotte Pakistan PTA	-	2,128,000	-	2,004,100	123,900	1,714	0.24	0.29	0.01
Engro Corporation Limited	55,755	317,789	14,908	388,000	452	74	0.01	0.01	0.00
Fatima Fertilizer Company Limited	375	434,625	-	-	435,000	7,238	1.03	1.20	0.02
Fauji Fertilizer Bin Qasim Limited	760,000	2,806,000	-	2,972,100	593,900	25,033	3.55	4.16	0.06
Fauji Fertilizer Company Limited	741,500	1,733,201	27,355	2,147,500	354,556	53,308	7.55	8.86	0.04
Construction and Materials									
Attock Cement Pakistan Limited	52,506	-	-	52,506	-	-	-	-	-
D.G. Khan Cement Company Limited	325,000	424,000	-	749,000	-	-	-	-	-
Lucky Cement Limited	85,000	267,000	-	352,000	-	-	-	-	-
General Industrials									
Thal Limited	203,558	84,500	43,812	171,009	160,861	16,253	2.30	2.70	0.26
Industrial Engineering									
Al Ghazi Tractors Limited	21,594	25,300	-	46,894	-	-	-	-	-
Automobile and Parts									
Indus Motor Company Limited	13,978	-	-	13,978	-	-	-	-	-
Personal Goods									
AMTEX Limited	1,363,534	-	131,649	1,495,183	-	-	-	-	-
Azgard Nine Limited (Non-voting shares)	807,000	-	-	-	807,000	5,649	0.80	0.94	0.18
Nishat Mills Limited	700	-	-	700	-	-	-	-	-
Media									
Eye / Hum Television Network Limited	457,934	-	-	-	457,934	6,896	0.98	1.15	0.92
Fixed Line Telecommunication									
Pakistan Telecommunication Company Limited	1,156,980	405,000	-	1,561,000	980	14	0.00	0.00	0.00
Wateen Telecom Limited	1,000,000	-	-	-	1,000,000	2,080	0.29	0.35	0.16
Electricity									
The Hub Power Company Limited	2,355,934	3,955,241	-	5,224,501	1,086,674	40,750	5.77	6.78	0.09
Nishat Chunian Power Limited	-	243,500	-	-	243,500	3,341	0.47	0.56	0.07
Nishat Power Limited	-	3,622,341	-	3,223,000	399,341	6,166	0.87	1.03	0.11
Banks									
Allied Bank Limited	-	10,500	1,050	-	11,550	741	0.10	0.12	0.00
MCB Bank Limited	217,149	231,000	4,600	414,549	38,200	7,613	1.08	1.27	0.00
Meezan Bank Limited	95,025	351,000	49,783	114,132	381,676	6,668	0.94	1.11	0.05
National Bank of Pakistan	434,518	987,500	6,504	1,422,000	6,522	329	0.05	0.05	0.00
United Bank Limited	494	161,000	-	161,494	-	-	-	-	-
Financial Services									
Arif Habib Securities Limited	883	-	-	883	-	-	-	-	-
	11,320,804	21,371,327	383,236	26,240,284	6,835,083	356,424	50.47	59.26	
Carrying value as at June 30, 2011						<u>359,020</u>			

5.1.1 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.

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5.1.2 Investments include shares with market value of Rs 126.958 million (2010: Rs 186.085 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.

5.2 Listed Term finance certificates - 'at fair value through profit and 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 June 30, 2011	Investment as a percentage of		
	As at July 1, 2010	Purchases during the year	Sales during the year	As at June 30, 2011		Net assets	Market value of total investment	Issue size
					Rupees in '000)	-----%-----		
Saudi Pak Leasing Company Limited	10,000	-	-	10,000	23,313	3.30	3.88	6.67
United Bank Limited	5,000	-	5,000	-	-	-	-	-
	<u>15,000</u>	<u>-</u>	<u>5,000</u>	<u>10,000</u>	<u>23,313</u>	<u>3.30</u>	<u>3.88</u>	
Carrying value as at June 30, 2011					<u>25,107</u>			

5.3 Term finance certificates and Sukuk bonds - available for sale

Name of the investee company	Number of certificates / bonds				Market value as at June 30, 2011	Investment as a percentage of		
	As at July 1, 2010	Purchases during the year	Sales during the year	As at June 30, 2011		Net assets	Market value of total investment	Issue size
					Rupees in '000)	-----%-----		
Term finance certificate - listed								
Pakistan Mobile Communications Limited	5,000	-	-	5,000	23,536	3.33	3.91	0.59
Term finance certificate - unlisted								
Avari Hotel Limited	6,000	-	-	6,000	24,809	3.51	4.13	0.95
Engro Fertilizer Limited	2,000	-	-	2,000	9,400	1.33	1.56	0.25
Pakistan Mobile Communications Limited	15,000	-	15,000	-	-	-	-	-
Orix Leasing Pakistan Limited	600	-	-	600	40,312	5.71	6.70	1.20
				8,600	74,521			
Sukuk bonds								
Eden Builders Limited	4,902	-	-	4,902	16,450	2.33	2.74	1.23
Engro Fertilizer Limited	2,000	-	-	2,000	10,000	1.42	1.66	0.33
Maple Leaf Cement Factory Limited	17,688	-	-	17,688	55,394	7.85	9.21	1.11
New Allied Electronics Industries (Private) Limited (note 5.6.2)	32,000	-	-	32,000	-	-	-	1.67
Pak Electron Limited	8,000	-	-	8,000	17,018	2.41	2.83	3.33
Eden Housing Limited (note 5.6.3)	10,000	-	-	10,000	24,747	3.51	4.11	4.88
Maple Leaf Cement Factory Limited II (note 5.6.1)	663	-	-	663	-	-	-	1.11
				75,253	123,609			
	<u>103,853</u>	<u>-</u>	<u>15,000</u>	<u>88,853</u>	<u>221,666</u>	<u>31.40</u>	<u>36.85</u>	
Carrying value as at June 30, 2011					<u>269,484</u>			
Provision for impairment loss as at June 30, 2011 (note 5.9)					<u>24,193</u>			

5.4 These carry rates of return ranging from 13.14% to 16.70% per annum (2010: 13.14% to 15.58% per annum).

5.5 All term finance certificates have a face value of Rs 5,000 each except sukuk bonds of New Allied Electronics Industries (Private) Limited and Orix Leasing Pakistan Limited which have a face value of Rs 312.50 and Rs 100,000 each respectively.

5.6 As at June 30, 2011, the Fund had not received redemption of principal and / or profit amounts on some of its investments, the details of which are as follows:

5.6.1 This represents 2nd issue of sukuk by Maple Leaf Cement Factory Limited under a restructuring agreement with a face value of Rs 3,315 thousand. As this issue represents overdue mark-up, the management has fully provided the amount of issue and has suspended income of Rs 121 thousand on this issue.

5.6.2 New Allied Electronics Industries (Private) 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 and October 25, 2009]. Hence, the Fund has fully provided this investment in accordance with the provisioning policy approved by the Board of Directors of the Management Company.

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5.6.3 This represents investment in privately placed sukuk bonds issue with a term of five years. The issuer defaulted on payment of principal and profit to certain sukuk holders due to which it was rated as 'Defaulter' by the MUFAP. The said sukuk was classified by the Fund due to non payment and a provision of Rs. 10.878 million (as per the provision of circular 1 of 2009 and circular 3 of 2010 issued by SECP) was recorded by the Fund.

The issuer has paid the profit and principal in default to the Fund during the year except for the principal and profit due on June 29, 2011. The management as a matter of abundant caution and due to its aforementioned classification has retained a provision of Rs. 10.878 million in respect of these sukuk. The income suspended on these sukuk bonds amounted to Rs. 1,470 thousand.

	Note	2011	2010
		-----Rupees in '000-----	
5.7 Net unrealised diminution in the value of investments at 'fair value through profit or loss'			
Market value of investments	5.1 & 5.2	379,737	626,243
Less: Carrying value of investments	5.1 & 5.2	(384,127)	(645,749)
		<u>(4,390)</u>	<u>(19,506)</u>
5.8 Unrealised (diminution) / appreciation in the value of investments classified as available for sale - net			
Market value of investments	5.3	221,666	299,160
Less: Carrying value of investments	5.3	269,484	332,004
		<u>(47,818)</u>	<u>(32,844)</u>
Add: Provision against non-performing term finance certificates and sukuk bonds	5.9	24,193	49,442
		<u>(23,625)</u>	<u>16,598</u>
5.9 Movement in provision against debt securities			
Opening balance		49,442	4,281
Charge for the year		-	45,161
Reversals during the year		(25,249)	-
Closing balance		<u>24,193</u>	<u>49,442</u>
6 DIVIDEND AND PROFIT RECEIVABLE			
Dividend receivable on equity shares		1,600	2,376
Profit on savings and term deposits		381	812
Income accrued on term finance certificates and sukuk bonds		23,094	20,460
Less: Income suspended over non-performing debt securities		(4,260)	(10,272)
		<u>18,834</u>	<u>10,188</u>
		<u>20,815</u>	<u>13,376</u>
7 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Security deposits with:			
- National Clearing Company of Pakistan Limited		2,750	3,500
- Central Depository Company of Pakistan Limited		100	100
Receivable against transfer sales		-	13
Advance tax		28	28
Prepaid National Clearing Company of Pakistan Limited (NCCPL) fee		172	-
		<u>3,050</u>	<u>3,641</u>
8 PRELIMINARY EXPENSES AND FLOATATION COSTS			
Balance as at the beginning of the year	8.1	778	1,278
Less: Amortisation during the year		500	500
Balance as at the end of the year		<u>278</u>	<u>778</u>
8.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund and are being amortised over a period of five years commencing from January 22, 2007 as per the requirements set out in the Trust Deed of the Fund.			

NAFA MULTI ASSET FUND

	Note	2011	2010
-----Rupees in '000-----			
9	PAYABLE TO THE MANAGEMENT COMPANY		
	Management fee	9.1	1,480
	Others		5
		<u>1,485</u>	<u>2,341</u>

9.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such assets of the Fund. Management fee is currently being charged at the rate of 2.5 percent of the average annual net assets of the Fund. The remuneration is paid to the Management Company on a monthly basis in arrears.

	Note	2011	2010
-----Rupees in '000-----			
10	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE		
	Trustee fee	10.1	118
		<u>118</u>	<u>164</u>

10.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net assets of the Fund.

Based on the Trust Deed, the tariff structure applicable to the Fund as at June 30, 2011 is as follows:

Amount of Funds Under Management (Average NAV)	Tariff per annum
Upto Rs. 1,000 million	Rs. 0.7 million or 0.20% p.a. of NAV, whichever is higher
On an amount exceeding Rs. 1,000 million	Rs. 2.0 million plus 0.10% p.a. of NAV exceeding Rs. 1,000 million.

The remuneration is paid to the Trustee monthly in arrears.

	Note	2011	2010
-----Rupees in '000-----			
11	PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN		
	Annual fee	11.1	685
		<u>685</u>	<u>1,153</u>

11.1 Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008, a collective investment scheme categorised as 'balanced scheme' is required to pay as annual fee to the Securities and Exchange Commission of Pakistan, an amount equal to 0.085 percent of the average annual net assets of the Fund. The Fund has been categorised as a 'balanced scheme' by the Management Company.

	Note	2011	2010
-----Rupees in '000-----			
12	ACCRUED EXPENSES AND OTHER LIABILITIES		
	Auditors' remuneration		285
	Settlement charges payable		18
	Payable to brokers		330
	Dividend payable to brokers		493
	Provision for Workers' Welfare Fund	16	4,636
	Others		544
		<u>6,306</u>	<u>3,897</u>

NAFA MULTI ASSET FUND

13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2011 (2010: Nil).

14 NET ASSET VALUE PER UNIT

The Net Asset Value per unit as disclosed in the 'Statement of Assets and Liabilities' is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

	2011	2010
	-----Rupees in '000-----	
15 AUDITORS' REMUNERATION		
Annual audit fee	259	235
Half yearly review fee	112	95
Out of pocket expenses	25	43
	<u>396</u>	<u>373</u>

16 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. This clarification was forwarded by Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its members for necessary action. Based on this clarification, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF. Notices of demand have also been issued to several other mutual funds and the matter has been taken up by the respective mutual funds with the FBR for their withdrawal on the basis of the above referred clarification of the Ministry.

Subsequent to the year ended June 30, 2011, the Honorable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. The Management Company is hopeful that the decision of the LHC will lend further support to the Constitutional Petition which is pending in the SHC. However, pending the decision of the said constitutional petition, the Management Company, as a matter of abundant caution, has decided to continue to maintain the provision for WWF amounting to Rs 4.636 million (including Rs 2.903 million for the current year) in these financial statements.

17 TAXATION

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

18 EARNINGS PER UNIT

Earnings per unit (EPU) for the year ended June 30, 2011 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

19 COMPLIANCE WITH THE INVESTMENT CRITERIA AS SPECIFIED 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 Scheme'.

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 (vi) of the said categorisation 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 June 30, 2011, 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 -----						
Term finance certificates*	Saudi Pak Leasing Company Limited	23,313	-	23,313	3.30%	3.26%
Sukuk Bonds*	Maple Leaf Cement Factory Limited	58,709	(3,315)	55,394	7.85%	7.75%
Term finance certificates*	New Allied Electronic Industries (Private) Limited	10,000	(10,000)	-	0.00%	0.00%
Sukuk Bonds*	Eden Housing Limited	35,625	(10,878)	24,747	3.51%	3.46%
Bank balances**	KASB Bank Limited	73	-	73	0.01%	0.01%
	Silk Bank Limited	408	-	408	0.06%	0.06%
	Atlas Bank Limited	166	-	166	0.02%	0.02%
Weighted average time to maturity of non equity assets***	Term finance certificates and sukuk bonds	269,172	(24,193)	244,979	34.70%	34.28%

* At the time of purchase, these term finance certificates and sukuk bonds were in compliance with the aforementioned circular. However, they subsequently defaulted or were downgraded to non investment grade.

** The fund maintained balances with above mentioned banks for the purpose of sales and redemptions of the Fund.

*** Presently, the weighted average time to maturity of non equity assets is 2.47 years.

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

20 TRANSACTIONS WITH CONNECTED PERSONS

- 20.1 Connected persons include NBP 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.
- 20.2 On March 31, 2010, NIB Bank Limited sold out its shareholding of NAFA to NBP. Accordingly, thereafter NIB is no longer a connected person for the Management Company.
- 20.3 The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 20.4 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.
- 20.5 Remuneration payable to the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

NAFA MULTI ASSET FUND

	2011	2010
	-----Rupees in '000-----	
20.6 Details of the transactions with connected persons are as follows:		
NBP Fullerton Asset Management Limited - Management Company		
Management fee expense for the year	20,157	33,919
Front end load	336	1,525
National Bank of Pakistan - Sponsor		
Units redeemed / transferred out: Nil units (2010: 3,089,248 units)	-	30,000
NIB Bank Limited - (Previously a Sponsor)		
Income on bank deposits	-	1,674
Alexandra Fund Management Pte. Limited - Sponsor		
Bonus units issued: 515,785 units (2010: 395,052 units)	-	-
Units redeemed / transferred out: 13,035,679 units (2010: Nil unit)	124,970	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	1,611	2,356
CDS charges	83	349
Chief Financial Officer / Company Secretary		
Units issued / transferred in: Nil unit (2010: 103,368 units)	-	989
Units redeemed / transferred out: Nil unit (2010: 103,368 units)	-	1,030
Employees of the Management Company		
Units issued / transferred in: Nil unit (2010: 238,358 units)	-	2,232
Units redeemed / transferred out: 10,704 units (2010: 268,259 units)	104	2,551
Bonus units issued: 418 units (2010: 4,269 units)	-	-
NBP Employees Pension Fund		
Bonus units issued: 1,195,332 units (2010: 395,051 units)	-	-
Taurus Securities Limited		
Brokerage paid	229	-
NAFA Islamic Aggressive Income Fund (Formerly NAFA Islamic Income Fund)		
Units redeemed (Nil unit; 2010: 3,891,359 units)	-	36,920
Payment made for the purchase of sukuk bonds	-	134,475
20.7 Amounts outstanding as at year end are as follows:		
NBP Fullerton Asset Management Limited - Management Company		
Management fee payable	1,480	2,053
Others	5	288
National Bank of Pakistan - Sponsor		
Investment held in the Fund: 4,410,752 units (2010: 4,410,752 units)	47,268	41,302
Balance in current account	512	4,532
Alexandra Fund Management Pte. Limited - Sponsor		
Investment held in the Fund: 78,834 units (2010: 12,598,728 units)	845	117,974
NBP Employees Pension Fund		
Investment held in the Fund: Nil unit (2010: 12,841 units)	-	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	118	164
CDS charges	10	76
Security deposit	100	100
Employees of the Management Company		
Investment held in the Fund: Nil units (2010: 12,841 units)	-	120
Taurus Securities Limited		
Brokerage payable	8	-

NAFA MULTI ASSET FUND

21 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

----- 2011 -----			
	Qualification	Experience in years"	
1	Dr. Amjad Waheed	MBA, Doctorate in Business Administration, CFA	23
2	Sajjad Anwar	MBA, CFA	11
3	Tanveer Abid	MBA / CFA / FRM	12
4	Ahmed Nouman	EMBA / CFA	15

21.1 Mr. Sajjad Anwar is the manager of the Fund. Other funds being managed by the Fund Manager are as follows:

- NAFA Islamic Multi Asset Fund
- NAFA Stock Fund

22 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

		2011
1	Arif Habib Limited	8.20%
2	Taurus Securities Limited	7.23%
3	KASB Securities Limited	6.53%
4	Elixir Securities Pakistan (Private) Limited	5.03%
5	Fortune Securities (Private) Limited	4.92%
6	NEXT Capital Limited	4.90%
7	JS Global Capital Limited	4.83%
8	Habib Metropolitan Financial Services Limited	4.82%
9	AKD Securities Limited	4.66%
10	Foundation Securities (Private) Limited	4.66%
		2010
1	JS Global Capital Limited	6.15%
2	Foundation Securities (Private) Limited	6.14%
3	Fortune Securities (Private) Limited	5.39%
4	Taurus Securities Limited	4.98%
5	Pearl Securities Limited	3.99%
6	IGI Finex Securities Limited	3.97%
7	Invisor Securities (Private) Limited	3.91%
8	KASB Securities Limited	3.87%
9	Elixir Securities Pakistan (Private) Limited	3.84%
10	AKD Securities Limited	3.78%

23 PATTERN OF UNIT HOLDING

Category	-----2011-----		
	Number of unit holders	Investment amount	Percentage of total
----- (Rupees in '000) -----			
Individuals	538	80,476	11.40%
Associated companies / Directors	2	48,113	6.82%
Insurance companies	1	103,637	14.68%
Retirement funds	24	455,812	64.56%
Public limited companies	2	1,618	0.23%
Others	7	16,332	2.31%
	<u>574</u>	<u>705,988</u>	<u>100.00%</u>

NAFA MULTI ASSET FUND

Category	-----2010-----		
	Number of unit holders	Investment amount	Percentage of total
	------(Rupees in '000)-----		
Individuals	815	130,778	13.13%
Associated companies / Directors	2	159,277	15.99%
Insurance companies	1	82,301	8.26%
Banks / DFIs	1	3,973	0.40%
Retirement funds	41	571,125	57.34%
Public limited companies	7	6,984	0.70%
Others	11	41,543	4.17%
	<u>878</u>	<u>995,981</u>	<u>100.00%</u>

24 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 27th, 28th, 29th, 30th and 31st Board meetings were held on July 5, 2010, August 25, 2010, October 18, 2010, February 18, 2011 and April 19, 2011 respectively. Information in respect of attendance by Directors in the meetings is given below:

Name of Director	Number of Meetings			Meetings not attended
	Held	Attended	Leave granted	
Mr. Qamar Hussain*	4	2	2	29th and 30th meetings
Mr. Shahid Anwar Khan	5	4	1	27th meeting
Dr. Asif A. Brohi*****	4	0	4	28th, 29th, 30th and 31st meetings
Mr. Shehryar Faruque	5	3	2	27th and 29th meetings
Mr. Kamal Amir Chinoy	5	3	2	27th and 30th meetings
Syed Iqbal Ashraf**	1	1	-	-
Mr. Gerard Lee How Cheng***	3	2	1	29th meeting
Mr. Patrick Pang Chin Hwang	5	5	-	-
Mr. Choy Peng Wah****	1	0	1	30th meeting
Mr. Wah Geok Sum*****	1	1	-	-
Dr. Amjad Waheed	5	5	-	-

* Mr. Qamar Hussain resigned from the board with effect from March 25, 2011.

** Mr. Syed Iqbal Ashraf was co-opted on the board with effect from March 25, 2011.

*** Mr. Gerard Lee How Cheng resigned from the board with effect from November 15, 2010.

**** Mr. Choy Peng Wah was co-opted on the board with effect from November 15, 2010 & has resigned from the board with effect from February 18, 2011.

***** Mr. Wah Geok Sum was co-opted on the board with effect from February 18, 2011.

***** Dr. Asif A. Brohi was co-opted on the board with effect from August 9, 2010

25 FINANCIAL INSTRUMENTS BY CATEGORY

	-----As at June 30, 2011-----			
	Loans and receivables	At fair value through profit or loss	Available for sale	Total
	------(Rupees in '000)-----			
Financial Assets				
Balances with banks	89,036	-	-	89,036
Investments	-	379,737	221,666	601,403
Dividend and profit receivable	20,815	-	-	20,815
Advances, deposits and other receivables	2,850	-	-	2,850
	<u>112,701</u>	<u>379,737</u>	<u>221,666</u>	<u>714,104</u>

NAFA MULTI ASSET FUND

	-----As at June 30, 2011-----		
	At fair value through profit or loss	Amortised Cost	Total
	------(Rupees in '000)-----		
Financial Liabilities			
Payable to the Management Company	-	1,485	1,485
Payable to the Trustee	-	118	118
Accrued expenses and other liabilities	-	1,287	1,287
	<u>-</u>	<u>2,890</u>	<u>2,890</u>

	-----As at June 30, 2010-----			
	Loans and receivables	At fair value through profit or loss	Available for sale	Total
	------(Rupees in '000)-----			
Financial Assets				
Balances with banks	60,338	-	-	60,338
Investments	-	626,243	299,160	925,403
Dividend and profit receivable	13,376	-	-	13,376
Advances, deposits and other receivables	3,613	-	-	3,613
	<u>77,327</u>	<u>626,243</u>	<u>299,160</u>	<u>1,002,730</u>

	-----As at June 30, 2010-----		
	At fair value through profit or loss	Amortised Cost	Total
	------(Rupees in '000)-----		
Financial Liabilities			
Payable to the Management Company	-	2,341	2,341
Payable to the Trustee	-	164	164
Accrued expenses and other liabilities	-	1,791	1,791
	<u>-</u>	<u>4,296</u>	<u>4,296</u>

26 FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

26.1 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices.

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

Market risk comprises of three types of risks: currency risk, interest rate risk and other price risk.

26.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund, at present is not exposed to currency risk as its operations are geographically restricted to Pakistan and all transactions are carried out in Pakistani Rupees.

26.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

NAFA MULTI ASSET FUND

a) Sensitivity analysis for variable rate instruments

As at June 30, 2011, the Fund holds KIBOR based interest bearing term finance certificates and sukuk bonds exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR on June 30, 2011 with all other variables held constant, the net assets of the Fund and net income for the year would have been higher / lower by Rs 0.188 million (2010: Rs 0.745 million).

The composition of the Fund's investment portfolio, KIBOR rates and rates announced by Financial Market Association of Pakistan is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2011 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2011, the Fund does not have any investment in fixed rate debt securities.

Interest rate sensitivity position for on balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off balance sheet instruments is based on settlement date.

----- As at June 30, 2011 -----

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

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

On-balance sheet financial instruments

Financial assets						
Balances with banks	5.00 - 11.75	89,036	88,524	-	-	512
Investments	13.14 - 16.70	601,403	39,037	27,993	177,949	356,424
Dividend and profit receivable		20,815	-	-	-	20,815
Advances, deposits and other receivables		2,850	-	-	-	2,850
		714,104	127,561	27,993	177,949	380,601
Financial liabilities						
Payable to the Management Company		1,485	-	-	-	1,485
Payable to the Trustee		118	-	-	-	118
Accrued expenses and other liabilities		1,287	-	-	-	1,287
		2,890	-	-	-	2,890

On-balance sheet gap

711,214	127,561	27,993	177,949	377,711
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Off-balance sheet financial instruments

-	-	-	-	-
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Off-balance sheet gap

-	-	-	-	-
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----- As at June 30, 2010 -----

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

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

On-balance sheet financial instruments

Financial assets						
Balances with banks	5.00 - 11.75	60,338	55,113	-	-	5,225
Investments	13.14 - 15.58	925,403	-	350,191	-	575,212
Dividend and profit receivable		13,376	-	-	-	13,376
Advances, deposits and other receivables		3,613	-	-	-	3,613
		1,002,730	55,113	350,191	-	597,426
Financial liabilities						
Payable to the Management Company		2,341	-	-	-	2,341
Payable to the Trustee		164	-	-	-	164
Accrued expenses and other liabilities		1,791	-	-	-	1,791
		4,296	-	-	-	4,296

On-balance sheet gap

998,434	55,113	350,191	-	593,130
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Off-balance sheet financial instruments

-	-	-	-	-
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Off-balance sheet gap

-	-	-	-	-
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NAFA MULTI ASSET FUND

26.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund is exposed to equity price risk because of the investments held by the Fund and classified in the 'Statement of Assets and Liabilities' as financial asset 'at fair value through profit or loss'. The Fund manages price risk by limiting individual equity securities to not more than ten percent of net assets attributable to holders of the Fund's assets. Moreover, the sector limits have also been restricted to twenty five percent. The equity investments either classified as 'available for sale' or at 'fair value through profit or loss' are listed in the Karachi Stock Exchange. The Fund's policy requires that the overall market position is monitored on a daily basis by the Fund Manager and is reviewed on a regular basis by the investment committee as well as the Board of Directors.

In case of 5% increase / decrease in KSE 100 index on June 30, 2011, the net income for the year would increase / decrease by Rs 18.306 million (2010: Rs 30.321 million) and net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as 'at fair value through profit or loss'.

The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KSE index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2011 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of KSE 100 index.

26.2 Credit risk

Credit risk represents the risk of a loss if counterparties fail to perform as contracted. The Fund's credit risk is primarily attributable to bank balances, its investment in term finance certificates and sukuk bonds, dividend receivable and profit receivable on bank balances. The credit risk on liquid funds is limited because the counter parties are financial institutions with reasonably high credit ratings. In addition, the internal risk management policies and investment guidelines (approved by the Investment Committee) require the Fund to invest in debt securities that have been rated as investment grade by a well known rating agency. Credit risk on dividends receivable is minimal due to statutory protection. All transactions in listed securities are settled / paid for upon delivery using the central clearing company. The risk of default is considered minimal due to inherent systematic measures taken therein.

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. The Fund does not expect to incur material credit losses on its financial assets.

The analysis below summarises the credit quality of the Fund's financial assets:

	2011	2010
	-----Rupees in '000-----	
Bank Balances by rating category		
A1+, A-1+	88,388	59,681
A1	-	70
A2, A-2	648	162
A-3	-	425
	89,036	60,338
Term finance certificates and sukuk bonds by rating category		
AA+, AA, AA-	59,712	42,472
A+, A, A-	81,813	187,457
BBB+, BBB, BBB-	-	27,283
D	-	90,658
Un-rated	103,454	2,322
	244,979	350,191

The maximum exposure to credit risk before any credit enhancement as at June 30, 2011 is the carrying amount of the financial assets. The term finance certificates and sukuk bonds held by the Fund are generally secured against hypothecation of stocks and receivables and mortgage of fixed assets.

Concentration of credit risk

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

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26.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily cash redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

The Fund has the ability to borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates. However, no borrowing was obtained by the Fund during the current year.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any significant redemptions during the year.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

----- June 30, 2011-----			
Total	Upto three months	Over three months and upto one year	Over one year
----- (Rupees in '000)-----			

Liabilities

Payable to the Management Company	1,485	1,485	-	-
Payable to the Trustee	118	118	-	-
Accrued expenses and other liabilities	1,287	1,287	-	-
	<u>2,890</u>	<u>2,890</u>	-	-

----- June 30, 2010-----			
Total	Upto three months	Over three months and upto one year	Over one year
----- (Rupees in '000)-----			

Liabilities

Payable to the Management Company	2,341	2,341	-	-
Payable to the Trustee	164	164	-	-
Accrued expenses and other liabilities	1,791	1,791	-	-
	<u>4,296</u>	<u>4,296</u>	-	-

27 UNIT HOLDERS' FUND RISK MANAGEMENT

The Unit Holders' Fund is represented by redeemable units. These units are entitled to distributions and to payment of a proportionate share based on the Fund's Net Asset Value per unit on the redemption date. The relevant movements are shown on the 'statement of movement in unit holders' fund'.

The Fund has no restriction or specific capital requirement on the subscription and redemption of units.

The Fund's objectives when managing unit holders' fund are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies stated in note 26, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

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28 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

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

According to the amendments to International Financial Reporting Standard 7, Financial Instruments: Disclosure - Improving disclosures about financial instruments, an entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

Investments carried at fair value are categorised as follows:

	-----As at June 30, 2011-----			
	Level 1	Level 2	Level 3	Total
	------(Rupees in '000)-----			
ASSETS				
Investment in securities - at fair value through profit or loss	356,424	23,313	-	379,737
Investment in securities - available for sale	-	196,919	24,747	221,666

	-----As at June 30, 2010-----			
	Level 1	Level 2	Level 3	Total
	------(Rupees in '000)-----			
ASSETS				
Investment in securities - at fair value through profit or loss	575,212	51,031	-	626,243
Investment in securities - available for sale	-	206,181	92,979	299,160

29 NON-ADJUSTING EVENT AFTER THE REPORTING DATE

The Board of Directors of the Management Company in their meeting held on July 4, 2011 approved a final distribution for the year ended June 30, 2011 at the rate of 14.3970% (2010: 3.6560%). The financial statements of the Fund for the year ended June 30, 2011 do not include the effect of this final distribution which will be accounted for in the financial statements of the Fund for the year ending June 30, 2012.

30 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on September 29, 2011.

31 GENERAL

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

31.2 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
(Management Company)

Chief Executive

Director

NAFA MULTI ASSET FUND

PERFORMANCE TABLE

Particulars	For the year ended June 30, 2011	For the year ended June 30, 2010	For the year ended June 30, 2009	For the year ended June 30, 2008	For the period ended from January 15 to June 30, 2007
Net assets (Rs '000)	705,988	995,981	1,777,387	2,631,494	1,248,644
Net income (Rs '000)	142,237	84,814	(540,522)	125,571	280,409
Net Asset Value per unit (Rs)	9.2769	8.9984	8.6020	11.1079	11.2560
Selling price per unit	9.5552	9.2684	8.8601	11.4538	11.6429
Repurchase price per unit	9.2769	8.9984	8.6020	11.1079	11.2560
Highest offer price per unit (Rs)	9.8211	9.6769	11.3735	12.8755	11.6447
Lowest offer price per unit (Rs)	7.5861	8.3443	6.6153	10.5951	8.6484
Highest redemption price per unit (Rs)	9.5350	9.3951	11.0422	12.4484	11.2578
Lowest redemption price per unit (Rs)	7.3651	8.1012	6.4226	10.2644	8.3487
Total Return of the fund	25.30%	12.38%	-22.56%	5.43%	28.96%
Capital Growth	3.30%	4.63%	-22.56%	-1.32%	12.56%
Income Distribution	22.00%	7.75%	0.00%	6.75%	16.40%
Distribution					
Interim distribution per unit	0.5400	0.3010	-	0.3377	
Final distribution per unit	1.4397	0.3656	-	0.4221	1.6400
Distribution dates					
Interim distribution	Feb 18, 2011 - April 19, 2011	Oct 28, 2009 - Feb 17, 2010	-	15-Apr-08	
Final distribution	4-Jun-11	5-Jul-10	-	3-Jul-08	5-Jul-07
Average annual return (Launch date January 22, 2007)					
Since Inception to June 30, 2011	47.83%				
Since Inception to June 30, 2010		17.97%			
Since Inception to June 30, 2009			4.98%		
Since Inception to June 30, 2008				35.56%	
Since Inception to June 30, 2007					28.96%
Portfolio Composition (See Fund Manager Report)					
Statement of past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up					

NAFA MULTI ASSET FUND

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