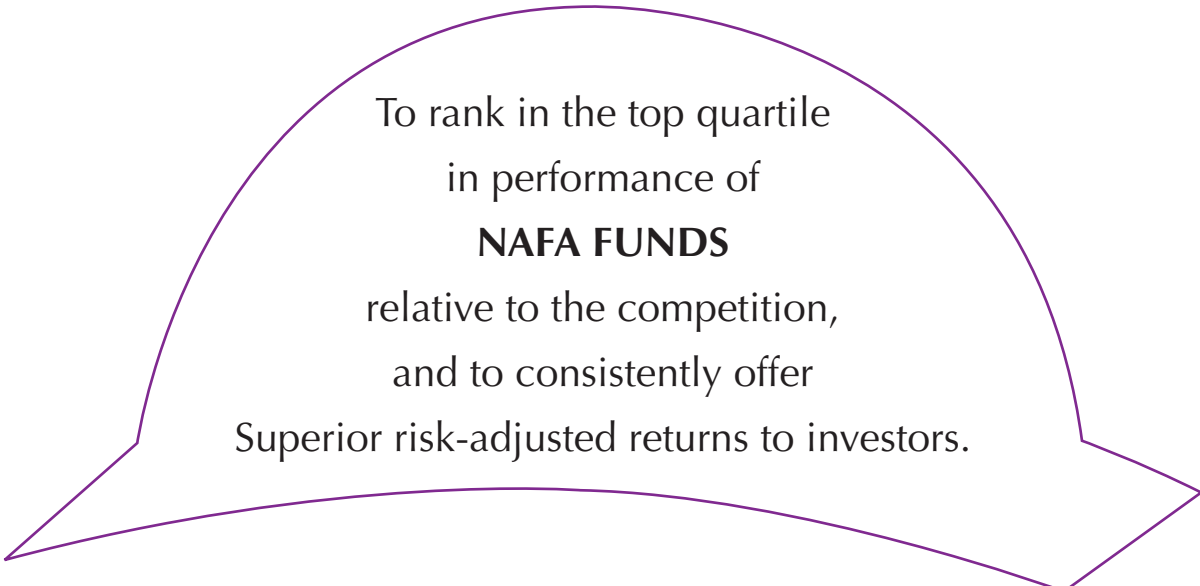


MISSION STATEMENT



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. Asif Hassan	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Khalid Mahmood	Director
Mr. Aamir Shehzad	Director
Mr. Wah Geok Sum	Director
Mr. Koh Boon San	Director
Mr. Shehryar Faruque	Director
Mr. Kamal Amir Chinoy	Director

Company Secretary & CFO of the Management Company

Mr. Muhammad Murtaza Ali

Audit & Risk Committee

Mr. Shehryar Faruque	Chairman
Mr. Koh Boon San	Member
Mr. Aamir Shehzad	Member

Human Resource Committee

Mr. Khalid Mahmood	Chairman
Mr. Wah Geok Sum	Member
Mr. Kamal Amir Chinoy	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

M. Yousuf Adil Saleem & Co.
Chartered Accountants
Cavish Court,
A-35, Block 7 & 8,
KCHSU, Sharae Faisal
Karachi-75350 Pakistan

Legal Advisor

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

Head Office:

7th Floor Clifton Diamond Building, Block No. 4,
Scheme No. 5, Clifton Karachi.
UAN: 111-111NFA (111-111-632),
(Toll Free): 0800-20001,
Fax: (021) 35825329
Website: www.nafafunds.com

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 City Branch, Hussain-a-Gahi, Multan.
Phone No: 061-4502204
Fax No: 061-4502203

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 Seventh Annual Report of NAFA Multi Asset Fund (NMF) for the year ended June 30, 2013.

Fund's Performance

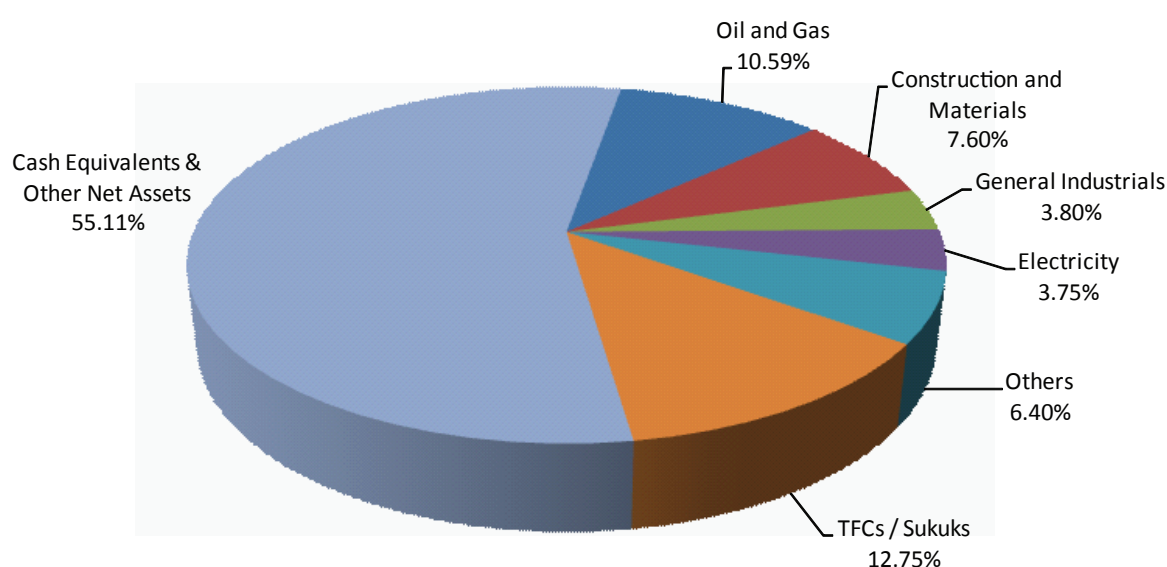
During FY2012-13, the stock market (KSE-100 Index) surged by 52.2%. The positive trend in the market resulted from the combined effect of declining inflation and pursuant reduction in interest rates, improved trading activity and healthy foreign flows. Furthermore, investor confidence was boosted by first democratic transition of power in the history of Pakistan, and improved profitability outlook of the key sectors of the market.

With letup in inflationary pressures and manageable external account position, SBP slashed the Policy Rate during FY13 by 300 bps to 9%. On the corporate debt sphere, yields on the corporate bonds in the secondary market squeezed due to the price appreciation on the back of decline in interest rates, higher risk appetite of the investors, and limited primary issuance. Most TFCs in the Fund are floating rate linked to KIBOR.

During the fiscal year, the return on NAFA Multi Asset Fund was 34.12% as against its benchmark (50% KSE-30 Index, 50% 3-Month KIBOR) return of 22.36%. Thus an out-performance of 11.76% was witnessed during the year. This out-performance is due to timely asset allocation. Since, launch (January 22, 2007) the Fund has risen by 129.07%, whereas the benchmark has risen by 64.13%.

NAFA Multi Asset Fund has earned a total income of Rs.239.69 million during the year. After deducting total expenses of Rs.24.28 million, the net income is Rs.205.41 million.

The asset allocation of NAFA Multi Asset Fund as on June 30, 2013 is as follows:



NAFA MULTI ASSET FUND

Income Distribution

In addition to interim distribution of 4% of opening ex-NAV(4.158% of the par value), the Board of Directors of the Management Company has also approved a final distribution of 20.60%, translating into total distribution of 24.60% of opening ex-NAV (25.569% of the par value). After final distribution, the net asset value per unit will be Rs.11.3423 on June 30, 2013.

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

The present auditors, Messrs M. Yousuf Adil Saleem & Co., Chartered Accountants, retire and, being eligible, offer themselves for re-appointment for the year ending June 30, 2014.

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 Financial Reporting 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

Chief Executive

Director

Date: August 27, 2013
Place: Karachi.

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

We, Central Depository Company of Pakistan Limited, being the Trustee of NAFA Multi Asset Fund (the Fund) are of the opinion that NBP Fullerton Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2013 in accordance with the provisions of the following:

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

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

Karachi: September 18, 2013

NAFA MULTI ASSET FUND

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE NAFA MULTI ASSET FUND FOR THE YEAR ENDED JUNE 30, 2013

This statement is being presented by the Board of Directors of NBP Fullerton Asset Management Limited (Company), the Management Company of **NAFA Multi Asset Fund** (the Fund) to comply with the Best Practices of Code of Corporate Governance (CCG) contained in Regulation No. 35, Chapter XI of Listing Regulations of Lahore Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

NBP Fullerton Asset Management Limited, though an un-listed Public Limited Company complies with the CCG as the Fund under its management is listed on Lahore Stock Exchange.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors on its Board of Directors. The Company, being an un-listed company, does not have any minority interest. At present the Board includes:

Category	Names
Independent Directors	1. Mr. Kamal Amir Chinoy 2. Mr. Shehryar Faruque
Executive Directors	Dr. Amjad Waheed (Chief Executive Officer)
Non- Executive Directors	1. Mr. Asif Hassan (Chairman) 2. Mr. Khalid Mahmood 3. Mr. Amir Shehzad 4. Mr. Wah Geok Sum 5. Mr. Koh Boon San

The independent directors meet the criteria of independence under clause i (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director of more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable). However, the requirement of serving as a director of seven listed companies is applicable from the date of next election of directors.
3. All the resident directors of the 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. Two casual vacancies were occurred on the board on February 26, 2013 and on May 20, 2013 during the year which were filled up by the directors on April 11, 2013 and May 20, 2013 respectively.
5. The Management Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

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 particulars of significant policies 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. There is no other executive-director of the Company besides CEO.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. 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 meetings were appropriately recorded and circulated.
9. In order to apprise the directors on their duties and responsibilities and requirements of CCG, the code requires company to conduct formal orientation for directors. Up to 30 June 2013, one of the directors has obtained the director's training program offered by Pakistan Institute of Corporate Governance. The Company has started the process for training of other directors and it is expected that some of other directors may also obtain certification of the director's training program in upcoming year. However, the directors are conversant with the relevant laws applicable to the Company, its policies and procedures and provisions of memorandum and articles of association and are aware of their duties and responsibilities.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The Directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the units of the Fund other than that disclosed in note 20 to the financial statements "Transactions with Connected Persons".
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises of three members, of whom all are non-executive directors and the chairman of the committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Fund and as required by the CCG. The revised terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises of three members. All the members are non-executive directors and the chairman of the committee is a non-independent director.
18. The Board has set up an effective internal audit function.

NAFA MULTI ASSET 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 (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
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. There was no 'closed period' prior to the announcement of interim/final results.
22. Material / price sensitive information has been disseminated amongst all market participants at once through stock exchange.
23. We confirm that all other material principles contained in the CCG have been complied with.

For and behalf of the board

Karachi
August 27, 2013

Dr. Amjad Waheed
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, Margin Trading System (MTS). Thus main investment classes for the Fund are Equity and Fixed Income with a maximum range of 70% in any asset classes at a point in time. The risk profile of the fund is moderate.

Benchmark

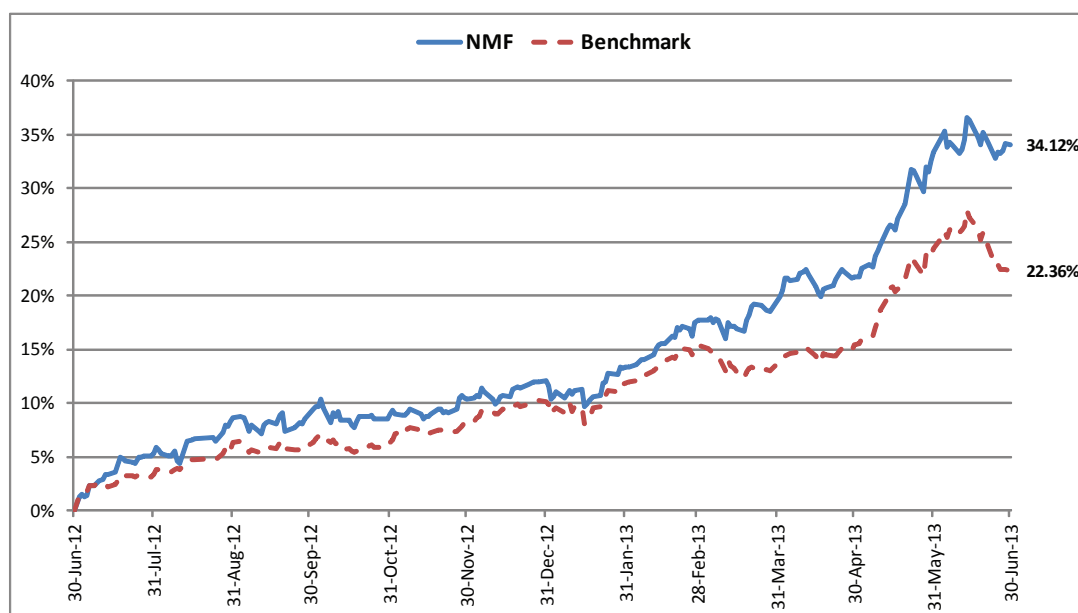
50% 3-Month KIBOR and 50% KSE-30 Index

Fund Performance Review

During the year under review, NAFA Multi Asset Fund's (NMF) Net Asset Value (NAV) increased by 34.12%, whereas the benchmark, 50% KSE-30 Index and 50% 3-month KIBOR, increased by 22.36%, thus an out-performance of 11.76% was recorded. Since inception on January 22, 2007, the NAV of NMF has risen by 129.07% while the benchmark has increased by 64.13%, thus to date cumulative outperformance is 64.94%. The outperformance of the Fund is net of management fee and all other expenses. Thus, NMF has met its investment objective.

NMF outperformed during the year on the back of timely asset allocation and better than the market performance of its key holdings in the Oil & Gas, Electricity, and Construction & Materials sectors. Further, the Fund was underweight in key stocks in Chemicals sector that lagged the market, thereby contributing to its out-performance.

NMF Performance vs. Benchmark during FY13



NAFA MULTI ASSET FUND

At the start of the year, NMF was around 52% invested in equities. During the year, we altered the allocation of the Fund based on the expected performance of different asset classes. Towards the end of the year, the allocation in equities was reduced to around 32%.

Key factors driving the upbeat performance of the stock market during the year include: (i) 360bps decline in inflation to 7.4% and 300bps cut in discount rate to 9.0%; (ii) first democratic transition of power in the history of Pakistan; (iii) increased foreign participation with net foreign inflow of USD553mn and; (iv) improved profitability outlook of the key sectors of the market.

With letup in inflationary pressures and manageable external account position, SBP slashed the Policy Rate during FY13 by 300 bps to 9%. On the corporate debt sphere, yields on the corporate bond in the secondary market squeezed amid ample liquidity in the market on the back of incessant government borrowing, elevated risk appetite of the investors in search of yield, and limited primary issuance. All corporate TFCs/ sukuks in the Fund are floating rate linked to KIBOR.

Asset Allocation of the Fund (% of NAV)

Particulars	30-Jun-13	30-Jun-12
Equities / Stocks	32.14%	51.60%
TFCs / Sukuks	12.75%	25.76%
Cash Equivalents	55.96%	10.02%
T-Bills	-	19.93%
Other Net (Liabilities) / Assets	-0.85%	-7.31%
Total	100.00%	100.00%

Details of Non-Compliant Investments

Particulars	Type of Investment	Value of Investments before Provision	Provision held	Value of Investments after Provision	% of Net Assets	% of Gross Assets	Yield to Maturity per annum
Saudi Pak Leasing*	TFC	30,349,860	-	15,174,930	1.90%	1.86%	48.06%
Eden Housing (Sukuk II)	SUKUK	15,937,500	5,555,988	10,381,512	1.30%	1.27%	70.22%
Maple Leaf Cement (Sukuk I)	SUKUK	79,408,065	47,644,839	31,763,226	3.97%	3.89%	38.82%
Pak Elektron Limited (Sukuk)	SUKUK	17,142,857	12,857,143	4,285,714	0.54%	0.52%	291.37%
New Allied Electronics (Sukuk I)	SUKUK	10,000,000	10,000,000	-	-	-	-
Total		152,838,282	76,057,970	61,605,382	7.71%	7.54%	

* Performing but below investment grade

Distribution for the Financial Year 2013

Interim Period / Quarter	Dividend as a % of Par Value	Cum Dividend Price Per Unit (Rs.)	Ex- Dividend Price Per Unit (Rs.)
Half year ended Dec-2012	2.079	12.1651	11.9572
Qtr ended March-2013	2.079	12.5196	12.3117
Final Dist Year ended June-13	21.411	13.4834	11.3423

NAFA MULTI ASSET FUND

Unit Holding Pattern of NAFA MULTI ASSET FUND as on June 30, 2013

Size of Unit Holding (Units)		# of Unit Holders
1	1,000	51
1,001	5,000	160
5,001	10,000	39
10,001	50,000	93
50,001	100,000	19
100,001	500,000	10
500,001	1,000,000	4
1,000,001	5,000,000	2
5,000,001	10,000,000	0
10,000,001	100,000,000	2
	Total:	380

During the period under question:

There have been no significant changes in the state of affairs of the Fund other than stated above. 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.

Workers' Welfare Fund (WWF)

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs 9,677,762/-. If the same were not made the NAV per unit/return of scheme for the year ended June 30, 2013 would have been higher by Rs.0.1631/1.21%. For details investors are advised to read the Note 16 of the Financial Statements of the Scheme for the year ended 30, June 2013.

NAFA MULTI ASSET FUND

REVIEW REPORT TO THE UNIT HOLDERS ON STATEMENT OF COMPLIANCE WITH 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 (the Code) prepared by the Board of Directors of the **NBP Fullerton Asset Management Limited**, the Management Company of **NAFA Multi Asset Fund** (the Fund) to comply with the Listing Regulation No. 35 (Chapter XI) of the Lahore Stock Exchange Limited, where the Fund is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company. 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 (the Statement) and report if it does not. A review is limited primarily to inquiries of the Management Company personnel and review of various documents prepared by the Management Company to comply with the Code.

As part of our audit of 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 are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

Further, the Listing Regulation of the Lahore Stock Exchange Limited 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 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 under taken at arm's length price 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, 2013.

M. Yousuf Adil Saleem & Co. Chartered Accountants

Date: September 18, 2013
Karachi

NAFA MULTI ASSET FUND

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

Report on the Financial Statements

We have audited the accompanying financial statements of **NAFA Multi Asset Fund** (the Fund), which comprise the statement of assets and liabilities as at June 30, 2013, and the related income statement, statement of comprehensive income, cash flow statement, distribution statement and statement of movements in unit holders' funds for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

NBP Fullerton Asset Management Limited (the Management Company) is responsible for the preparation and fair presentation of these financial statements in accordance with the 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 auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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, 2013, and of its financial performance, its cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

Report on other legal and regulatory requirements

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non- Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non- Banking Finance Companies and Notified Entities Regulations, 2008.

M. Yousuf Adil Saleem & Co. Chartered Accountants

Engagement Partner:
Nadeem Yousuf Adil

Date: September 18, 2013
Place: Karachi

NAFA MULTI ASSET FUND

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2013

	Note	2013 -----Rupees in '000-----	2012 -----Rupees in '000-----
ASSETS			
Balances with banks	4	447,872	62,627
Investments	5	359,218	607,777
Dividend and profit receivable	6	4,820	4,030
Advances and deposits	7	2,879	2,879
Total assets		814,789	677,313
LIABILITIES			
Payable to the NBP Fullerton Asset Management Limited - Management Company	8	1,757	1,286
Payable to the Central Depository Company of Pakistan Limited - Trustee	9	165	109
Payable to Securities and Exchange Commission of Pakistan	10	593	530
Accrued expenses and other liabilities	11	11,999	50,649
Total liabilities		14,514	52,574
NET ASSETS		800,275	624,739
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		800,275	624,739
CONTINGENCIES AND COMMITMENTS			
	12		
-----Number of units-----			
NUMBER OF UNITS IN ISSUE	13	59,352,795	58,287,369
-----Rupees-----			
NET ASSET VALUE PER UNIT	14	13.4834	10.7183

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, 2013

	Note	2013 -----Rupees in '000-----	2012
INCOME			
Profit on bank deposits		12,028	6,144
Capital gain on sale of investments - net		115,976	31,292
Income from term finance certificates and sukuk bonds		29,410	27,011
Income from government securities		136	4,048
Dividend income		33,608	28,717
Unrealised gain on re-measurement of investments 'at fair value through profit or loss-held for trading' - net	5.6	37,272	22,291
		228,430	119,503
EXPENSES			
Remuneration of the NBP Fullerton Asset Management Limited - Management Company	8.1	13,951	14,215
Sindh sales tax on remuneration on the Management Company	8.2	2,252	2,275
Federal Excise Duty on remuneration of the Management Company	8.3	127	-
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	9	1,395	1,246
Annual fee - Securities and Exchange Commission of Pakistan	10	593	530
Securities transaction cost		2,631	2,093
Settlement and bank charges		526	509
Auditors' remuneration	15	442	397
Annual listing fee		40	40
Legal and professional charges		40	70
Fund's rating fee		121	110
Printing expenses		27	77
(Reversal) / impairment loss on investments classified as held for trading	5.8	(11,263)	11,263
Impairment loss on investments classified as available for sale	5.9	7,945	43,920
Amortisation of preliminary expenses and floatation costs		-	278
		18,827	77,023
Net income from operating activities		209,603	42,480
Provision for Workers' Welfare Fund	16	(4,192)	(850)
Net income for the year before taxation		205,411	41,630
Taxation	17	-	-
Net income for the year after taxation		205,411	41,630
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, 2013

	Note	2013 -----Rupees in '000-----	2012
Net income for the year after taxation		205,411	41,630
Other comprehensive income			
Items that may be reclassified subsequently to income statement:			
Net unrealised gain on the re-measurement of investments classified as 'available for sale'	5.7	1,487	45,766
Total comprehensive income for the year		<u>206,898</u>	<u>87,396</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, 2013

	2013	2012
	-----Rupees in '000-----	
Accumulated (loss) / undistributed income brought forward	(29,506)	27,094
Final distribution for the year ended June 30, 2012: 3.247% (2011: 14.397%) Date of Distribution: July 09, 2012 (2011: July 04, 2011)		
- Bonus units	(17,488)	(88,493)
- Cash distribution	(1,432)	(6,351)
	(18,920)	(94,844)
Net income for the year	205,411	41,630
Interim distribution for half year ended December 31, 2012: 2.079% (2011: Nil)		
- Bonus units	(11,233)	-
- Cash distribution	(917)	-
Interim distribution for Quarter ended March 31, 2013: 2.079% (2012: Nil)		
- Bonus units	(11,243)	-
- Cash distribution	(917)	-
	(24,310)	-
Element of income / (loss) and capital gain / (loss) included in prices of Units issued less those in Units redeemed	795	(3,386)
Undistributed income / accumulated (loss) carried forward	133,470	(29,506)

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 MOVEMENT IN UNIT HOLDERS' FUND FOR THE YEAR ENDED JUNE 30, 2013

	2013	2012
	-----Rupees in '000-----	
Net assets at the beginning of the year	624,739	705,988
Issuance of 6,165,860 units including 3,496,622 bonus units (2012: 10,345,176 units including 9,539,072 bonus units)	31,593	8,331
Redemption of 5,100,434 units (2012: 17,935,619 units)	(59,689) (28,096)	(170,625) (162,294)
Final distribution of 9,539,072 bonus units for the year ended June 30, 2012: 3.247% (2011: 14.397%)	17,488	88,493
Net element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed - transferred to distribution statement	(795)	3,386
Total Comprehensive income for the year	206,898	87,396
Less: Distributions made during the year		
Final distribution for the year ended June 30, 2012: 3.247% (2011: 14.397%) Date of Distribution: July 09, 2012 (2011: July 04, 2011)		
- Bonus units	(17,488)	(88,493)
- Cash distribution	(1,432)	(6,351)
Interim distribution for the quarter ended December 31, 2012: 2.079% (2011: Nil)		
- Bonus units	(11,233)	-
- Cash distribution	(917)	-
Interim distribution for the quarter ended March 31, 2013: 2.079% (2012: Nil)		
- Bonus units	(11,243)	-
- Cash distribution	(917)	-
	(43,230)	(94,844)
Interim distribution: Issue of bonus units	22,476	-
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	795	(3,386)
Net assets at the end of the year	800,275	624,739

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, 2013

	Note	2013	2012
-----Rupees in '000-----			
CASH FLOW FROM OPERATING ACTIVITIES			
Net income for the year before taxation		205,411	41,630
Adjustments			
Unrealised gain on re-measurement of investments at fair value through profit or loss -held-for trading' - net		(37,272)	(22,291)
Amortisation of preliminary expenses and floatation costs		-	278
(Reversal) / impairment loss on investments classified as held for trading		(11,263)	11,263
Impairment loss on investments classified as available for sale		7,945	43,920
		<u>(40,590)</u>	<u>33,170</u>
		164,821	74,800
Decrease / (increase) in assets			
Investments		290,636	6,500
Dividend and profit receivable		(790)	16,785
Advances and deposits		-	171
		289,846	23,456
Increase / (decrease) in liabilities			
Payable to the Management Company		471	(199)
Payable to the Central Depository Company of Pakistan Limited - Trustee		56	(9)
Payable to Securities and Exchange Commission of Pakistan		63	(155)
Accrued expenses and other liabilities		(38,650)	44,343
		<u>(38,060)</u>	<u>43,980</u>
Net cash flow from operating activities		416,607	142,236
CASH FLOW FROM FINANCING ACTIVITIES			
Amounts received from issuance of units		31,593	8,331
Amounts paid on redemption of units		(59,689)	(170,625)
Distributions paid		(3,266)	(6,351)
Net cash used in financing activities		<u>(31,362)</u>	<u>(168,645)</u>
Net increase / (decrease) in cash and cash equivalents during the year		385,245	(26,409)
Cash and cash equivalents at the beginning of the year		62,627	89,036
Cash and cash equivalents at the end of the year	4	<u>447,872</u>	<u>62,627</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, 2013

1 LEGAL STATUS AND NATURE OF BUSINESS

The NAFA Multi Asset Fund (the Fund) was established under a Trust Deed executed between NBP Fullerton Asset Management Limited, a company incorporated under the Companies Ordinance, 1984, as Management Company and Central Depository Company of Pakistan Limited (CDC), also incorporated under the Companies Ordinance, 1984, as Trustee. The Trust Deed was executed on December 6, 2006 and was authorised 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 was situated at 9th Floor, Adamjee House, I.I. Chundrigar Road, Karachi. From 4 February 2013, the registered office of the Management Company is shifted to 7th floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi. The Management Company is also the member of MUFAP.

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. These units are transferable and can be redeemed by surrendering them to the Fund.

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

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM2' to the Management Company. Based on the performance of the Fund for the year ended June 30, 2012, it has been assigned short and long term performance ranking of '4 star'.

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 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 NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRS, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP shall prevail.

2.2 Basis of Measurement

These financial statements have been prepared under the historical cost convention, except for the investments which are stated at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Fund. Figures have been rounded off to the nearest thousand rupees, except otherwise stated.

2.4 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2013

The following standards, amendments and interpretations are effective for the year ended June 30, 2013. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 1 - Presentation of Financial Statements –
Presentation of Items of Other Comprehensive Income

'Effective from accounting period beginning on or after
July 01, 2012

NAFA MULTI ASSET FUND

New accounting standards and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 1 - Presentation of Financial Statements – Clarification of Requirements for Comparative information	Effective from accounting period beginning on or after January 01, 2013
Amendments to IAS 16 - Property, Plant and Equipment – Classification of servicing equipment	Effective from accounting period beginning on or after January 01, 2013
Amendments to IAS 34 - Interim Financial Reporting - Interim reporting of segment information for total assets and total liabilities	Effective from accounting period beginning on or after January 01, 2013
Amendments to IFRS 7 Financial Instruments: Disclosures - Offsetting financial assets and financial liabilities	Effective from accounting period beginning on or after January 01, 2013
IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine	Effective from accounting period beginning on or after January 01, 2013

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- IFRS 13 – Fair Value Measurement
- IAS 27 (Revised 2011) – Separate Financial Statements due to non-adoption of IFRS 10 and IFRS 11
- IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures due to non- adoption of IFRS 10 and IFRS 11

2.5 Critical accounting judgments and estimates

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires 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 and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

In the process of applying the Fund's accounting policies, management has made the following estimates and judgments which are significant to the financial statements.

- (a) classification of investments (Note 3.2.1)
- (b) impairment (Note 3.2.5)
- (c) provisions (Note 3.9)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 Cash and cash equivalents

Cash comprises current and saving accounts with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to insignificant change in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

3.2 Financial assets

3.2.1 Classification

The management of the Fund determines the appropriate classification of its investments at the time of purchase and classifies these investments at fair value through profit or loss - held-for-trading, loans and receivables or available-for-sale.

NAFA MULTI ASSET FUND

a) **Investments at fair value through profit or loss - held-for-trading**

An investment that is acquired principally for the purpose of generating profit from short-term fluctuations in prices is classified as "fair value through profit or loss - held-for-trading".

b) **Loans and receivables**

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

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 (i) loans and receivables, (ii) held to maturity investments or (iii) financial assets at fair value through profit and loss.

3.2.2 Regular way contracts

All regular purchases / sales of investments are recognized on the trade date i.e. the date that the Fund commits to purchase / sell the investments. Purchases / sales of investments require delivery of securities within the time frame established by the regulations.

3.2.3 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'.

3.2.4 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 and circular no. 33 of 2012 dated October 24, 2012. 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.

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.

NAFA MULTI ASSET FUND

3.2.5 Impairment of financial assets

The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever, the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in 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. 33 of 2012 dated October 24, 2012 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.

3.2.6 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.

3.2.7 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.

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.

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.

NAFA MULTI ASSET FUND

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.

Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed is determined based on the income earned during the period and on unrealised appreciation / (diminution) arising during the year on available for sale securities. The amount so determined is taken directly to the distribution 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 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.
- 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.
- Dividend income is recognised when the right to receive the dividend is established.
- Markup / return on government securities, term finance certificate, sukuks, commercial papers, clean placements, bank balances and term deposit receipts are recognized on a time proportion basis using the effective interest method.

3.11 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.

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.

3.12 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.

NAFA MULTI ASSET FUND

	Note	2013 -----Rupees in '000-----	2012
4 BALANCES WITH BANKS			
Current accounts		1,640	296
Savings accounts	4.1	<u>446,232</u>	<u>62,331</u>
		<u>447,872</u>	<u>62,627</u>

4.1 These carry profits at the rates ranging from 6.00% to 11.00% per annum (2012: 5.00% to 12.00% per annum).

	Note	2013 -----Rupees in '000-----	2012
5 INVESTMENTS			
At fair value through profit or loss - held for trading			
Listed equity securities	5.1	257,193	322,351
Government securities	5.2	-	124,512
Term finance certificates - listed	5.3	15,175	21,889
		<u>272,368</u>	<u>468,752</u>
Available for sale			
Term finance certificates - listed	5.4.1	15,005	14,804
Term finance certificates - unlisted	5.4.2	20,808	33,976
Sukuk bonds	5.5	51,037	90,245
		<u>86,850</u>	<u>139,025</u>
		<u>359,218</u>	<u>607,777</u>

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

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

Name of the investee company	Number of shares					Market value as at June 30, 2013	Investment as a percentage of		
	As at July 1, 2012	Purchases during the year	Bonus / right Issue	Sales during the year	As at June 30, 2013		Net assets	Market value of total investment	Paid up capital of investee company
Rupees in '000) ----- % -----									
Oil & Gas									
Attock Petroleum Limited	808	-	-	807	1	-	-	-	0.00
Oil & Gas Development Company Limited	6,696	470,500	-	406,800	70,396	16,102	2.01	4.48	0.00
Pakistan Oilfields Limited	80,919	275,400	-	344,200	12,119	6,028	0.75	1.68	0.01
Pakistan Petroleum Limited	208,449	461,200	72,637	688,100	54,186	11,465	1.43	3.19	0.00
Pakistan State Oil Company Limited	500	278,200	20,720	139,800	159,620	51,139	6.39	14.24	0.06
Chemicals									
Engro Corporation Limited	118	759,899	-	685,000	75,017	9,142	1.14	2.54	0.01
Fauji Fertilizer Bin Qasim Limited	900	-	-	-	900	34	0.00	0.01	0.00
Fauji Fertilizer Company Limited	259,312	683,199	-	942,300	211	23	0.00	0.01	0.00
Construction and Materials									
Attock Cement Pakistan Limited	1,000	112,000	150	105,500	7,650	1,010	0.13	0.28	0.01
Cherat Cement Company Limited	753,056	138,000	-	458,500	432,556	25,170	3.15	7.01	0.45
D.G. Khan Cement Company Limited	396,000	1,699,500	-	1,975,500	120,000	10,043	1.25	2.80	0.03
Fauji Cement Company Limited	-	950,000	-	950,000	-	-	-	-	-
Kohat Cement Company Limited	-	547,500	-	416,500	131,000	11,244	1.41	3.13	0.10
Lucky Cement Limited	328,864	614,500	-	879,800	63,564	13,331	1.67	3.71	0.02
General Industrials									
Thal Limited	181,033	42,500	18,103	3,000	238,636	30,424	3.80	8.47	0.03
Personal Goods									
Azgard Nine Limited (Non-voting shares)	807,000	-	-	-	807,000	5,649	0.71	1.57	0.18
Nishat Chunian Limited	-	730,000	-	639,000	91,000	5,437	0.68	1.51	0.05
Nishat Mills Limited	-	382,000	-	293,000	89,000	8,385	1.05	2.33	0.03

NAFA MULTI ASSET FUND

Name of the investee company	Number of shares					Market value as at June 30, 2013	Investment as a percentage of		
	As at July 1, 2012	Purchases during the year	Bonus / right Issue	Sales during the year	As at June 30, 2013		Net assets	Market value of total investment	Paid up capital of investee company
Rupees in '000) ----- % -----									
Media									
Hum Television Network Limited	457,934	-	-	457,934	-	-	-	-	-
Fixed Line Telecommunication									
Pakistan Telecommunication Company Limited	165,000	2,144,000	-	2,309,000	-	-	-	-	-
Wateen Telecom Limited	1,000,000	-	-	1,000,000	-	-	-	-	-
Electricity									
Kot Addu Power Company Limited	-	556,500	-	454,000	102,500	6,343	0.79	1.77	0.01
The Hub Power Company Limited	1,120,348	1,546,500	-	2,283,500	383,348	23,633	2.95	6.58	0.03
Nishat Power Limited	-	25,500	-	25,500	-	-	-	-	-
Banks									
Bank Alhabib Limited	-	609,500	-	146,500	463,000	12,589	1.57	3.50	0.05
MCB Bank Limited	98,820	72,500	2	171,300	22	5	0.00	0.00	0.00
Meezan Bank Limited	429,386	-	47,231	132,000	344,617	9,994	1.25	2.78	0.03
National Bank of Pakistan	300,062	628,000	9	928,000	71	3	0.00	0.00	0.00
United Bank Limited	78,804	416,500	-	495,304	-	-	-	-	-
Food Producers									
Engro Foods Limited	-	77,000	-	77,000	-	-	-	-	-
						257,193	32.14	71.60	1.11
Carrying value before mark to market (listed ordinary shares) as at June 30, 2013						204,746			

5.1.1 Investments include shares with market value of Rs. 126.513 million (2012: Rs. 119.072 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 Investment in government securities - 'at fair value through profit or loss'

Issue Date	Tenor	Face Value				Market value as at June 30, 2013	Investment as a percentage of	
		As at July 1, 2012	Purchases during the year	Sales/ Matured during the year	As at June 30, 2013		Market value of total investments	Paid Up Capital of the investee company
July 14, 2011	12 Months	100,000	-	100,000	-	-	-	-
April 19, 2012	03 Months	25,000	-	25,000	-	-	-	-
August 11, 2011	12 Months	-	29,000	29,000	-	-	-	-
June 13, 2013	12 Months	-	180,000	180,000	-	-	-	-
		125,000	209,000	334,000	-	-	-	-

Carrying value before mark to market (market treasury bills) as at June 30, 2013 -

Pakistan Investment Bond (PIBs)

Issue Date	Tenor	Face Value				Market value as at June 30, 2013	Investment as a percentage of	
		As at July 1, 2012	Purchases during the year	Sales/ Matured during the year	As at June 30, 2013		Market value of total investments	Paid Up Capital of the investee company
June 19, 2012	3 years	-	25,000	25,000	-	-	-	-
		-	25,000	25,000	-	-	-	-

Carrying value before mark to market (Pakistan Investment bond) as at June 30, 2013 -

NAFA MULTI ASSET FUND

5.3 Term finance certificates - at fair value through profit or loss (listed) - held for trading

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, 2013	Investment as a percentage of		
	As at July 1, 2012	Purchases during the year	Sales during the year	As at June 30, 2013		Net assets	Market value of total investment	Issue size
Saudi Pak Leasing Company Limited (note 5.3.1)	10,000	-	-	10,000	15,175	1.90	4.22	6.67
	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>15,175</u>	<u>1.90</u>	<u>4.22</u>	<u>6.67</u>
Carrying value before mark to market (listed term finance certificates) as at June 30, 2013					30,350			
Provision for impairment loss as at June 30, 2013 (note 5.8)					-			

5.3.1 This represents investment in term finance certificates with original term of five years. On October 13, 2011 the investee company defaulted on its obligation on account of principal and profit payment. The investee company rescheduled its term on December 26, 2011 with a new maturity in March 2017. The said TFCs has complied with repayment terms since and has been reclassified as performing as per criteria defined in circular no. 1 of 2009. Accordingly, a provision of Rs. 11.263 million has been reversed through income statement.

5.4 Term finance certificates - available for sale

5.4.1 Term Finance Certificates - listed

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

Name of the investee company	Number of certificates / bonds				Market value as at June 30, 2013	Investment as a percentage of		
	As at July 1, 2012	Purchases during the year	Sales during the year	As at June 30, 2013		Net assets	Market value of total investment	Issue size
Pakistan Mobile Communications Limited	3,000	-	-	3,000	15,005	1.87	4.18	0.27
	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>3,000</u>	<u>15,005</u>	<u>1.87</u>	<u>4.18</u>	<u>0.27</u>
Carrying value before mark to market (listed term finance certificates) as at June 30, 2013					14,804			
Provision for impairment loss as at June 30, 2013 (note 5.9)					-			

5.4.2 Term finance certificate - unlisted

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

Name of the investee company	Number of certificates / bonds				Market value as at June 30, 2013	Investment as a percentage of		
	As at July 1, 2012	Purchases during the year	Sales during the year	As at June 30, 2013		Net assets	Market value of total investment	Issue size
Avari Hotel Limited	6,000	-	-	6,000	11,433	1.43	3.18	0.80
Engro Fertilizer Limited	2,000	-	-	2,000	9,375	1.17	2.61	0.25
	<u>8,000</u>	<u>-</u>	<u>-</u>	<u>8,000</u>	<u>20,808</u>	<u>2.60</u>	<u>5.79</u>	<u>1.05</u>
Carrying value before mark to market (unlisted term finance certificates) as at June 30, 2013					19,670			
Provision for impairment loss as at June 30, 2013 (note 5.9)					-			

5.4.3 The term finance certificates held by the Fund are generally secured against hypothecation of stocks and receivables and mortgage of fixed assets of the issuer.

5.5 Sukuk bonds - available for sale

All Sukuks have a face value of Rs. 5,000 each except New Allied Electronics Industries (Private) Limited which have a face value of Rs. 312.5 each.

NAFA MULTI ASSET FUND

Name of the investee company	Number of certificates / bonds			Market value as at June 30, 2013	Investment as a percentage of			
	As at July 1, 2012	Purchases during the year	Sales during the year		As at June 30, 2013	Net assets	Market value of total investment	Issue size
					Rupees in '000)	-----%-----		
Eden Builders Limited	4,902	-	-	4,902	4,606	0.58	1.28	0.98
Maple Leaf Cement Factory Limited (note 5.5.1)	17,688	-	-	17,688	31,763	3.97	8.84	2.95
New Allied Electronics Industries (Private) Limited (note 5.5.2)	32,000	-	-	32,000	-	-	-	1.33
Pak Electron Limited (note 5.5.3)	8,000	-	-	8,000	4,286	0.54	1.19	3.33
Eden Housing Limited (note 5.5.4)	10,000	-	-	10,000	10,382	1.30	2.89	6.85
Maple Leaf Cement Factory Limited II	663	-	663	-	-	-	-	-
	73,253	-	663	72,590	51,037	6.38	14.21	15.44
Carrying value before mark to market (listed sukuk bonds) as at June 30, 2013					<u>126,947</u>			
Provision for impairment loss as at June 30, 2013 (note 5.9)					<u>76,058</u>			

- 5.5.1 This represents investment in privately placed sukuk bonds with a term of six years. On September 03, 2011, the borrower has defaulted its scheduled principal and profit payment and therefore it was classified as Non performing asset (NPA) by MUFAP. On October 2, 2012, the Sukuk holders have stopped additional provisioning from mentioned date on above sukuks in following the advice provided by Securities & Exchange Commission of Pakistan (SECP). Carrying value of sukuks as at June 30, 2013 before provision is Rs. 79.408 million (net off provision Rs. 31.76 million). The Management Company considers that the Fund is receiving payments on timely basis after restructuring and the relaxation provided by the SECP is still intact; hence no additional provision has been provided in the financial statements.
- 5.5.2 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]. The amount of provision as per circular no 1 of 2009 and circular 33 of 2012 has been maintained by valuing the investment in terms of the said circular.
- 5.5.3 This represents investment in privately placed sukuk bonds issue with a term of seven 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 amount of provision as per circular no 1 of 2009 and circular 33 of 2012 has been maintained by valuing the investment in terms of the said circular.
- 5.5.4 This represents investment in privately placed sukuk bonds with a term of five years. On May 06, 2011, the borrower has defaulted its scheduled principal and profit payment and therefore it was classified as NPA by MUFAP. The management has recognised provision for impairment amounting to Rs. 5.56 million which has been freezed since prior year. Management considers that since the Fund is receiving timely payments from borrower; hence no additional provision is required (as per minimum provisioning criteria defined in circular 33 of 2012).
- 5.5.5 The Sukuks held by the Fund are generally secured against hypothecation of stocks and receivables and mortgage of fixed assets of the issuer.

NAFA MULTI ASSET FUND

	Note	2013 -----Rupees in '000-----	2012
5.6 Unrealised loss in the value of investments at 'fair value through profit or loss' - net			
Market value of investments	5.1, 5.2 & 5.3	272,368	468,752
Less: Carrying value of investments before mark to market	5.1, 5.2 & 5.3	(235,096)	(457,724)
Add: Provision against non-performing term finance certificates and sukuk bonds	5.8	-	11,263
		<u>37,272</u>	<u>22,291</u>
5.7 Unrealised (loss) / gain in fair value of investments classified as available for sale - net			
Market value of investments	5.4	86,850	139,025
Less: Carrying value of investments before mark to market	5.4	161,421	161,372
		<u>(74,571)</u>	<u>(22,347)</u>
Add: Provision against non-performing term finance certificates and sukuk bonds	5.9	76,058	68,113
		<u>1,487</u>	<u>45,766</u>
5.8 Movement in provision against debt securities - held-for-trading securities			
Opening balance		11,263	-
Charge for the year		-	11,263
Reversals during the year		(11,263)	-
Closing balance		<u>-</u>	<u>11,263</u>
5.9 Movement in provision against debt securities - available-for-sale securities			
Opening balance		68,113	24,193
Charge for the year		15,835	43,920
Reversals during the year		(7,890)	-
Closing balance		<u>76,058</u>	<u>68,113</u>
		<u>76,058</u>	<u>68,113</u>
6 DIVIDEND AND PROFIT RECEIVABLE	Note	2013	2012
		-----Rupees in '000-----	
Dividend receivable on equity shares		417	12
Profit on savings and term deposits		-	654
Income accrued on term finance certificates and sukuk bonds		14,113	19,307
Less: Income suspended over non-performing debt securities		(9,710)	(15,943)
		<u>4,403</u>	<u>3,364</u>
		<u>4,820</u>	<u>4,030</u>
7 ADVANCES AND DEPOSITS			
Security deposits with:			
- National Clearing Company of Pakistan Limited		2,750	2,750
- Central Depository Company of Pakistan Limited		100	100
- Advance tax		29	29
		<u>2,879</u>	<u>2,879</u>
8 PAYABLE TO THE NBP FULLERTON MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Management fee	8.1	1,322	1,028
Sales tax payable on remuneration of management company	8.2	231	165
Federal Excise Duty on remuneration of management company	8.3	127	-
Others		77	93
		<u>1,757</u>	<u>1,286</u>

NAFA MULTI ASSET FUND

- 8.1 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. On January 22, 2012, the Fund has completed its five years and accordingly Management fee is currently being charged at the rate of 2 percent of the average annual net assets of the Fund from that date. Prior to January 22, 2012, Management fee was being charged at the rate of 2.5 percent of the average net assets of the Fund. The remuneration is paid to the Management Company on a monthly basis in arrears.
- 8.2 This represents amount payable in respect of Sindh Sales Tax at the rate of 16% on the remuneration of the Management Company as required by Sindh Sales Tax on Services Act, 2011 which is effective from July 1, 2011.
- 8.3 During the year, the Federal Government of Pakistan amended the First schedule Table II to the Federal Excise Act, 2005, and imposed excise duty on services provided by Asset Management Companies at the rate of 16% effective from June 13, 2013.

	Note	2013 -----Rupees in '000-----	2012 -----Rupees in '000-----
9 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE			
Trustee fee	9.1	<u>165</u>	<u>109</u>

- 9.1 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, 2013 is as follows:

Amount of Funds Under Management (Average NAV)

Upto Rs. 1,000 million

Tariff per annum

Rs. 0.7 million or 0.20% p.a. of NAV, whichever is higher

Rs. 1,000 million.

	Note	2013 -----Rupees in '000-----	2012 -----Rupees in '000-----
10 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN			
Annual fee	10.1	<u>593</u>	<u>530</u>

- 10.1 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	2013 -----Rupees in '000-----	2012 -----Rupees in '000-----
11 ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration		320	270
Settlement charges payable		35	-
Payable to brokers		501	43,811
Dividend payable to brokers		493	493
Provision for Workers' Welfare Fund	16	9,678	5,486
Legal and professional charges payable		40	30
Others		932	559
		<u>11,999</u>	<u>50,649</u>

12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2013 (2012: Nil).

NAFA MULTI ASSET FUND

	2013	2012
	-----No of Units-----	
13 NUMBER OF UNITS IN ISSUE		
Total units in issue at the beginning of the year	58,287,369	65,877,812
Add: units issued during the year	2,669,238	806,105
Add: bonus units issued during the year	3,496,621	9,539,071
Less: units redeemed during the year	(5,100,433)	(17,935,619)
Total units in issue at the end of the year	<u>59,352,795</u>	<u>58,287,369</u>

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.

	2013	2012
	----- Rupees in '000 -----	
13 AUDITORS' REMUNERATION		
Annual audit fee	285	259
Half yearly review fee	114	103
Out of pocket expenses	43	35
	<u>442</u>	<u>397</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 Honourable High Court of Sindh (SHC), challenging the applicability of WWF to the CISs, which is pending adjudication.

Subsequently, the Ministry of Labour and Manpower (the Ministry) vide its letter dated 15 July 2010 clarified that "Mutual Fund(s) is a product which is being managed / sold by the Asset Management Companies which are liable to contribute towards Workers Welfare Fund under Section-4 of WWF Ordinance 1971. However, the income on Mutual Fund(s), the product being sold, is exempted under the law *ibid*".

Further, the Secretary (Income Tax Policy) Federal Board of Revenue (FBR) issued a letter dated 6 October 2010 to the Members (Domestic Operation) North and South FBR. In the letter reference was made to the clarification issued by the Ministry of Labour and Manpower stating that mutual funds are a product and their income are exempted under the law *ibid*. The Secretary (Income Tax Policy) Federal Board of Revenue directed that the Ministry's letter may be circulated amongst field formations for necessary action. Following the issuance of FBR Letter, show cause notice which had been issued by taxation office to certain mutual funds for payment of levy under WWF were withdrawn. However, the Secretary (Income Tax Policy) Federal Board of Revenue vide letter 4 January 2011 has cancelled ab-initio clarificatory letter dated 6 October 2010 on applicability of WWF on mutual funds and issued show cause notices to certain mutual funds for collecting WWF. In respect of such show cause notices, certain mutual funds have been granted stay by Honourable High Court of Sindh on the basis of the pending constitutional petition in the said court as referred above.

Furthermore, in 2011 the Honourable Lahore High Court in a Constitutional Petition relating to the amendments brought in WWF Ordinance 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 Honourable Lahore High Court, will lend further support to the Constitutional Petition which is pending in the Honourable High Court of Sindh.

During the year, the Larger Bench of the Sindh High Court (SHC) issued a judgment in response to a petition in another similar case in which it is held that the amendments introduced in the WWF Ordinance through Finance Acts, 2006 and 2008 do not suffer from any constitutional or legal infirmity.

However, without prejudice to the above, the Management Company, as a matter of abundant caution, has decided to continue to maintain the provision for WWF amounting to Rs. 9.678 million in these financial statements. Had the same not been made the net asset value per unit / return of the Fund would have been higher by Rs. 0.163 / 1.209% (2012: Rs. 0.09 / 0.88%) per unit respectively.

NAFA MULTI ASSET FUND

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, 2013 has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

19 DETAILS OF NON - COMPLIANT INVESTMENTS

The Securities and Exchange Commission of Pakistan (SECP) 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'.

The SECP vide circular no. 16 dated July 07, 2010, prescribed specific disclosures for the scheme holding investments that are non - compliant either with the minimum investment criteria specified for the category assigned to such schemes or with investment requirements of their constitutive documents.

Following is the detail of non - compliant investments:

Name of non-compliant investment	Non-compliance of clause	Type of investment	Value of investment before provision	Provision held, if any	Value of investment after provision	%of netassets	%of grossassets
----- Rupees in '000 -----							
Maple Leaf Cement Factory Limited I	Rating is below A- (A minus) as prescribed in clause (iv) of circular 7 of 2009	Sukuk Bonds*	79,408	(47,645)	31,763	3.97%	3.90%
New Allied Electronic Industries (Private) Limited	Rating is below A- (A minus) as prescribed in clause (iv) of circular 7 of 2009	Term finance certificates*	10,000	(10,000)	-	0.00%	0.00%
Saudi Pak Leasing Company	Rating is below A- (A minus) as prescribed in clause (iv) of circular 7 of 2009	Term finance certificates*	15,175	-	15,175	1.90%	3.72%
Eden Housing Limited	Rating is below A- (A minus) as prescribed in clause (iv) of circular 7 of 2009	Sukuk Bonds*	15,938	(5,556)	10,382	1.30%	1.27%
Pak Electron Limited	Rating is below A- (A minus) as prescribed in clause (iv) of circular 7 of 2009	Sukuk Bonds*	17,143	(12,857)	4,286	0.54%	0.53%
KASB Bank Limited	Rating is below AA- (Double A Minus) as prescribed in clause (vi) of circular 7 of 2009	Bank balances**	97	-	97	0.01%	0.01%
Silk Bank Limited			64	-	64	0.01%	0.01%
Summit Bank Limited			1,833	-	1,833	0.23%	0.22%

* At the time of purchase, these term finance certificates and sukuks 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.

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, Taurus Securities, Fauji Fertilizer Company limited, The Hub Power Company Limited, Summit bank limited being an entity having the directorship common with that of the 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 The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

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

NAFA MULTI ASSET FUND

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

2013 2012
-----Rupees in '000-----

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

NBP Fullerton Asset Management Limited - Management Company

Management fee expense for the year	13,951	14,215
Front end load	364	85
Sales tax on remuneration of the Management Company	2,252	2,275
FED on remuneration to the Management Company	127	-

National Bank of Pakistan

Shares purchased	30,232	71,471
Shares sold	43,826	57,871

Alexandra Fund Management Pte. Limited - Sponsor

Bonus units issued: 6,024 units (2012: 12,234 units)	-	-
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Central Depository Company of Pakistan Limited - Trustee

Remuneration	1,395	1,246
CDS charges	183	144

NBP Employees Pension Fund

Bonus units issued: 1,054,007 units (2012: 2,140,727 units)	-	-
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Taurus Securities Limited

Brokerage paid	177	114
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Fauji Fertilizer Company Limited

Shares purchased	78,776	117,825
Shares sold	106,793	148,935

The Hub Power Company Limited

Shares purchased	77,081	62,649
Shares sold	120,019	58,914

20.6 Amounts outstanding as at year end are as follows:

NBP Fullerton Asset Management Limited - Management Company

Management fee payable	1,322	1,028
Sales tax payable on management remuneration	231	165
FED payable on management remuneration	127	-
Others	77	93

National Bank of Pakistan - Sponsor

Investment held in the Fund: 4,410,752 units (2012: 4,410,752 units)	59,472	47,276
Balance in current account	1,640	296
Ordinary shares held	3	13,065
Alexandra Fund Management Pte. Limited - Sponsor		
Investment held in the Fund: 97,092 units (2012: 91,068 units)	1,309	976

NBP Employees Pension Fund

Investment held in the Fund: 16,988,794 unit (2012: 15,934,787 units)	229,067	170,794
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Central Depository Company of Pakistan Limited - Trustee

Remuneration payable	132	103
CDS charges	33	6
Security deposit	100	100

Summit Bank of Pakistan

Bank balance	1,833	1,176
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Fauji Fertilizer Company Limited

Ordinary shares held	23	28,797
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The Hub Power Company Limited

Ordinary shares held	23,633	46,931
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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:

		-----2013-----	
		Qualification	Experience in years"
1	Dr. Amjad Waheed	MBA, Doctorate in Business Administration, CFA	25
2	Sajjad Anwar	MBA, CFA	13
3	Syed Suleman Akhtar	CFA	13
4	Muhammad Ali Bhabha	CFA, FRM	18
5	Asim Wahab Khan	CFA	7
6	Ammar Rizki	MBA	12

21.1 Mr. Asim Wahab Khan 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

		2013
1	Taurus Securities Limited	8.21%
2	Foundation Securities (Private) Limited	6.04%
3	KASB Securitas Limited	5.91%
4	Arif Habib Securities Limited	5.71%
5	Aqeel Karim Dehdi Securities (Private) Limited	5.64%
6	Optimus Capital Management Limited	5.51%
7	Topline Securities (Private) Limited	4.67%
8	Fortune Securities	4.35%
9	J.S. Global Capital Limited	4.25%
10	Summit Capital (Private) Limited (Formerly Atlas Capital Markets (Private) Limited)	4.17%
		2012
1	Taurus Securities Limited	6.37%
2	Foundation Securities (Private) Limited	5.96%
3	AKD Securities Limited	5.64%
4	Arif Habib Limited	4.65%
5	Elixir Securities Pakistan (Private) Limited	4.30%
6	Topline Securities (Private) Limited	4.02%
7	Habib Metropolitan Financial Services Limited	3.86%
8	Invest & Finance Securities (Private) Limited	3.71%
9	Saao Capital (Private) Limited	3.57%
10	Foundation Securities (Private) Limited	3.56%

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23 PATTERN OF UNIT HOLDING

-----2013-----			
Category	Number of unit holders	Investment amount	Percentage of total
Rupees in '000			
Individuals	357	56,705	7.09%
Associated Companies and Directors	3	289,848	36.22%
Insurance Companies	1	91	0.01%
Retirement Funds	13	431,449	53.91%
Others	-	-	0.00%
	<u>6</u>	<u>22,183</u>	<u>2.77%</u>
	<u>380</u>	<u>800,275</u>	<u>100.00%</u>
-----2012-----			
Category	Number of unit holders	Investment amount	Percentage of total
Rupees in '000			
Individuals	418	63,518	10.17%
Associated Companies and Directors	2	48,253	7.72%
Insurance Companies	1	68	0.01%
Retirement Funds	16	496,234	79.43%
Others	6	16,655	2.67%
	<u>1</u>	<u>11</u>	<u>0.00%</u>
	<u>444</u>	<u>624,739</u>	<u>100.00%</u>

25 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 37th, 38th, 39th, 40th and 41st board meetings were held on July 09, 2012, September 11, 2012, October 23, 2012, February 26, 2013 and April 26, 2013 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. Shahid Anwar Khan***	5	5	0	
Dr. Asif A. Brohi*	5	1	4	37th, 38th, 40th & 41st meeting
Mr. Khalid Mahmood*	1	0	1	41st meeting
Mr. Wah Geok Sum	5	4	1	41st meeting
Mr. Koh Boon San	5	5	0	
Mr. Shehryar Faruque	5	4	1	37th meeting
Mr. Kamal Amir Chinoy	5	2	3	37th, 39th & 41st meeting
Mr. Amir Shehzad	5	3	2	37th & 39th meeting
Mr. Asif Hassan****	0	0	0	
Dr Amjad Waheed	5	5	0	

* Dr. Asif A. Brohi retired from Board with effect from February 26, 2013

** Mr. Khalid Mahmood was co-opted on the Board with effect from April 11, 2013

*** Mr. Shahid Anwar Khan retired from Board with effect from May 20, 2013

**** Mr. Asif Hasan was co-opted on the Board with effect from May 20, 2013

-----As at June 30, 2013-----			
Loans and receivables	At fair value through profit or loss	Available for sale	Total
------(Rupees in '000)-----			

25 FINANCIAL INSTRUMENTS BY CATEGORY

Financial Assets

Balances with banks	447,872	-	-	447,872
Investments	-	272,368	86,850	359,218
Dividend and profit receivable	4,820	-	-	4,820
Advances and deposits	2,850	-	-	2,850
	<u>455,542</u>	<u>272,368</u>	<u>86,850</u>	<u>814,760</u>

NAFA MULTI ASSET FUND

-----As at June 30, 2013-----

At fair value through profit or loss	Amortised Cost	Total
--------------------------------------	----------------	-------

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

Financial Liabilities

Payable to the Management Company	-	1,757	1,757
Payable to the Trustee	-	165	165
Accrued expenses and other liabilities	-	1,667	1,667
	-	3,589	3,589

-----As at June 30, 2012-----

Loans and receivables	At fair value through profit or loss	Available for sale	Total
-----------------------	--------------------------------------	--------------------	-------

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

FINANCIAL INSTRUMENTS BY CATEGORY

Financial Assets

Balances with banks	62,627	-	-	62,627
Investments	-	468,752	139,025	607,777
Dividend and profit receivable	4,030	-	-	4,030
Advances and deposits	2,850	-	-	2,850
	69,507	468,752	139,025	677,284

-----As at June 30, 2012-----

At fair value through profit or loss	Amortised Cost	Total
--------------------------------------	----------------	-------

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

Financial Liabilities

Payable to the Management Company	-	1,286	1,286
Payable to the Trustee	-	109	109
Accrued expenses and other liabilities	-	44,911	44,911
	-	46,306	46,306

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

As at June 30, 2013, 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, 2013 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. 5.483 million (2012: Rs. 3.478 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, 2013 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

The Fund is not exposed to fixed rate instruments.

----- As at June 30, 2013 -----

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	6.00 - 11.00	447,872	446,232	-	-	1,640
Investments	6.75 - 15.46	359,218	-	-	102,025	257,193
Dividend and profit receivable		4,820	-	-	-	4,820
Advances and deposits		2,850	-	-	-	2,850

814,760 446,232 - 102,025 266,503

Financial liabilities

Payable to the Management Company		1,757	-	-	-	1,757
Payable to the Central Depository Company of Pakistan Limited - Trustee		165	-	-	-	165
Accrued expenses and other liabilities		1,667	-	-	-	1,667
		3,589	-	-	-	3,589

On-balance sheet gap

811,171 446,232 - 102,025 262,914

Off-balance sheet financial instruments

- - - - -

Off-balance sheet gap

- - - - -

----- As at June 30, 2012 -----

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 - 12.00	62,627	62,331	-	-	296
Investments	13.13 - 16.70	517,532	124,512	-	70,669	322,351
Dividend and profit receivable		4,030	-	-	-	4,030
Advances and deposits		2,850	-	-	-	2,850

587,039 186,843 - 70,669 329,527

Financial liabilities

Payable to the Management Company		1,286	-	-	-	1,286
Payable to the Central Depository Company of Pakistan Limited - Trustee		109	-	-	-	109
Accrued expenses and other liabilities		44,911	-	-	-	44,911
		46,306	-	-	-	46,306

On-balance sheet gap

540,733 186,843 - 70,669 283,221

Off-balance sheet financial instruments

- - - - -

Off-balance sheet gap

- - - - -

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.

NAFA MULTI ASSET FUND

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 fair value on June 30, 2013, the net income for the year would increase / decrease by Rs 12.860 million (2012: Rs 16.118 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 sensitivity analysis is based on the Fund's equity security as at the statements of assets and liabilities' date with all other variables held constant.

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:

2013

Bank balances by rating category

A1+	99.55%
A2	0.01%
A3	0.43%

Term finance certificates and sukuk bonds by rating category

AA+, AA, AA-	3.35%
A+, A, A-	1.03%
Un-rated	13.76%

The maximum exposure to credit risk before any credit enhancement as at June 30, 2013 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.

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.

NAFA MULTI ASSET FUND

June 30, 2013

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

(Rupees in '000)

Financial liabilities

Payable to the Management Company	1,757	1,757	-	-
Payable to the Trustee	165	165	-	-
Accrued expenses and other liabilities	1,667	1,667	-	-
	<u>3,589</u>	<u>3,589</u>	-	-

June 30, 2012

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

(Rupees in '000)

Financial liabilities

Payable to the Management Company	1,286	1,286	-	-
Payable to the Trustee	109	109	-	-
Accrued expenses and other liabilities	44,911	44,911	-	-
	<u>46,306</u>	<u>46,306</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 27, the Fund endeavors 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.

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.

International Financial Reporting Standard (IFRS) 7, "Financial Instruments: Disclosures" requires the Fund to 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:

NAFA MULTI ASSET FUND

- 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).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

-----As at June 30, 2013-----			
Level 1	Level 2	Level 3	Total
------(Rupees in '000)-----			

ASSETS

Investment in securities - at fair value through profit or loss	257,193	15,175	-	272,368
Investment in securities - available for sale	-	86,850	-	86,850

-----As at June 30, 2012-----			
Level 1	Level 2	Level 3	Total
------(Rupees in '000)-----			

ASSETS

Investment in securities - at fair value through profit or loss - held for trading	322,351	146,401	-	468,752
Investment in securities - available for sale	-	139,025	-	139,025

29 NON-ADJUSTING EVENT AFTER THE REPORTING DATE

The Board of Directors of the Management Company in their meeting held on July 11, 2013 approved a final distribution for the year ended June 30, 2013 at the rate of 21.41% (2012: 3.247%). The financial statements of the Fund for the year ended June 30, 2013 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, 2014.

30 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on August 27, 2013.

31 GENERAL

- 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, 2013	For the year ended June 30, 2012	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')	800,275	624,739	705,988	995,981	1,777,387	2,631,494	1,248,644
Net Income (Rs. '000')	205,411	41,630	142,237	84,814	(540,522)	125,571	280,409
Net Asset Value per units (Rs.)	13.4834	10.7183	9.2769	8.9984	8.602	11.1079	11.256
Selling price per unit	13.8879	11.0398	9.5552	9.2684	8.8601	11.4538	11.6429
Redemption price per unit	13.4834	10.7183	9.2769	8.9984	8.602	11.1079	11.256
Highest offer price per unit (Rs.)	14.1490	11.4499	9.8211	9.6769	11.3735	12.8755	11.6447
Lowest offer price per unit (Rs.)	10.4843	9.3772	7.5861	8.3443	6.6153	10.5951	8.6484
Highest redemption price per unit (Rs.)	13.7369	11.1164	9.535	9.3951	11.0422	12.4484	11.2578
Lowest redemption price per unit (Rs.)	10.1789	9.1041	7.3651	8.1012	6.4226	10.2644	8.3487
Total return of the fund	34.12%	15.54%	25.30%	12.38%	-22.56%	5.43%	28.96%
Capital growth	8.55%	12.04%	3.30%	4.63%	-22.56%	-1.32%	12.56%
Income distribution	25.57%	3.50%	22.00%	7.75%	0.00%	6.75%	16.40%
Distribution							
Interim Distribution per unit	0.4158	-	0.5400	0.3010	-	0.3377	-
Final distribution per unit	2.1411	0.3247	1.4397	0.3656	-	0.4221	1.6400
Distribution dates							
Interim	26-Feb-13	Nil	Feb 18, 2011	OCT 18, 2009	Nil	15-Apr-08	Nil
Interim	26-Apr-13	Nil	April 19, 2011	Feb 17, 2010	Nil	Nil	Nil
Final	11-Jul-13	9-Jul-12	4-Jul-11	5-Jul-10	Nil	3-Jul-08	5-Jul-07
Average annual return (launch date January 22, 2007)							
(Since inception to June 30, 2013)	13.71%						
(Since inception to June 30, 2012)		70.79%					
(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.							