



NBP Fullerton  
Asset Management Ltd.  
A Subsidiary of  
National Bank of Pakistan

## NAFA MULTI ASSET FUND

# ANNUAL REPORT 2014




*Your investments & "NAFA" grow together*



**FULLERTON FUND  
MANAGEMENT**

*Joint - Venture Partners*

## 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. Nausherwan Adil	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Wah Geok Sum	Director
Mr. Koh Boon San	Director
Mr. Kamal Amir Chinoy	Director
Mr. Shehryar Faruque	Director
Mr. Aamir Sattar	Director
Mr. Abdul Hadi Palekar	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 Sattar	Member

### Human Resource Committee

Mr. Nausherwan Adil	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  
MCB Bank Limited  
National Bank of Pakistan  
NIB Bank Limited  
Silk Bank Limited  
Soneri Bank 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](http://www.nafafunds.com)

## **Lahore Office:**

7-Noon Avenue, Canal Bank,  
Muslim Town, Lahore.  
UAN: 042-111-111-632  
Fax: 92-42-35861095

## **Islamabad Office:**

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Industrial Area, I-9/3 Islamabad.  
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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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# Board of Directors



Mr. Nausherwan Adil  
Chairman



Dr. Amjad Waheed, CFA  
Chief Executive Officer



Mr. Kamal Amir Chinoy  
Director



Mr. Koh Boon San  
Director



Mr. Aamir Sattar  
Director



Mr. Shehryar Faruque  
Director



Mr. Wah Geok Sum  
Director



Mr. Abdul Hadi Palekar  
Director

# Senior Management



Dr. Amjad Waheed, CFA  
Chief Executive Officer



Mr. M. Murtaza Ali  
Chief Financial Officer  
& Company Secretary



Mr. Sajjad Anwar, CFA  
Chief Investment Officer



Mr. Zeeshan  
Chief – Strategy &  
Business Development



Mr. Samiuddin Ahmed  
Country Head Corporate  
Marketing & Sales



Mr. Ozair Khan  
Chief Technology Officer



Mr. Muhammad Ali, CFA, FRM  
Head of Fixed Income



Mr. Ahmad Nouman CFA, PRM  
Head of Risk Management



Syed Suleman Akhtar CFA  
Head of Research



Mr. Tahir Lateef  
Head of Internal Audit

# NAFA MULTI ASSET FUND

## DIRECTORS' REPORT

The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the Eighth Annual Report of NAFA Multi Asset Fund for the year ended June 30, 2014.

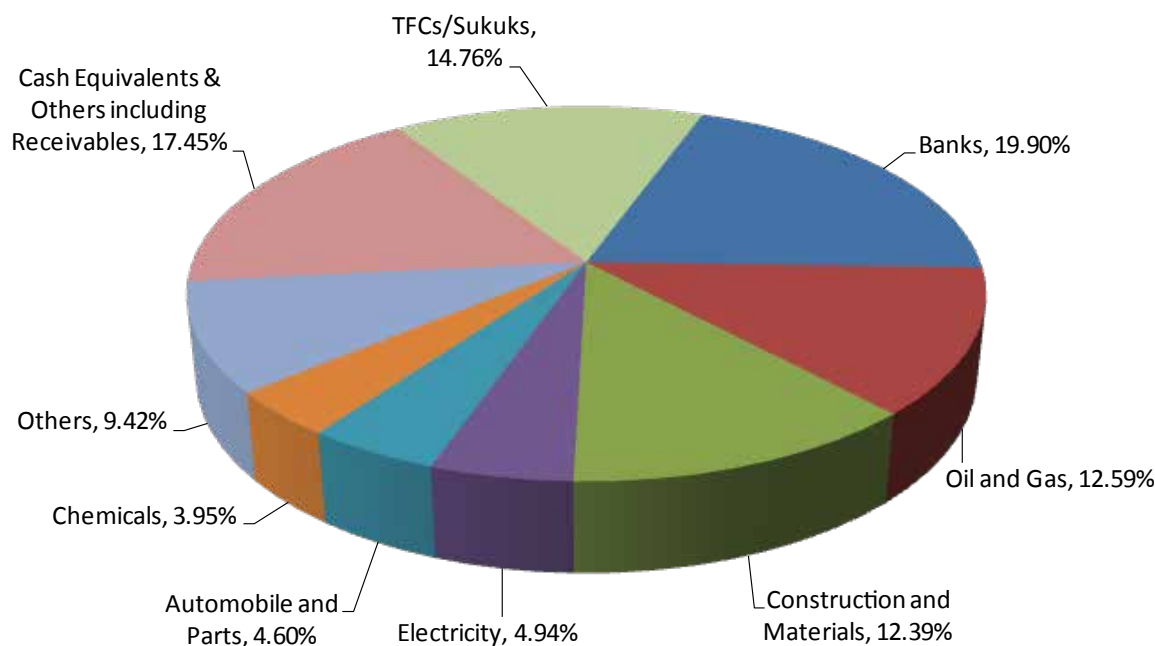
### Fund's Performance

During FY2013-14, the stock market (KSE-100 Index) surged by 41.2%. The aforesaid solid performance was driven by positive developments on the economic front, such as Pakistan's entry into a fresh IMF program, significant improvement in country's external account which buttressed foreign exchange reserves and Pak rupee, controlled inflation, lower fiscal deficit and higher GDP growth supported by a revival in the industrial sector. The improvements on the economic front coupled with increase in Pakistan's weight in the MSCI Frontier Market Index resulted in sizable foreign buying in the local bourse, helping the Index touch new highs.

Due to a precarious external account position and expected increase in inflation, SBP increased the Policy Rate by 100 bps to 10% during FY14. The yields on bonds in the secondary market remained on the higher side due to increase in interest rates and tight liquidity conditions. On the corporate debt sphere, we have witnessed some increase in primary issuance of corporate debt amid a pick-up in economic activity. Trading activity in TFCs remained skewed towards high quality issues, notably belonging to the Chemicals and Banking sectors. Majority of the TFCs in the Fund are floating rate linked to KIBOR. Therefore, any increase in the interest rates will improve the coupon income of the Fund. .

During the fiscal year, the return on NAFA Multi Asset Fund was 25.41% versus benchmark (50% KSE-30 Index, 50% 3-Month KIBOR) return of 17.93%. Thus an out-performance of 7.48% was witnessed during the year. NMF significantly out-performed on the back of timely asset allocation, strong performance of some of its key equity holdings and recovery against a partly provided debt exposure. Since launch (January 22, 2007) the Fund has risen by 187.28%, versus benchmark (50% KSE-30 Index, 50% 3-Month KIBOR) return of 93.56%, thus to date out-performance is 93.72%.

NAFA Multi Asset Fund has earned a total income of Rs.280.05 million during the year. After deducting total expenses of Rs.62.86 million, the net income is Rs.217.19 million. The asset allocation of NAFA Multi Asset Fund as on June 30, 2014 is as follows:





# NAFA MULTI ASSET FUND

## Income Distribution

The Board of Directors of the Management Company has approved distribution of 16.80% of opening ex-NAV (19.05% of the par value) during the year.

## 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 ended June 30, 2015.

## 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 six 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: September 16, 2014  
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, 2014 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: October 14, 2014

# NAFA MULTI ASSET FUND

## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2014

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. As at June 30, 2014, the Board included:

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. Nausherwan Adil (Chairman) 2. Mr. Aamir Sattar 3. Mr. Abdul Hadi Palekar 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).
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, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. One casual vacancy was occurred on the board on October 10, 2013 which was filled up on the same date.
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 the Code requires every listed company to conduct formal orientation for directors. As per the Code, by June 30, 2014 a minimum of two directors should have attended director training program. As at year end, one of the directors has attended 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 the next 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. There was no new appointment of the Chief Financial Officer (CFO) and Company Secretary during the year. However, the Head of Internal Audit left the Company on March 07, 2014 and in his place a new appointment was made on April 08, 2014 with the approval of audit and risk committee including remuneration and terms and conditions. The appointment of the Head of Internal Audit has been ratified by the Board in its meeting held on September 16, 2014, subsequent to the year end.
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 committee has formed the terms of reference 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.

# NAFA MULTI ASSET FUND

18. The Board has set up an effective internal audit function.
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. Since there is no practical implication of closed period on the announcement of interim and final results of open end Fund. Therefore, 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. While the Code of Corporate Governance requires that a mechanism shall be put in place for the annual evaluation of the Board's own performance by April 2014, the Management Company is in the process of preparing a framework for this purpose and eventual approval by the Board of Directors of the Management Company.

For and behalf of the board

Karachi  
September 16, 2014

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, CFS etc. 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

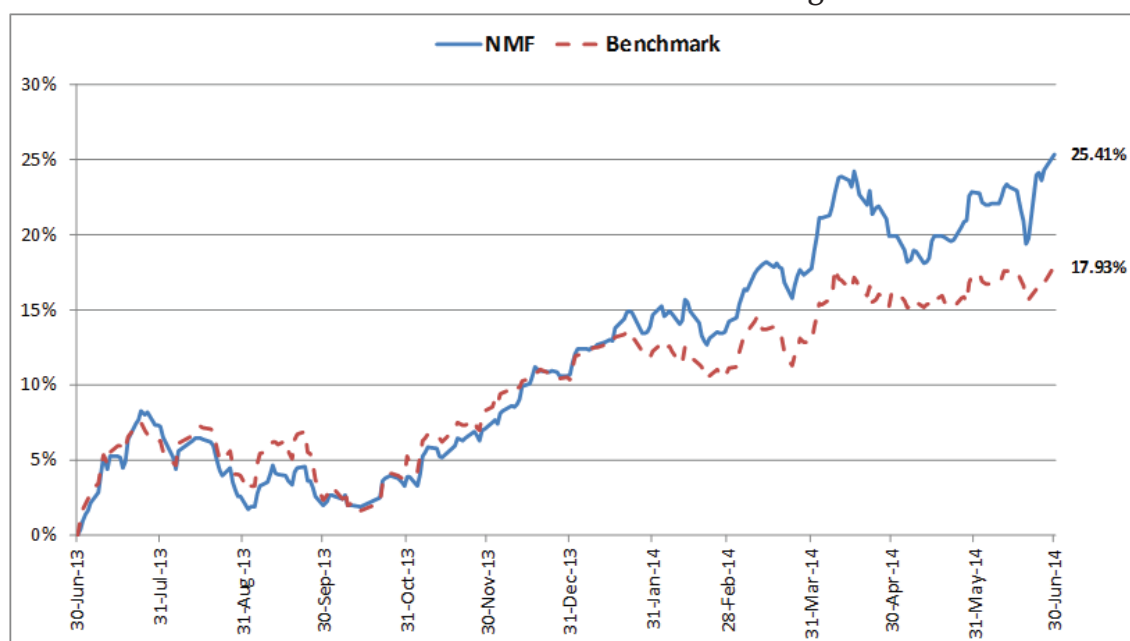
50% 3-Month KIBOR and 50% KSE-30 Index

### Fund Performance Review

This is the eighth annual report of the Fund. During the year under review, NAFA Multi Asset Fund's (NMF) Net Asset Value (NAV) increased by 25.41%, whereas the benchmark, 50% KSE-30 Index and 50% 3-month KIBOR, increased by 17.93%, thus an out-performance of 7.48% was recorded. Since inception on January 22, 2007, the NAV of NMF has risen by 187.28% while the benchmark has increased by 93.56%, thus to date cumulative outperformance is 93.72%. The outperformance of the Fund is net of management fee and all other expenses. Thus, NMF has met its investment objective. During the year, the fund size of NMF increased by 28.24% to Rs. 1,026mn.

NMF outperformed during the year as its key holdings in the Construction & Materials, Automobile and Parts, General Industrials, and Banking sectors performed better than the market. Moreover, contribution to the Fund's performance also came from its under-weight position in the selected companies of Chemicals and Oil and Gas sectors that lagged the market. The chart below shows the performance of NMF against the benchmark for the year.

NMF Performance vs. Benchmark during FY14



# NAFA MULTI ASSET FUND

At the start of the year, NMF was around 32% 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 increased to around 68%.

The solid performance of the stock market was driven by positive developments on the economic front, such as Pakistan's entry into a fresh IMF program, significant improvement in country's external account which buttressed foreign exchange reserves and Pak rupee, controlled inflation, lower fiscal deficit and higher GDP growth supported by a revival in the industrial sector. The improvements on the economic front coupled with increase in Pakistan's weight in the MSCI Frontier Market Index resulted in sizable foreign buying in the local bourse, helping the Index touch new highs.

Due to a precarious external account position and expected increase in inflation, SBP increased the Policy Rate by 100 bps to 10% during FY14. The yields on bonds in the secondary market remained on the higher side due to increase in interest rates and tight liquidity conditions. On the corporate debt sphere, we have witnessed some increase in primary issuance of corporate debt amid a pick-up in economic activity. Trading activity in TFCs remained skewed towards high quality issues, notably belonging to the Chemicals and Banking sectors. All TFCs in the Fund are floating rate linked to KIBOR. Therefore, any increase in the interest rates will improve the coupon income of the Fund.

## Asset Allocation of the Fund (% of NAV)

Particulars	30-Jun-14	30-Jun-13
Equities / Stocks	67.79%	32.14%
TFCs / Sukuks	14.76%	12.75%
Cash Equivalents	22.14%	55.96%
Other Net (Liabilities) / Assets	-4.69%	-0.85%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## 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	27,547,410	27,547,410	-	-	-	-
Eden Housing (Sukuk II)	SUKUK	9,843,750	9,843,750	-	-	-	155.75%
Maple Leaf Cement (Sukuk I)*	SUKUK	68,353,065	-	50,800,681	4.95%	4.46%	38.65%
Pak Elektron Limited (Sukuk)	SUKUK	17,142,857	17,142,857	-	-	-	-
New Allied Electronics (Sukuk I)	SUKUK	10,000,000	10,000,000	-	-	-	-
<b>Total</b>		<b>132,887,082</b>	<b>64,534,017</b>	<b>50,800,681</b>	<b>4.95%</b>	<b>4.46%</b>	

\*Said TFC is performing but classified as non Compliant on the basis of required rating. Due to this the difference between the Value of Investment before provision and after provision is mark to market loss instead of provisioning.

## Distribution for the Financial Year 2014

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-2013	2.268	13.2449	13.0181
Qtr ended March-2014	2.268	13.4986	13.2718
Qtr ended June-2014	14.518	13.6821	12.2303



# NAFA MULTI ASSET FUND

## Unit Holding Pattern of NAFA MULTI ASSET FUND as on June 30, 2014

Size of Unit Holding (Units)		No. of Unit Holders
1	1,000	53
1,001	5,000	147
5,001	10,000	54
10,001	50,000	113
50,001	100,000	31
100,001	500,000	21
500,001	1,000,000	2
1,000,001	5,000,000	1
5,000,001	10,000,000	2
10,000,001	100,000,000	2
<b>Total:</b>		<b>426</b>

### During the period under question:

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

### Workers' Welfare Fund (WWF)

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs 14,109,785/-. If the same were not made the NAV per unit/return of scheme would have been higher by Rs.0.1705/1.72%. For details investors are advised to read the Note 16 of the Financial Statements of the Scheme for the year ended 30, June 2014.

# NAFA MULTI ASSET FUND

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of NBP Fullerton Asset Management Limited, the Management Company of **NAFA Multi Asset Fund** (the Fund) for the year ended June 30, 2014 to comply with the requirements of 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 of the Fund (the Board). 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 and report if it does not and to highlight any non-compliance with the requirement of the Code. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As part of our audit of 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.

The Code requires the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board upon recommendation of 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 Fund's compliance, in all material respects, with the best practices contained in the Code as applicable to the Fund for the year ended June 30, 2014.

Further, we highlight the below instances of non-compliances with the requirements of the Code as reflected in the paragraph references where these are stated in the Statement of Compliance:

- i) Paragraph 9 As per the Code, at least two directors were required to obtain training by June 30, 2014, however, only one director has obtained training so far.
- ii) Paragraph 21 As per the Code, there should be announcement of 'close period' prior to the announcement of interim / final results, however there was no such 'close period' announced during the year ended June 30, 2014.
- iii) Paragraph 23 As per the Code, a mechanism was required to be put in place for an annual evaluation of the Board's own performance which is in process of development.

**M. Yousuf Adil Saleem & Co.**  
Chartered Accountants  
Date: September 16, 2014  
Place: 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, 2014, 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 Company'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 the Management Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' 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 Fund'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 Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management Company, 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, 2014, 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 16, 2014

**Place:** Karachi

# NAFA MULTI ASSET FUND

## STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2014

	Note	2014 -----Rupees in '000-----	2013
<b>ASSETS</b>			
Balances with banks	4	227,228	447,872
Investments	5	847,235	359,218
Dividend and profit receivable	6	3,961	4,820
Advances and deposits	7	7,646	2,879
<b>Total assets</b>		<b>1,086,070</b>	<b>814,789</b>
<b>LIABILITIES</b>			
Payable to the NBP Fullerton Asset Management Limited - Management Company	8	3,502	1,757
Payable to the Central Depository Company of Pakistan Limited - Trustee	9	209	165
Payable to Securities and Exchange Commission of Pakistan	10	749	593
Payable against purchase of investments		39,398	-
Accrued expenses and other liabilities	11	15,816	11,999
<b>Total liabilities</b>		<b>59,674</b>	<b>14,514</b>
<b>NET ASSETS</b>		<b>1,026,396</b>	<b>800,275</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>1,026,396</b>	<b>800,275</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	12		
-----Number of units-----			
<b>NUMBER OF UNITS IN ISSUE</b>	13	<b>82,746,275</b>	<b>59,352,795</b>
-----Rupees-----			
<b>NET ASSET VALUE PER UNIT</b>	14	<b>12.4041</b>	<b>13.4834</b>

The annexed notes 1 to 30 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, 2014

	Note	2014 -----Rupees in '000-----	2013
<b>INCOME</b>			
Profit on bank deposits		24,224	12,028
Capital gain on sale of investments - net		82,959	115,976
Income from term finance certificates and sukuk bonds		29,333	29,410
Income from government securities		4,142	136
Dividend income		24,943	33,608
Unrealised gain on re-measurement of investments at fair value through profit or loss-held for trading <sup>1</sup> - net	5.6	75,382	37,272
		240,983	228,430
<b>EXPENSES</b>			
Remuneration of the NBP Fullerton Asset Management Limited - Management Company	8.1	17,627	13,951
Sindh sales tax on remuneration on the Management Company	8.2	3,292	2,252
Federal Excise Duty on remuneration of the Management Company	8.3	2,820	127
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	9	1,762	1,395
Annual fee - Securities and Exchange Commission of Pakistan	10	750	593
Securities transaction cost		3,098	2,631
Settlement and bank charges		644	526
Auditors' remuneration	15	479	442
Annual listing fee		40	40
Legal and professional charges		134	40
Fund's rating fee		133	121
Printing expenses		106	27
Impairment loss / (reversal of impairment) on investments classified as held for trading	5.8	27,547	(11,263)
(Reversal of impairment) / impairment loss on investments classified as available for sale	5.9	(39,071)	7,945
		19,361	18,827
<b>Net income from operating activities</b>		221,622	209,603
Provision for Workers' Welfare Fund	16	(4,432)	(4,192)
<b>Net income for the year before taxation</b>		217,190	205,411
Taxation	17	-	-
<b>Net income for the year after taxation</b>		217,190	205,411
<b>Earnings per unit</b>	18		

The annexed notes 1 to 30 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, 2014

	Note	2014 -----Rupees in '000-----	2013
Net income for the year after taxation		217,190	205,411
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to income statement:			
Net unrealised (loss) / gain on the re-measurement of investments classified as 'available for sale'	5.7	(17,181)	1,487
Items that will not be reclassified subsequently to income statement:			
		-	-
<b>Total comprehensive income for the year</b>		<u>200,009</u>	<u>206,898</u>

The annexed notes 1 to 30 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, 2014

	2014	2013
	-----Rupees in '000-----	
Undistributed income / (accumulated loss) brought forward	133,470	(29,506)
Final distribution for the year ended June 30, 2013: 21.411% (2012: 3.247%) Date of Distribution: July 11, 2013 (2012: July 09, 2012)		
- Bonus units	(117,607)	(17,488)
- Cash distribution	(9,446)	(1,432)
	(127,053)	(18,920)
Net income for the year	217,190	205,411
First Interim distribution: 2.268% (2012: 2.079%)		
- Bonus units	(15,992)	(11,233)
- Cash distribution	(17)	(917)
Second Interim distribution: 2.268% (2013: 2.079%)		
- Bonus units	(8,685)	(11,243)
- Cash distribution	(7,555)	(917)
Interim distribution for the year ended June 30, 2014: 14.518% Date of Distribution: June 26, 2014		
- Bonus units	(52,829)	-
- Cash distribution	(48,363)	-
	(133,441)	(24,310)
Element of income and capital gains included in prices of Units issued less those in Units redeemed	21,282	795
<b>Undistributed income carried forward</b>	<u>111,448</u>	<u>133,470</u>

The annexed notes 1 to 30 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, 2014

	2014	2013
	-----Rupees in '000-----	
Net assets at the beginning of the year	800,275	624,739
Issuance of 35,214,614 units including 15,959,230 bonus units (2013: 6,165,860 units including 3,496,622 bonus units)	241,296	31,593
Redemption of 11,821,134 units (2013: 5,100,434 units)	(149,803)	(59,689)
	91,493	(28,096)
Final distribution of 9,756,780 bonus units for the year ended June 30, 2013: 21.411% (2012: 3.247%)	117,607	17,488
Net element of income and capital gains included in prices of units issued less those in units redeemed - transferred to distribution statement	(21,282)	(795)
Total Comprehensive income for the year	200,009	206,898
<b>Less: Distributions made during the year</b>		
Final distribution for the year ended June 30, 2013: 21.411% (2012: 3.247%) Date of Distribution: July 11, 2013 (2012: July 09, 2012)		
- Bonus units	(117,607)	(17,488)
- Cash distribution	(9,446)	(1,432)
First Interim distribution: 2.268% (2012: 2.079%)		
- Bonus units	(15,992)	(11,233)
- Cash distribution	(17)	(917)
Second Interim distribution: 2.268% (2013: 2.079%)		
- Bonus units	(8,685)	(11,243)
- Cash distribution	(7,555)	(917)
Interim distribution for the year ended June 30, 2014: 14.518% Date of Distribution: June 26, 2014		
- Bonus units	(52,829)	-
- Cash distribution	(48,363)	-
	(260,494)	(43,230)
Issue of bonus units for the year	77,506	22,476
Element of income and capital gains included in prices of units issued less those in units redeemed - net	21,282	795
<b>Net assets at the end of the year</b>	<u>1,026,396</u>	<u>800,275</u>

The annexed notes 1 to 30 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, 2014

	Note	2014	2013
-----Rupees in '000-----			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net income for the year before taxation		217,190	205,411
<b>Adjustments</b>			
Unrealised gain on re-measurement of investments at fair value through profit or loss -held-for trading' - net		(75,382)	(37,272)
Impairment loss / (reversal of impairment) on investments classified as held for trading		27,547	(11,263)
(Reversal of impairment) / impairment loss on investments classified as available for sale		(39,071)	7,945
		<u>(86,906)</u>	<u>(40,590)</u>
		130,284	164,821
<b>(Increase) / decrease in assets</b>			
Investments - net		(418,292)	290,636
Dividend and profit receivable		859	(790)
Advances and deposits		(4,767)	-
		<u>(422,200)</u>	<u>289,846</u>
<b>Increase / (decrease) in liabilities</b>			
Payable to the Management Company		1,745	471
Payable to the Central Depository Company of Pakistan Limited - Trustee		44	56
Payable to Securities and Exchange Commission of Pakistan		156	63
Payable against purchase of investments		39,398	-
Accrued expenses and other liabilities		3,817	(38,650)
		<u>45,160</u>	<u>(38,060)</u>
<b>Net cash (used in) / generated from operating activities</b>		<u>(246,756)</u>	<u>416,607</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Amounts received from issuance of units		241,296	31,593
Amounts paid on redemption of units		(149,803)	(59,689)
Distributions paid		(65,381)	(3,266)
<b>Net cash generated from / (used in) financing activities</b>		<u>26,112</u>	<u>(31,362)</u>
<b>Net (decrease) / increase in cash and cash equivalents during the year</b>		<u>(220,644)</u>	<u>385,245</u>
<b>Cash and cash equivalents at the beginning of the year</b>		447,872	62,627
<b>Cash and cash equivalents at the end of the year</b>	4	<u><u>227,228</u></u>	<u><u>447,872</u></u>

The annexed notes 1 to 30 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, 2014

### 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, 2014, it has been assigned short and long term performance ranking of '3 star' and '4 star' respectively.

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 Adoption of New Standards, Amendments and Interpretations to the published approved accounting standards:

# NAFA MULTI ASSET FUND

## 2.4.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2014.

The following standards, amendments and interpretations are effective for the year ended June 30, 2014. These standards, interpretations and the amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund'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
The amendments to IAS 19 - Employee Benefits – treatment of actuarial gains and losses	Effective from accounting period beginning on or after January 01, 2013
Amendments to IAS 32 Financial Instruments: Presentation - Tax effects of distributions to holders of an equity instrument, and transaction costs of an equity transaction	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

## 2.4.2 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 Funds's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

Amendments to IAS 19 Employee Benefits: Employee contributions	Effective from accounting period beginning on or after July 01, 2014
IAS 27 (Revised 2011) – Separate Financial Statements	Effective from accounting period beginning on or after January 01, 2015. IAS 27 (Revised 2011) will concurrently apply with IFRS 10.
IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures	Effective from accounting period beginning on or after January 01, 2015
Amendments to IAS 32 Financial Instruments: Presentation - Offsetting financial assets and financial liabilities	Effective from accounting period beginning on or after July 01, 2014
IAS 36 Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets	Effective from accounting period beginning on or after July 01, 2014
IAS 39 Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting	Effective from accounting period beginning on or after July 01, 2014
IFRS 10 – Consolidated Financial Statements	Effective from accounting period beginning on or after January 01, 2015. Earlier adoption is encouraged.
IFRS 11 – Joint Arrangements	Effective from accounting period beginning on or after January 01, 2015
IFRS 12 – Disclosure of Interests in Other Entities	Effective from accounting period beginning on or after January 01, 2015
IFRS 13 – Fair Value Measurement	Effective from accounting period beginning on or after January 01, 2015
IFRIC 21 - Levies	Effective from accounting period beginning on or after July 01, 2014

# NAFA MULTI ASSET FUND

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 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers

## 2.5 Critical accounting judgments and estimates

The preparation of financial statements in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in application of its accounting policies. The estimates, judgments and associated assumptions are based on the management's experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in application of accounting policies principally relate to classification and valuation of investments (note 3.2 and note 5).

## 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.

##### 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:

# NAFA MULTI ASSET FUND

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

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

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

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

## 3.2.5 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.

# NAFA MULTI ASSET FUND

## 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.

## 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	2014 -----Rupees in '000-----	2013
<b>4 BALANCES WITH BANKS</b>			
Current accounts		2,721	1,640
Savings accounts	4.1	<u>224,507</u>	<u>446,232</u>
		<u>227,228</u>	<u>447,872</u>

4.1 These carry profits at the rates ranging from 6.00% to 10.10% per annum (2013: 6.50% to 11.00% per annum).

	Note	2014 -----Rupees in '000-----	2013
<b>5 INVESTMENTS</b>			
<b>At fair value through profit or loss - held for trading</b>			
Listed equity securities	5.1	695,756	257,193
Government securities	5.2	-	-
Term finance certificates - listed	5.3	82,360	15,175
		778,116	272,368
<b>Available for sale</b>			
Term finance certificates - listed	5.4.1	-	15,005
Term finance certificates - unlisted	5.4.2	18,318	20,808
Sukuk bonds	5.5	50,801	51,037
		69,119	86,850
		<u>847,235</u>	<u>359,218</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 and K-Electric which have a face value of Rs. 3.5 each.

Name of the investee company	Number of shares					Market value as at June 30, 2014	Investment as a percentage of		
	As at July 1, 2013	Purchases during the year	Bonus / right Issue	Sales during the year	As at June 30, 2014		Net assets	Market value of total investment	Paid up capital of investee company
Rupees in '000) ----- % -----									
<b>Oil &amp; Gas</b>									
Attock Petroleum Limited	1	-	-	-	1	1	0.00	0.00	0.00
Oil & Gas Development Company Limited	70,396	300,100	-	282,600	87,896	22,966	2.24	2.71	0.00
Pakistan Oilfields Limited	12,119	169,100	-	115,700	65,519	37,627	3.67	4.44	0.03
Pakistan Petroleum Limited	54,186	461,800	27,797	364,300	179,483	40,265	3.92	4.75	0.01
National Refinery Limited	-	52,300	-	52,300	-	-	-	-	-
Shell Pakistan Limited	-	14,000	-	14,000	-	-	-	-	-
Pakistan State Oil Company Limited	159,620	312,700	18,432	417,900	72,852	28,328	2.76	3.34	0.03
<b>Chemicals</b>									
Engro Corporation Limited	75,017	713,000	-	584,200	203,817	36,384	3.54	4.29	0.04
Fauji Fertilizer Bin Qasim Limited	900	-	-	-	900	36	0.00	0.00	0.00
Fauji Fertilizer Company Limited	211	-	-	-	211	24	0.00	0.00	0.00
Engro Fertilizers Limited	-	672,500	4,532	666,000	11,032	631	0.06	0.07	0.00
Fatima Fertilizer Company Limited	-	486,500	-	486,500	-	-	-	-	-
Dawood Hercules Corporation Limited	-	106,000	-	57,000	49,000	3,420	0.33	0.40	0.01
<b>Construction and Materials</b>									
Cherat Cement Company Limited	432,556	104,000	6	536,500	62	4	0.00	0.00	0.00
D.G. Khan Cement Company Limited	120,000	1,002,000	-	900,000	222,000	19,527	1.90	2.30	0.05
Pioneer Cement Limited	-	979,000	-	325,000	654,000	30,515	2.97	3.60	0.29
Kohat Cement Company Limited	131,000	245,500	16,600	393,000	100	13	-	-	0.00
Lucky Cement Limited	63,564	180,300	-	150,500	93,364	38,307	3.73	4.52	0.03
Akzo Nobel Pakistan	-	71,800	-	-	71,800	12,131	1.18	1.43	0.15
Fauji Cement Company Limited	-	998,500	-	998,500	-	-	-	-	-
Attock Cement Pakistan Limited	7,650	-	-	7,650	-	-	-	-	-
Maple Leaf Cement Limited	-	1,759,500	-	872,500	887,000	26,654	2.60	3.15	0.17
<b>General Industrials</b>									
Thal Limited	238,636	21,000	-	102,500	157,136	32,588	3.17	3.85	0.19
Ghani Glass Limited	-	84,000	-	-	84,000	4,536	0.44	0.54	0.07

# NAFA MULTI ASSET FUND

Name of the investee company	Number of shares					Market value as at June 30, 2014	Investment as a percentage of		
	As at July 1, 2013	Purchases during the year	Bonus / right Issue	Sales during the year	As at June 30, 2014		Net assets	Market value of total investment	Paid up capital of investee company
Rupees in '000) ----- % -----									
<b>Personal Goods</b>									
Azgard Nine Limited (Non-voting shares)	807,000	-	-	-	807,000	5,649	0.55	0.67	14.61
Nishat Chunian Limited	91,000	742,000	23,550	856,500	50	2	0.00	0.00	0.00
Nishat Mills Limited	89,000	740,500	-	685,500	144,000	16,117	1.57	1.90	0.04
<b>Forestry (Paper And Board)</b>									
Century Paper & Board Mills Limited	-	150,000	-	-	150,000	7,995	0.78	0.94	0.10
<b>Technology Hardware And Equipment</b>									
TPL Trakker Limited	-	630,000	-	-	630,000	5,222	0.51	0.62	0.29
<b>Industrial Transportation</b>									
Pakistan National Shipping Corporation	-	109,000	-	-	109,000	7,752	0.76	0.91	0.08
<b>Fixed Line Telecommunication</b>									
Pakistan Telecommunication Company Limited	-	2,757,000	-	2,095,500	661,500	16,848	1.64	1.99	0.02
<b>Industrial Metals And Mining</b>									
Crescent Steel and Allied Products Limited	-	168,000	-	168,000	-	-	-	-	-
<b>Electricity</b>									
Kot Addu Power Company Limited	102,500	805,500	-	420,000	488,000	28,812	2.81	3.40	0.06
The Hub Power Company Limited	383,348	1,006,000	-	1,197,000	192,348	11,299	1.10	1.33	0.02
K-Electric Limited	-	1,240,000	-	-	1,240,000	10,528	1.03	1.24	0.00
Nishat Chunian Power Limited	-	77,500	-	77,500	-	-	-	-	-
Nishat Power Limited	-	500,500	-	500,500	-	-	-	-	-
Pakgen Power Limited	-	158,000	-	155,000	3,000	54	0.01	0.01	0.00
<b>Banks</b>									
Bank Alfalah Limited	-	2,428,000	-	1,659,000	769,000	21,148	2.06	2.50	0.06
Bank Alhabib Limited	463,000	962,000	65,900	801,000	689,900	31,032	3.02	3.66	0.06
MCB Bank Limited	22	94,100	2	16,000	78,124	23,543	2.29	2.78	0.01
Meezan Bank Limited	344,617	-	-	320,500	24,117	1,043	0.10	0.12	0.00
National Bank of Pakistan	71	1,342,000	-	565,000	777,071	48,357	4.71	5.71	0.04
Habib Bank Limited	-	64,500	50	64,500	50	10	0.00	0.00	0.00
United Bank Limited	-	737,369	-	381,178	356,191	60,040	5.85	7.09	0.03
BankIslami Pakistan Ltd.	-	1,665,000	-	806,500	858,500	8,465	0.82	1.00	0.16
Faysal Bank Limited	-	1,275,000	-	700,000	575,000	9,286	0.90	1.10	0.06
Habib Metropolitan Bank Limited	-	50,000	-	16,500	33,500	1,078	0.11	0.13	0.00
Allied Bank Limited	-	52,000	5,200	55,000	2,200	302	0.03	0.04	0.00
<b>Automobile And Parts</b>									
Ghandhara Nissan Limited	-	165,000	-	-	165,000	6,636	0.65	0.78	0.37
Honda Atlas Cars (Pakistan) Limited	-	330,000	-	50,000	280,000	26,065	2.54	3.08	0.20
Pak Suzuki Motor Company Limited	-	53,000	-	-	53,000	14,516	1.41	1.71	0.06
						695,756	67.79	82.12	
Carrying value before mark to market (listed ordinary shares) as at June 30, 2014						<u>637,908</u>			

5.1.1 Investments include shares with market value of Rs. 47.39 million (2013: Rs. 126.513 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 - held for trading

## Market Treasury Bills (T-Bills)

Issue Date	Tenor	Face Value				Market value as at June 30, 2014	Investment as a percentage of	
		As at July 1, 2013	Purchases during the year	Sales/ Matured during the year	As at June 30, 2014		Market value of total investments	Paid Up Capital of the investee company
January 24, 2013	06 Months	-	129,000	129,000	-	-	-	-
September 19, 2013	03 Months	-	100,000	100,000	-	-	-	-
June 13, 2013	06 Months	-	135,000	135,000	-	-	-	-
		-	<u>364,000</u>	<u>364,000</u>	-	-	-	-

Carrying value before mark to market (market treasury bills) as at June 30, 2014





# NAFA MULTI ASSET FUND

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.

Name of the investee company	Number of certificates / bonds				Market value as at June 30, 2014	Investment as a percentage of		
	As at July 1, 2013	Purchases during the year	Sales during the year	As at June 30, 2014		Net assets	Market value of total investment	Issue size
					Rupees in '000)	-----%-----		
Eden Builders Limited	4,902	-	4,902	-	-	-	-	-
Maple Leaf Cement Factory Limited (note 5.5.4)	17,688	-	-	17,688	50,801	4.95	6.00	2.95
New Allied Electronics Industries (Private) Limited (note 5.5.1)	32,000	-	-	32,000	-	-	-	1.33
Pak Electron Limited (note 5.5.2)	8,000	-	-	8,000	-	-	-	3.33
Eden Housing Limited (note 5.5.3)	10,000	-	-	10,000	-	-	-	6.85
	<u>72,590</u>	<u>-</u>	<u>4,902</u>	<u>67,688</u>	<u>50,801</u>	<u>4.95</u>	<u>6.00</u>	<u>14.46</u>
Carrying value before mark to market (listed sukuk bonds) as at June 30, 2014					<u>105,340</u>			
Provision for impairment loss as at June 30, 2014 (note 5.9)					<u>36,987</u>			

5.5.1 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 no. 33 of 2012 has been maintained by valuing the investment in terms of the said circular.

5.5.2 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 no. 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 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 amount of provision as per circular no. 1 of 2009 and circular no. 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 six years. On September 03, 2011, the borrower had 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 had stopped additional provisioning from mentioned date on above sukus in following the advice provided by Securities & Exchange Commission of Pakistan (SECP). The investee company was classified under the performing category on June 23, 2014 by MUFAP. Carrying value of sukus as at June 30, 2014 after reversal of provision is Rs. 68.35 million.

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	2014 -----Rupees in '000-----	2013
<b>5.6 Unrealised gain in the value of investments at 'fair value through profit or loss' - net</b>			
Market value of investments	5.1, 5.2 & 5.3	778,116	272,368
Less: Carrying value of investments before mark to market	5.1, 5.2 & 5.3	(745,455)	(235,096)
		<u>32,661</u>	<u>37,272</u>
Add: Reversal of unrealised loss		15,174	-
Add: Provision against non-performing term finance certificates and sukuk bonds	5.8	27,547	-
		<u>75,382</u>	<u>37,272</u>
<b>5.7 Unrealised (loss) / gain in fair value of investments classified as available for sale - net</b>			
Market value of investments	5.4	69,119	86,850
Less: Carrying value of investments before mark to market	5.4	123,287	161,421
		<u>(54,168)</u>	<u>(74,571)</u>
Add: Provision against non-performing term finance certificates and sukuk bonds	5.9	36,987	76,058
		<u>(17,181)</u>	<u>1,487</u>
<b>5.8 Movement in provision against debt securities - held-for-trading</b>			
Opening balance		-	11,263
Charge for the year		27,547	-
Reversals during the year		-	(11,263)
Closing balance		<u>27,547</u>	<u>-</u>
<b>5.9 Movement in provision against debt securities - available-for-sale</b>			
Opening balance		76,058	68,113
Charge for the year		10,698	15,835
Reversals during the year		(49,769)	(7,890)
		<u>(39,071)</u>	<u>7,945</u>
Closing balance		<u>36,987</u>	<u>76,058</u>
	Note	2014	2013
		-----Rupees in '000-----	
<b>6 DIVIDEND AND PROFIT RECEIVABLE</b>			
Dividend receivable on equity shares		1,753	417
Profit on savings and term deposits		62	-
Income accrued on term finance certificates and sukuk bonds		<u>14,775</u>	<u>14,113</u>
Less: Income suspended over non-performing debt securities		<u>(12,629)</u>	<u>(9,710)</u>
		<u>2,146</u>	<u>4,403</u>
		<u>3,961</u>	<u>4,820</u>
<b>7 ADVANCES AND DEPOSITS</b>			
Advance against investment in book building process	7.1	4,767	-
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>7,646</u>	<u>2,879</u>

7.1 This represents advance against investment in book building process of Pakistan Petroleum Limited.

# NAFA MULTI ASSET FUND

	Note	2014 -----Rupees in '000-----	2013
<b>8 PAYABLE TO THE NBP FULLERTON MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>			
Management fee	8.1	268	1,322
Sales tax payable to Management Company	8.2	148	231
Federal Excise Duty payable to Management Company	8.3	2,685	127
Front end load payable to Management Company		401	77
		<u>3,502</u>	<u>1,757</u>

**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 services provided by the Management Company as required by Sindh Sales Tax on Services Act, 2011 which is effective from July 1, 2011.

**8.3** As per the requirement of Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on services provided by the Management Company has been applied effective from June 13, 2013. During the year demand notices were received by some asset management companies for collection of FED. Mutual Fund Association of Pakistan (MUFAP) has taken up the matter collectively and filed a petition with the Honorable Sindh High Court and has been granted stay in this regard. During the year, the Management Company has also received a notice under section 14 of the Federal Excise Act, 2005 regarding payment of FED on management remuneration. The Management Company is of the view that since the remuneration is already subject to provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law. Therefore, the Management Company has also filed a petition against the demand notice in the Honorable High Court of Sindh and has been granted stay on the basis of the pending constitutional petition from MUFAP in the said court as referred above. However, as a matter of abundant caution, the Fund has made the provision against FED.

	Note	2014 -----Rupees in '000-----	2013
<b>9 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>			

Trustee fee	9.1	<u>209</u>	<u>165</u>
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**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)	Tariff per annum
Upto Rs. 1,000 million	Rs. 0.7 million or 0.20% p.a. of NAV, whichever is higher
On an amount exceeding Rs. 1,000 million	Rs. 2.0 million plus 0.10% p.a. of NAV exceeding Rs. 1,000 million.

The remuneration is paid to the Trustee monthly in arrears

	Note	2014 -----Rupees in '000-----	2013
<b>10 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>			
Annual fee	10.1	<u>749</u>	<u>593</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.

# NAFA MULTI ASSET FUND

	Note	2014	2013
-----No of Units-----			
<b>11 ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Auditors' remuneration		357	320
Settlement charges payable		48	35
Payable to brokers		176	501
Dividend payable to brokers		493	493
Provision for Workers' Welfare Fund	16	14,110	9,678
Legal and professional charges payable		50	40
Others		582	932
		15,816	11,999

## 12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2014 (2013: Nil).

	2014	2013
----- Rupees in '000 -----		
<b>13 NUMBER OF UNITS IN ISSUE</b>		
Total units in issue at the beginning of the year	59,352,795	58,287,369
Add: units issued during the year	19,255,384	2,669,238
Add: bonus units issued during the year	15,959,230	3,496,621
Less: units redeemed during the year	(11,821,134)	(5,100,433)
Total units in issue at the end of the year	82,746,275	59,352,795

## 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.

	2014	2013
----- Rupees in '000 -----		
<b>15 AUDITORS' REMUNERATION</b>		
Annual audit fee	326	285
Half yearly review fee	108	114
Out of pocket expenses	45	43
	479	442

## 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.

# NAFA MULTI ASSET FUND

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.

Last 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.

During the current year, the Honourable Peshawar High Court on a petition filed by certain aggrieved parties (other than the mutual funds) have adjudicated that the amendments introduced in the Workers Welfare Fund Ordinance, 1971 through the Finance Acts of 1996 and 2009 lacks the essential mandate to be introduced and passed through the money bill under the Constitution of Pakistan and hence have been declared as ultra vires the Constitution.

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. 14.110 million in aggregate including Rs. 4.432 million for the year ended June 30, 2014. Had the same not been made the net asset value per unit / return of the Fund would have been higher by Rs. 0.171 / 1.375% (2013: Rs. 0.163 / 1.209%) per unit respectively.

## 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, 2014 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.

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 net assets	% of gross assets
----- 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*	68,354	-	50,801	4.95%	4.68%
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)	-	-	-
Saudi Pak Leasing Company	Rating is below A- (A minus) as prescribed in clause (iv) of circular 7 of 2009	Term finance certificates*	27,547	(27,547)	-	-	-
Eden Housing Limited	Rating is below A- (A minus) as prescribed in clause (iv) of circular 7 of 2009	Sukuk Bonds*	9,844	(9,844)	-	-	-
Pak Electron Limited	Rating is below A- (A minus) as prescribed in clause (iv) of circular 7 of 2009	Sukuk Bonds*	17,143	(17,143)	-	-	-
Silk Bank Limited	Rating is below AA- (Double A Minus) as prescribed in clause (vi) of circular 7 of 2009	Bank balances**	67	-	67	0.01%	0.01%
Summit Bank Limited	Rating is below AA- (Double A Minus) as prescribed in clause (vi) of circular 7 of 2009	Bank balances**	719	-	719	0.07%	0.07%

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

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

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

# NAFA MULTI ASSET FUND

## 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.

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

2014                      2013  
-----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	17,627	13,951
Front end load	1,647	364
Sales tax on remuneration of the Management Company	3,292	2,252
FED on remuneration to the Management Company	2,820	127

### National Bank of Pakistan

Cash dividend paid	9,444	-
Bonus units issued: 695,336 units (2013: NIL units)	-	-
Shares purchased	77,264	30,232
Shares sold	28,883	43,826
T-bills purchased	129,000	-

### Alexandra Fund Management Pte. Limited - Sponsor

Bonus units issued: 17,246 units (2013: 6,024 units)	-	-
Units Redeemed / Transferred out 114,338 units (2013: NIL units)	1,377	-

### Central Depository Company of Pakistan Limited - Trustee

Remuneration	1,763	1,395
CDS charges	161	183

### NBP Employees Pension Fund

Bonus units issued: 6,171,603 units (2013: 1,054,007 units)	-	-
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### Employees of Management Company

Bonus units issued: 8,803 units (2013: NIL units)	-	-
Units Redeemed / Transferred out 54,476 units (2013: NIL)	723	-
Units Issued / Transferred in 114,017 units (2013: NIL)	1,515	-

### National Fullerton Asset Management Limited - Employee Provident Fund

Bonus units issued: 48,600 units (2013: NIL units)	-	-
Units Issued / Transferred in 409,414 units (2013: NIL)	5,565	-

### The Trustees- Karachi Electric Provident Fund

Bonus units issued: 5,509,051 units (2013: 1,724,954 units)	-	-
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### Taurus Securities Limited

Brokerage paid	157	177
----------------	-----	-----

### Thal Limited

Shares purchased	2,373	-
Shares sold	16,053	-

### Cherat Cement Pakistan Limited

Shares purchased	6,866	-
Shares sold	31,792	-

### Summit Bank Limited

Bank Profit	33	28
-------------	----	----

# NAFA MULTI ASSET FUND

	2014	2013
	-----Rupees in '000-----	
<b>20.6</b>		
<b>Amounts outstanding as at year end are as follows:</b>		
<b>NBP Fullerton Asset Management Limited - Management Company</b>		
Management fee payable	268	1,322
Sales tax payable on management remuneration	148	231
FED payable on management remuneration	2,685	127
Others	401	77
<b>National Bank of Pakistan - Sponsor</b>		
Investment held in the Fund: 5,106,088 units (2013: 4,410,752 units)	63,336	59,472
Balance in current account	2,042	1,640
Ordinary shares held (777,072; June 30, 2013: 71)	48,357	3
<b>Alexandra Fund Management Pte. Limited - Sponsor</b>		
Investment held in the Fund: NIL units (2013: 97,092 units)	-	1,309
<b>NBP Employees Pension Fund</b>		
Investment held in the Fund: 23,160,397 units (2013: 16,988,794 units)	287,284	229,067
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	160	132
CDS charges	48	33
Security deposit	100	100
<b>National Fullerton Asset Management Limited - Employee Provident Fund</b>		
Investment held in the Fund: 458,013 units (2013: NIL units)	5,681	-
<b>The Trustees- Karachi Electric Provident Fund</b>		
Investment held in the Fund: 33,312,370 units (2013: 27,803,319 units)	413,210	374,883
<b>Employees of Management Company</b>		
Investment held in the Fund: 68,345 units (2013: NIL units)	848	-
<b>Summit Bank of Pakistan</b>		
Bank balance	719	1,833
<b>Thal Limited</b>		
Ordinary shares held (157,136; June 30, 2013: 238,636)	32,588	30,424
<b>Cherat Cement Pakistan Limited</b>		
Ordinary shares held (62; June 30, 2013: 432,556)	4	25,170



# 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:

		-----2014-----	
		Qualification	Experience in years"
1	Dr. Amjad Waheed	MBA, Doctorate in Business Administration, CFA	26
2	Sajjad Anwar	MBA, CFA	14
3	Syed Suleman Akhtar	MBA, CFA	14
4	Muhammad Ali Bhabha	CFA, FRM	19
5	Asim Wahab Khan	CFA	8
6	Muhammad Imran	ACCA & CFA	8

Mr. Asim Wahab Khan is the manager of the Fund. Other funds being managed by the Fund Manager are as follows:

### 21.1

- NAFA Islamic Multi Asset Fund
- NAFA Stock Fund

## 22 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

		2014
1	Taurus Securities Limited	6.20%
2	Aqeel Karim Dedhi Securities (Private) Limited	5.81%
3	Foundation Securities (Private) Limited	5.73%
4	J.S. Global Capital Limited	5.71%
5	Optimus Capital Management Limited	5.48%
6	Arif Habib Securities Limited	5.46%
7	Topline Securities (Private) Limited	5.00%
8	KASB Securities Limited	4.46%
9	Elixir Securities Pakistan (Private) Limited	4.36%
10	Summit Capital (Private) Limited (Formerly Atlas Capital Markets (Private) Limited)	4.16%
		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%

# NAFA MULTI ASSET FUND

## 23 PATTERN OF UNIT HOLDING

-----2014-----			
Category	Number of unit holders	Investment amount	Percentage of total
<b>Rupees in '000</b>			
Individuals	407	111,873	10.90%
Associated Companies and Directors	1	63,336	6.17%
Insurance Companies	1	114	0.01%
Retirement Funds	10	722,568	70.40%
Banks/DFIs	1	100,681	9.81%
Others	6	27,824	2.71%
	426	1,026,396	100.00%

-----2013-----			
Category	Number of unit holders	Investment amount	Percentage of total
<b>Rupees in '000</b>			
Individuals	357	56,704	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	6	22,183	2.77%
	380	800,275	100.00%

## 24 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 42nd, 43rd, 44th, 45th, 46th and 47th board meetings were held on July 11, 2013, August 27, 2013, October 30, 2013, February 13, 2014, April 30, 2014 and June 26, 2014 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. Wah Geok Sum	6	2	4	43rd, 44th, 46th & 47th
Mr. Koh Boon San	6	6	-	
Mr. Kamal Chinoy	6	5	1	42nd
Mr. Shehryar Faruque	6	3	3	42nd, 44th & 45th
Dr. Amjad Waheed	6	6	-	
*Mr. Asif Hassan	1	-	1	42nd
**Mr. Amir Shehzad	1	-	1	42nd
***Mr. Aamir Sattar	5	5	-	
****Mr. Abdul Hadi Palekar	5	4	1	45th
*****Mr. Nausherwan Adil	4	2	2	44th & 46th
*****Mr. Khalid Mahmood	2	2	-	

- \* Mr. Asif Hasan retired in EOGM Held on August 07, 2013
- \*\* Mr. Aamir Shehzad retired in EOGM Held on August 07, 2013
- \*\*\* Mr. Aamir Sattar elected in EOGM Held on August 07, 2013
- \*\*\*\* Mr. Abdul Hadi Palekar elected in EOGM Held on August 07, 2013
- \*\*\*\*\* Mr. Khalid Mahmood retired from Board with effect from October 10, 2013
- \*\*\*\*\* Mr. Nausherwan Adil was co-opted on the Board with effect from October 10, 2013

# NAFA MULTI ASSET FUND

## 25 FINANCIAL INSTRUMENTS BY CATEGORY

	-----As at June 30, 2014-----			
	Loans and receivables	At fair value through profit or loss	Amortised Cost	Total
	------(Rupees in '000)-----			
<b>Financial Assets</b>				
Balances with banks	227,228	-	-	227,228
Investments	-	778,116	69,119	847,235
Dividend and profit receivable	3,961	-	-	3,961
Advances and deposits	7,517	-	-	7,517
	<u>238,706</u>	<u>778,116</u>	<u>69,119</u>	<u>1,085,941</u>

	-----As at June 30, 2014-----			
		At fair value through profit or loss	Amortised Cost	Total
	------(Rupees in '000)-----			
<b>Financial Liabilities</b>				
Payable to the Management Company		-	3,502	3,502
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	209	209
Payable against purchase of investments		-	39,398	39,398
Accrued expenses and other liabilities		-	924	924
		<u>-</u>	<u>44,033</u>	<u>44,033</u>

	-----As at June 30, 2013-----			
	Loans and receivables	At fair value through profit or loss	Amortised Cost	Total
	------(Rupees in '000)-----			
<b>Financial Assets</b>				
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	2,779	-	-	2,779
	<u>455,471</u>	<u>272,368</u>	<u>86,850</u>	<u>814,689</u>

	-----As at June 30, 2013-----			
		At fair value through profit or loss	Amortised Cost	Total
	------(Rupees in '000)-----			
<b>Financial Liabilities</b>				
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
		<u>-</u>	<u>3,589</u>	<u>3,589</u>

# NAFA MULTI ASSET FUND

## 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.

##### a) Sensitivity analysis for variable rate instruments

As at June 30, 2014, 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, 2014 with all other variables held constant, the net assets of the Fund and net income for the year would have been higher / lower by Rs. 0.905 million (2013: Rs. 0.0904 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, 2014 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, 2014 -----					
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	6.50 - 10.10	227,228	224,507	-	-	2,721
Investments	7.17 - 12.48	847,235	-	-	151,479	695,756
Dividend and profit receivable		3,961	-	-	-	3,961
Advances and deposits		7,546	-	-	-	7,546

	1,085,970	224,507	-	151,479	709,984
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##### Financial liabilities

Payable to the Management Company		3,502	-	-	-	3,502
Payable to the Central Depository Company of Pakistan Limited - Trustee		209	-	-	-	209
Payable against purchase of investments		39,398	-	-	-	39,398
Accrued expenses and other liabilities		924	-	-	-	924
		44,033	-	-	-	44,033

#### On-balance sheet gap

	1,041,937	224,507	-	151,479	665,951
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#### Off-balance sheet financial instruments

	-	-	-	-	-
--	---	---	---	---	---

#### Off-balance sheet gap

	-	-	-	-	-
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# NAFA MULTI ASSET FUND

----- 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	308,182	-	-	50,989	257,193
Dividend and profit receivable		4,820	-	-	-	4,820
Advances and deposits		2,779	-	-	-	2,779

### 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

		763,653	446,232	-	50,989	266,432
		760,064	446,232	-	50,989	262,843

## 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.

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, 2014, the net income for the year would increase / decrease by Rs. 34.788 million (2013: Rs 12.860 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:

Bank balances by rating category	2014
A1+	99.65%
A2	0.03%
A3	0.32%

## Term finance certificates and sukuk bonds by rating category

AA+, AA, AA-	-
A+, A, A-	42.43%
BBB+, BBB, BBB-	29.61%
Un-rated	27.96%

# NAFA MULTI ASSET FUND

The maximum exposure to credit risk before any credit enhancement as at June 30, 2014 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.

----- June 30, 2014-----			
Total	Upto three months	Over three months and upto one year	Over one year
------(Rupees in '000)-----			

### Financial liabilities

Payable to the Management Company	3,502	3,502	-	-
Payable to the Trustee	209	209	-	-
Payable against purchase of investments	39,398	39,398	-	-
Accrued expenses and other liabilities	924	924	-	-
	<u>44,033</u>	<u>44,033</u>	-	-

----- 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>	-	-

## 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.

# NAFA MULTI ASSET FUND

## 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:

- 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, 2014-----			
	Level 1	Level 2	Level 3	Total
	------(Rupees in '000)-----			
<b>ASSETS</b>				
Investment in securities - at fair value through profit or loss	695,756	82,360	-	778,116
Investment in securities - available for sale	-	69,119	-	69,119

	-----As at June 30, 2013-----			
	Level 1	Level 2	Level 3	Total
	------(Rupees in '000)-----			
<b>ASSETS</b>				
Investment in securities - at fair value through profit or loss - held for trading	257,193	15,175	-	272,368
Investment in securities - available for sale	-	86,850	-	86,850

## 29 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on September 16, 2014.

## 30 GENERAL

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

30.2 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, 2014	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,
Net assets (Rs. '000')	1,026,396	800,275	624,739	705,988	995,981	1,777,387	2,631,494	1,248,644
Net Income (Rs. '000')	217,190	205,411	41,630	142,237	84,814	(540,522)	125,571	280,409
Net Asset Value per units (Rs.)	12.4041	13.4834	10.7183	10.7166	9.364	8.602	11.53	12.896
Selling price per unit	12.9048	13.8879	11.0398	9.5552	9.2684	8.8601	11.4538	11.6429
Redemption price per unit	12.4041	13.4834	10.7183	9.2769	8.9984	8.602	11.1079	11.256
Highest offer price per unit (Rs.)	12.9048	14.1490	11.4499	11.3452	10.0701	11.4193	13.3541	13.2847
Lowest offer price per unit (Rs.)	10.3262	10.4843	9.9230	8.7633	8.6833	6.6152	11.0653	10.2883
Highest redemption price per unit (Rs.)	12.4041	13.7369	11.1164	11.0148	9.7768	11.0867	12.9651	12.8978
Lowest redemption price per unit (Rs.)	9.9255	10.1789	9.634	8.5081	8.4304	6.4226	10.743	9.9887
Fiscal Year Opening Nav	9.8904	10.0533	9.2769	8.5526	8.3323	11.1079	10.9689	10
Total return of the fund	25.42%	34.12%	15.54%	25.30%	12.38%	-22.56%	5.12%	28.96%
Capital growth	6.15%	8.69%	12.04%	2.15%	4.38%	-22.56%	-1.81%	12.56%
Income distribution as % of Ex-NAV	19.27%	25.43%	3.50%	23.15%	8.00%	0.00%	6.93%	16.40%
Income distribution as % of Par Value	19.05%	25.57%	3.25%	19.80%	6.67%	0.00%	7.60%	16.40%
Distribution								
Interim Distribution per unit	1.9054	0.4158	0	0.5400	0.3010	0	0.3377	0
Final distribution per unit	0	2.1411	0.3247	1.4397	0.3656	0	0.4221	1.6400
Distribution dates								
Interim	13-Feb-14	26-Feb-13	Nil	Feb 18, 2011	OCT 18, 2009	Nil	15-Apr-08	Nil
Interim	30-Apr-14	26-Apr-13	Nil	April 19, 2011	Feb 17, 2010	Nil	Nil	Nil
Interim	26-Jun-14	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Final	Nil	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, 2014)	15.22%							
(Since inception to June 30, 2013)		13.71%						
(Since inception to June 30, 2012)			10.32%					
(Since inception to June 30, 2011)				9.19%				
(Since inception to June 30, 2010)					4.91%			
(Since inception to June 30, 2009)						2.00%		
(Since inception to June 30, 2008)							23.41%	
(Since inception to June 30, 2007)								65.25%
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.								





NBP Fullerton  
Asset Management Ltd.

A Subsidiary of

National Bank of Pakistan

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