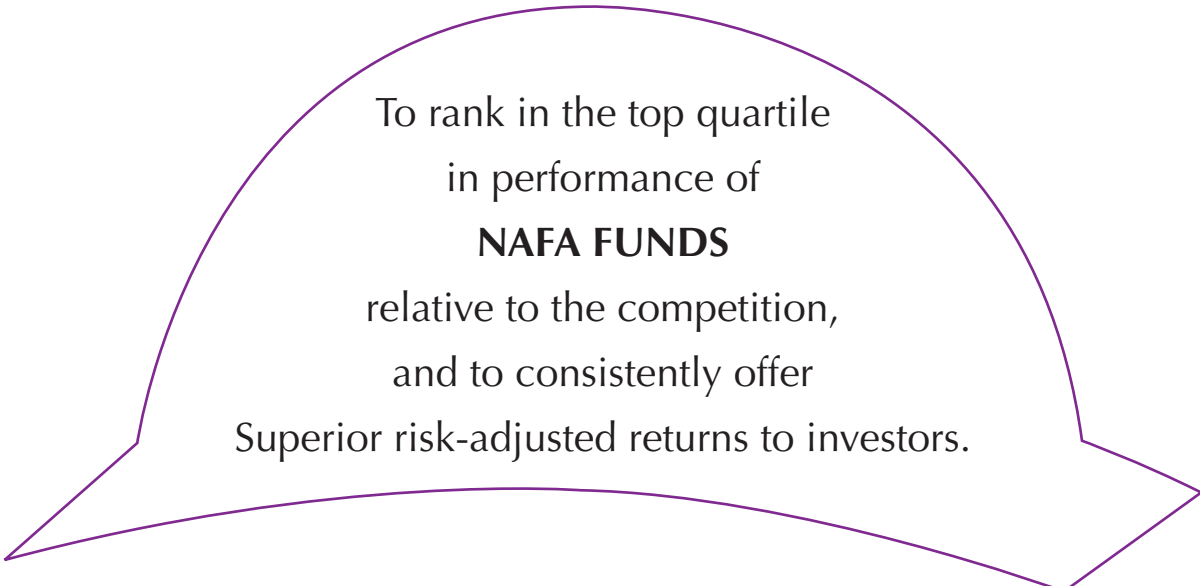


NAFA STOCK FUND

MISSION STATEMENT



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

NAFA STOCK FUND

FUND'S INFORMATION

Management Company

NBP Fullerton Asset Management Limited – Management Company

Board of Directors of the Management Company

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

Company Secretary & CFO of the Management Company

Mr. Muhammad Murtaza Ali

Audit & Risk Committee

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

Human Resource Committee

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

Trustee

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

Bankers to the Fund

Allied Bank Limited
Askari Bank Limited
Summit Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Deutsche Bank
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
KASB Bank Limited
MCB Bank Limited
National Bank of Pakistan
NIB Bank Limited
Silk Bank Limited
Soneri Bank Limited
Standard Chartered Bank (PAK) Limited
The Bank of Punjab
United Bank Limited

NAFA STOCK 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 Vuilding, Block No. 4,
Scheme No. 5, Clifton Karachi.
UAN: 111-111NFA (111-111-632),
(Toll Free): 0800-20001,
Fax: (021) 35825329
Website: www.nafafunds.com

Lahore Office:

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

Islamabad Office:

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

Peshawar Office:

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

Multan Office:

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

NAFA STOCK FUND

Contents

DIRECTORS' REPORT	05
TRUSTEE REPORT TO THE UNIT HOLDERS	08
STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE	09
FUND MANAGER REPORT	12
REVIEW REPORT TO THE UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE	14
INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS	15
STATEMENT OF ASSETS AND LIABILITIES	16
INCOME STATEMENT	17
STATEMENT OF COMPREHENSIVE INCOME	18
DISTRIBUTION STATEMENT	19
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND	20
CASH FLOW STATEMENT	21
NOTES TO THE FINANCIAL STATEMENTS	22
PERFORMANCE TABLE	42

NAFA STOCK FUND

DIRECTORS' REPORT

The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the Seventh Annual Report of NAFA Stock Fund (NSF) for the year ended June 30, 2013.

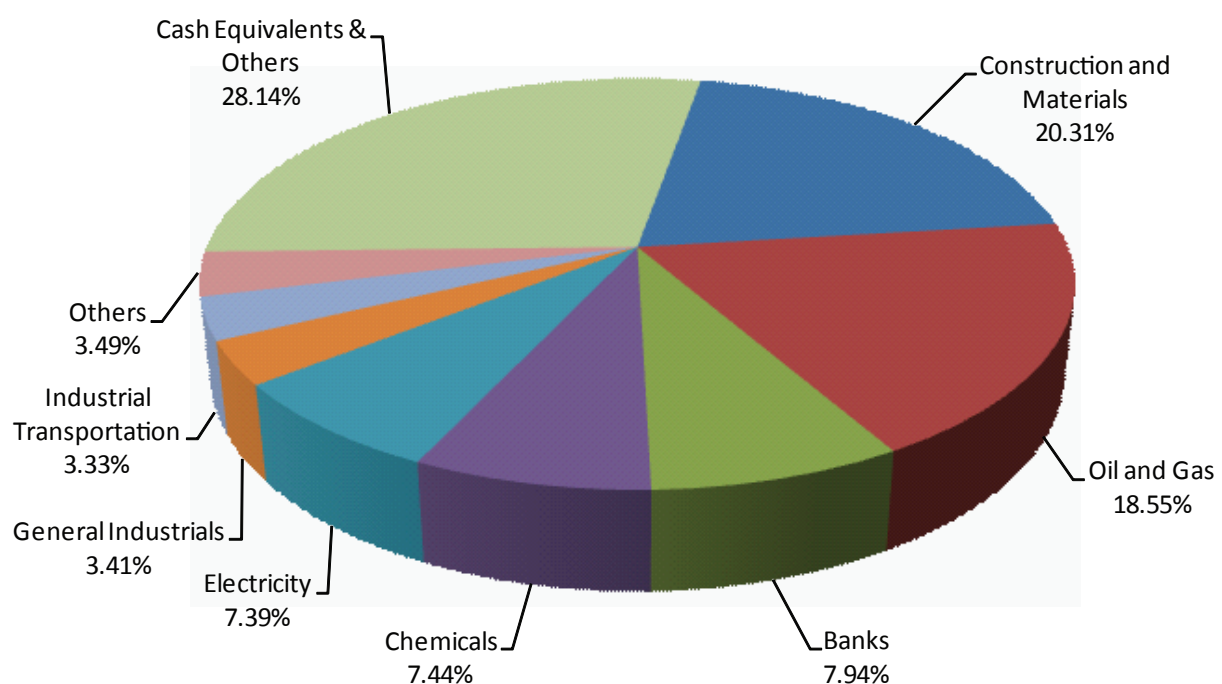
Fund's Performance

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

During the fiscal year, the return on NAFA Stock Fund was 54.95% as against KSE-100 index return of 52.20%. Thus the Fund outperformed by 2.75% during the year. The Fund outperformed significantly on the back of timely asset allocation. Further, the Fund was under-weight in key stocks in Chemicals sector that lagged the market, thereby contributing to the out-performance. Since inception (January 22, 2007), NSF has risen by 113.91%, whereas the KSE-100 index has increased by 97.40%, thus to date out-performance is 16.51%.

NAFA Stock Fund has earned a total income of Rs.563.38 million during the year. After deducting total expenses of Rs.50.32 million, the net income is Rs.513.06 million.

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



NAFA STOCK FUND

Income Distribution

In addition to interim distribution of 6% of opening ex-NAV(4.374% of the par value), the Board of Directors of the Management Company has also approved a final distribution of 32.90%, translating into total distribution of 38.90% of opening ex-NAV (28.354% of the par value). After final distribution, the net asset value per unit will be Rs.8.4251 on June 30, 2013.

Taxation

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

Auditors

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

Directors' Statement in Compliance with Code of Corporate Governance

1. The financial statements, prepared by the management company, present fairly the state of affairs of the Fund, the result of its operations, cash flows and statement of movement in unit holders' funds.
2. Proper books of account of the Fund have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Fund's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
8. A performance table/ key financial data is given in this annual report.
9. Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements.
10. The Board of Directors of the Management Company held five meetings during the current financial year. The attendance of all directors is disclosed in the note 23 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 22 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 19 to these financial statements.

NAFA STOCK FUND

Acknowledgement

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

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

On behalf of the Board of
NBP Fullerton Asset Management Limited

Chief Executive

Director

Date: August 27, 2013
Place: Karachi.

NAFA STOCK FUND

TRUSTEE REPORT TO THE UNIT HOLDERS NAFA STOCK FUND

Report of Trustee pursuant to Regulation 41(h) and Clause 9 schedule V of the Non-Banking Finance Companies and Notified Entities Regulation, 2008

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

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

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

KARACHI: SEPTEMBER 18, 2013

NAFA STOCK FUND

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

This statement is being presented by the Board of Directors of NBP Fullerton Asset Management Limited (Company), the Management Company of NAFA Stock 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, 2013, 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. Asif Hassan (Chairman) 2. Mr. Khalid Mahmood 3. Mr. Amir Shehzad 4. Mr. Wah Geok Sum 5. Mr. Koh Boon San

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

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

NAFA STOCK FUND

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Fund. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO have been taken by the Board. There is no other executive-director of the Company besides CEO.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. In order to apprise the directors on their duties and responsibilities and requirements of CCG, the code requires company to conduct formal orientation for directors. Up to 30 June 2013, one of the directors has obtained the director's training program offered by Pakistan Institute of Corporate Governance. The Company has started the process for training of other directors and it is expected that some of other directors may also obtain certification of the director's training program in upcoming year. However, the directors are conversant with the relevant laws applicable to the Company, its policies and procedures and provisions of memorandum and articles of association and are aware of their duties and responsibilities.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The Directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the units of the Fund other than that disclosed in note 19 to the financial statements "Transactions with Connected Persons".
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises of three members, of whom all are non-executive directors and the chairman of the committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Fund and as required by the CCG. The revised terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises of three members. All the members are non-executive directors and the chairman of the committee is a non-independent director.
18. The Board has set up an effective internal audit function.

NAFA STOCK FUND

19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. There was no 'closed period' prior to the announcement of interim/final results.
22. Material / price sensitive information has been disseminated amongst all market participants at once through stock exchange.
23. We confirm that all other material principles contained in the CCG have been complied with.

Karachi
August 27, 2013

For and on behalf of the board

Dr. Amjad Waheed
Chief Executive Officer

NAFA STOCK FUND

NAFA Stock Fund

NAFA Stock Fund is an open-ended equity fund

Investment Objective of the Fund

The objective of NAFA Stock Fund is to provide investors with long term capital growth from an actively managed portfolio invested primarily in listed companies in Pakistan. The risk profile of the Fund is moderate to high.

Benchmark

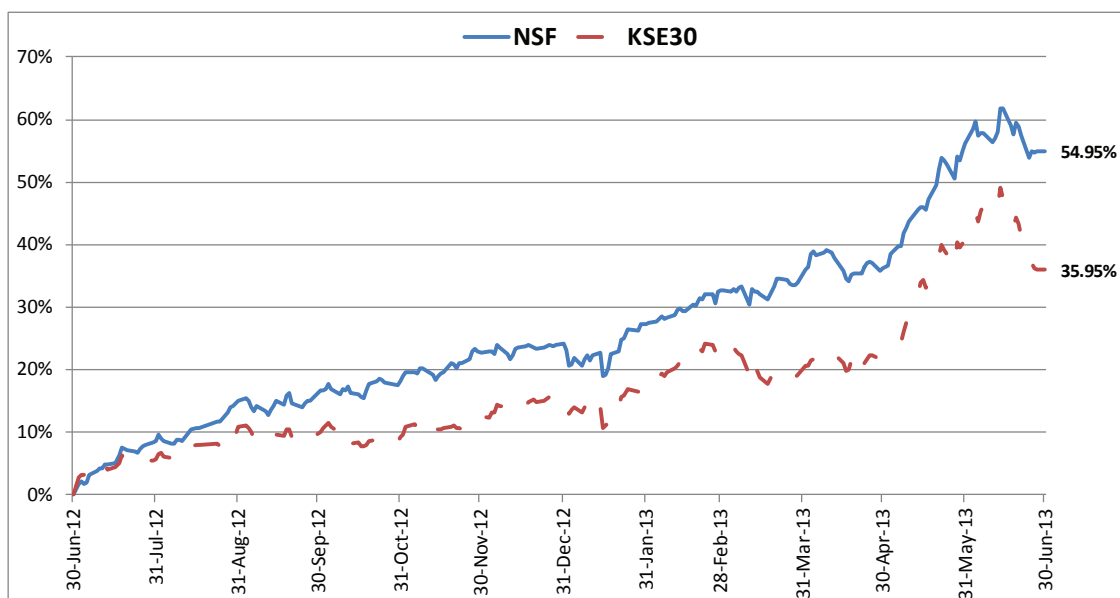
The Benchmark of the Fund is KSE-30 Index.

Fund performance review

During the year under review, NAFA Stock Fund's (NSF) Net Asset Value (NAV) increased by 54.95% whereas the Benchmark KSE-30 Index increased by 35.95%, thereby an out-performance of 19.00% was recorded. Since inception on January 22, 2007, the NAV of NSF has risen by 113.91% while the benchmark has increased by 21.02%, thus to date cumulative out-performance is 92.89%. The out-performance of the Fund is net of management fee and all other expenses. Thus, NSF has met its investment objective.

NSF outperformed during the year as its key holdings in the Construction & Materials, Oil and Gas, Banking, Electricity and Industrial Transportation 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 Banking sectors that lagged the market. The chart below shows the performance of NSF against the benchmark for the year.

NSF Performance vs. Benchmark during FY13



At the beginning of the year, NSF was around 90% invested in equities. During the year, we proactively adjusted our exposure in equities. At the end of the year, NSF was around 72% invested in equities.

Key factors driving the healthy performance of the stock market during the year include: (i) 360bps decline in average headline inflation to 7.4% in FY13 and 300bps cut in discount rate to 9.0%; (ii) first democratic transition of power in the history of Pakistan; (iii) increased foreign participation with net foreign inflow of USD553mn and; (iv) improved profitability outlook of the key sectors of the market.

During the period there has been no significant change in the state of affairs of the Fund, other than stated above. During the year there were no circumstances that materially affected any interests of the unit holders. NAFA Stock Fund does not have any soft commission arrangement with any broker in the industry.

NAFA STOCK FUND

Asset Allocation of the Fund (% of NAV)

Particulars	30-Jun-13	30-Jun-12
Equities / Stock	71.86%	89.86%
Cash Equivalents	30.30%	7.07%
T-Bills	0%	9.13%
Other Net (Liabilities)	-2.16%	-6.06%
Total	100.00%	100.00%

Distribution for the Financial Year 2013

Interim Period / Quarter	Dividend as a % of Par Value	Cum Dividend Price Per Unit (Rs.)	Ex- Dividend Price Per Unit (Rs.)
Half year ended Dec-2012	2.187	9.6599	9.4412
Qtr ended March-2013	2.187	9.8115	9.5928
Final Dist Year ended June-13	23.980	10.8231	8.4251

Pattern of Unit Holders for NAFA STOCK FUND as on June 30, 2013

Size of Unit Holding (Units)	# of Unit Holders	
1	1,000	70
1,001	5,000	354
5,001	10,000	109
10,001	50,000	205
50,001	100,000	46
100,001	500,000	36
500,001	1,000,000	5
1,000,001	5,000,000	8
5,000,001	10,000,000	1
10,000,001	100,000,000	2
Total:		836

During the period under question:

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

Workers' Welfare Fund (WWF)

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs21,439,305/-. If the same were not made, the NAV per unit/return of scheme for the year ended June 30, 2013 would have been higher by Rs 0.2067/3.71%. For details, investors are advised to read the Note 16 of the Financial Statements of the Scheme for the year ended June 30, 2013.

NAFA STOCK FUND

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

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

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

As part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

Further, the Listing Regulation of the Lahore Stock Exchange Limited requires the Management Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the year ended June 30, 2013.

M. Yousuf Adil Saleem & Co. Chartered Accountants

Date: September 18, 2013
Karachi

NAFA STOCK FUND

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at June 30, 2013, and of its financial performance, its cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

Report on other legal and regulatory requirements

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

M. Yousuf Adil Saleem & Co. Chartered Accountants

Engagement Partner:
Nadeem Yousuf Adil

Date: September 18, 2013
Place: Karachi

NAFA STOCK FUND

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2013

	Note	2013 -----Rupees in '000-----	2012 -----Rupees in '000-----
ASSETS			
Balances with banks	4	340,201	77,043
Investments	5	806,787	1,079,439
Dividend and profit receivable	6	536	864
Deposits and other receivables	7	2,740	2,740
Total assets		1,150,264	1,160,086
LIABILITIES			
Payable to NBP Fullerton Asset Management Limited - Management Company	8	2,617	2,171
Payable to Central Depository Company of Pakistan Limited - Trustee	9	207	181
Payable to the Securities and Exchange Commission of Pakistan	10	1,147	953
Payable against purchase of investments		-	54,342
Accrued expenses and other liabilities	11	23,612	12,013
		<u>27,583</u>	<u>69,660</u>
Total liabilities		1,122,681	1,090,426
NET ASSETS		1,122,681	1,090,426
UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)			
CONTINGENCIES AND COMMITMENTS			
	12	-----Number of units-----	
NUMBER OF UNITS IN ISSUE	13	<u>103,730,074</u>	<u>137,335,751</u>
		-----Rupees-----	
NET ASSETS VALUE PER UNIT	14	<u>10.8231</u>	<u>7.9399</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 STOCK FUND

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013 -----Rupees in '000-----	2012
INCOME			
Net gain on sale of investments		289,526	59,863
Dividend income		83,354	71,417
Profit on bank deposits		6,527	6,238
Income from government securities		89	2,057
Unrealised gain on re-measurement of investments at "fair value through profit or loss - held for trading" - net	5.3	183,878	96,583
Total income		<u>563,374</u>	<u>236,158</u>
EXPENSES			
Remuneration of NBP Fullerton Asset Management Limited - Management Company	8.1	24,151	25,300
Sales tax on remuneration of Management Company	8.2	3,895	4,049
Federal Excise Duty on remuneration of Management Company	8.3	190	-
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	9.1	2,207	1,953
Annual fee to Securities and Exchange Commission of Pakistan	10.1	1,147	954
Securities transaction cost		6,779	6,582
Settlement and bank charges		776	240
Amortisation of preliminary expenses and floatation costs		-	278
Auditors' remuneration	15	444	397
Fund rating fee		121	110
Legal and professional charges		40	40
Annual listing fee		40	40
Printing charges		52	77
		<u>(39,842)</u>	<u>(40,020)</u>
Total expenses		<u>523,532</u>	<u>196,138</u>
Net income from operating activities			
Provision for Workers' Welfare Fund	16	(10,471)	(3,923)
Net Income for the year before taxation		<u>513,061</u>	<u>192,215</u>
Taxation	17	-	-
Net income for the year after taxation		<u><u>513,061</u></u>	<u><u>192,215</u></u>
Earnings per unit	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 STOCK FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2013

	2013	2012
	-----Rupees in '000-----	
Net income for the year after taxation	513,061	192,215
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>513,061</u>	<u>192,215</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 STOCK FUND

DISTRIBUTION STATEMENT FOR THE YEAR ENDED JUNE 30, 2013

	2013	2012
	-----Rupees in '000-----	
Accumulated loss brought forward	(218,494)	(287,976)
Final distribution for the year ended June 30, 2012: 6.51% (2011: 10.332%) (Date of distribution: July 9, 2012) (2011: July 4, 2011)		
- Bonus units	(80,880)	(101,560)
- Cash distribution	(15,959)	(25,392)
Net income for the year	513,061	192,215
Interim distribution for the half-year ended December 31, 2012: 2.187% (2011: Nil)		
- Bonus units	(22,828)	-
- Cash distribution	(2,112)	-
Interim distribution for the quarter ended March 31, 2013: 2.187% (2012: Nil)		
- Bonus units	(23,332)	-
- Cash distribution	(34)	-
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - net	(90,713)	4,219
	(139,019)	4,219
Undistributed income / (accumulated loss) carried forward	<u>58,709</u>	<u>(218,494)</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 STOCK FUND

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

	2013	2012
	-----Rupees in '000-----	
Net assets at the beginning of the year	1,090,426	926,795
Issuance of 137,765,199 units (2012: 154,578,002 units) including bonus units of 15,565,393 (2012: 15,601,886 units)	1,114,152	954,419
Redemption of 171,370,876 units (2012: 140,114,718 units)	(1,576,853) (462,701)	(957,611) (3,192)
Final distribution (bonus) for the year ended June 30, 2012: 6.510% (2011: 10.332%)	80,880	101,560
Element of loss / (income) and capital loss / (gains) included in prices of units issued less those in units redeemed - transferred to distribution statement	90,713	(4,219)
Total comprehensive income for the year	513,061	192,215
Less: Distributions made during the year		
Final distribution for the year ended June 30, 2012: 6.510 % (2011: 10.332 %) (Date of distribution: July 9, 2012) (2011: July 4, 2011)		
- Bonus units	(80,880)	(101,560)
- Cash distribution	(15,959)	(25,392)
Interim distribution for the half-year ended December 31, 2012: 2.187% (2011: Nil)		
- Bonus units	(22,828)	-
- Cash distribution	(2,112)	-
Interim distribution for the quarter ended March 31, 2013: 2.187% (2012: Nil)		
- Bonus units	(23,332)	-
- Cash distribution	(34)	-
	(145,145)	(126,952)
Interim distribution: Issue of bonus units	46,160	-
Element of (loss) / income and capital (loss) / gains included in prices of units issued less those in units redeemed - net	(90,713)	4,219
Net assets at the end of the year	1,122,681	1,090,426

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 STOCK FUND

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2013

Note	2013 -----Rupees in '000-----	2012 -----Rupees in '000-----
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the year before taxation	513,061	192,215
Adjustments:		
Unrealised gain on re-measurement of investments at "fair value through profit or loss - held for trading" - net	(183,878)	(96,583)
Amortisation of preliminary expenses and floatation costs	-	278
	<u>329,183</u>	<u>95,910</u>
(Increase) / decrease in assets		
Investments	456,530	(112,559)
Receivable against sale of investments	-	9,291
Dividend and profit receivable	328	1,674
	<u>456,858</u>	<u>(101,594)</u>
Increase / (decrease) in liabilities		
Payable to the Management Company	446	(266)
Payable to the Trustee	26	21
Payable to the Securities and Exchange Commission of Pakistan	194	46
Payable against purchase of investments	(54,342)	10,610
Payable against redemption of units	-	(222)
Accrued expenses and other liabilities	11,599	3,688
	<u>(42,077)</u>	<u>13,877</u>
Net cash generated from operating activities	<u>743,964</u>	<u>8,193</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Receipts from issue of units	1,114,152	954,419
Payments against redemption of units	(1,576,853)	(957,611)
Distributions paid	(18,105)	(25,392)
Net cash used in financing activities	<u>(480,806)</u>	<u>(28,584)</u>
Net increase / (decrease) in cash and cash equivalents during the year	<u>263,158</u>	<u>(20,391)</u>
Cash and cash equivalents at the beginning of the year	77,043	97,434
Cash and cash equivalents at the end of the year	<u>4</u> <u>340,201</u>	<u>77,043</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 STOCK FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Stock Fund (the Fund) was established under a Trust Deed executed between NBP Fullerton Asset Management Limited (NAFA) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on December 06, 2006 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on December 20, 2006 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by SECP. The registered office of the Management Company is situated at 7th Floor, Clifton Diamond Building, Block No.4, Scheme No. 5 Clifton Karachi. The Management Company is a member of Mutual Funds Association of Pakistan (MUFAP).

The Fund is an open-ended mutual fund classified as an equity scheme by the Management Company and is listed on the Lahore Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

The core objective of the Fund, is to provide investors with long term capital growth from an actively managed portfolio invested primarily in listed companies in Pakistan.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM2' to the Management Company and a performance ranking of 3-Star long term and 4- star short term to the Fund based on the performance of the Fund for the year ended June 30, 2012.

Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as the 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 requirements of the NBFC Rules, the NBFC Regulations or the directives issued by the SECP shall prevail.

2.2 Basis of Measurement

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

2.3 Functional and presentation currency

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

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

The following standards, amendments and interpretations are effective for the year ended June 30, 2013. These standards, interpretations and the amendments are either not relevant to the 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 – Presentation of Items of Other

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

NAFA STOCK FUND

New accounting standards and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the 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
Amendments to IAS 19 - Employee Benefits	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 32 Financial Instruments: Presentation - Offsetting financial assets and financial liabilities	Effective from accounting period beginning on or after January 01, 2014
Amendments to IAS 34 - Interim Financial Reporting - Interim reporting of segment information for total assets and total liabilities	Effective from accounting period beginning on or after January 01, 2013
Amendments to IFRS 7 Financial Instruments: Disclosures - Offsetting financial assets and financial liabilities	Effective from accounting period beginning on or after January 01, 2013
IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine	Effective from accounting period beginning on or after January 01, 2013

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

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

2.5 Critical accounting estimates and judgements

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.

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

- (a) classification of financial assets (Note 3.2.1)
- (b) impairment of financial assets (Note 3.2.6)
- (c) provisions (Note 3.8)

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.

NAFA STOCK FUND

3.1 Cash and cash equivalents

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 Fund classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss
- loans and receivables
- available for sale

The classification depends on the purpose for which the financial assets were acquired. Management determines the appropriate classification of its financial assets at initial recognition and re-evaluates this classification on regular basis.

a) Loans and receivables

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

b) Financial assets at fair value through profit or loss

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

c) Available for sale

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

3.2.2 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset. Purchases / sales of financial assets 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 expensed in the Income Statement.

3.2.4 Subsequent measurement

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

a) Basis of valuation of equity securities

Investments of the Fund in equity securities are valued on the basis of closing quoted market prices available at the stock exchange.

b) Basis of valuation of government securities

Investments of the Fund in government securities are valued on the basis of rates announced by the Financial Markets Association of Pakistan.

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'.

NAFA STOCK FUND

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

Gain or loss is 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 Spread transactions (ready-future transactions)

The Fund enters into transactions involving purchase of an equity security in the ready market and simultaneous sale of the same security in the futures market. A security purchased in the ready market is classified as 'Investment at fair value through profit or loss' and carried on the Statement of Assets and Liabilities at fair value till its eventual disposal, with the resulting gain / loss taken to the Income Statement. A forward sale of the security in the futures market is treated as a separate derivative transaction and is carried at fair value with the resulting gain / loss taken to the Income Statement.

3.2.6 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) 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'.

b) Financial assets other than equity securities

For financial assets other than equity securities, 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 determined based on the provisioning criteria specified by SECP.

3.2.7 Derecognition

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

3.2.8 Offsetting of financial assets and 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 re-measured to its fair value and the resultant gain or loss is recognised in the Income Statement.

3.4 Financial liabilities

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

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

3.5 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 NBFC Regulations, 2008.

NAFA STOCK FUND

3.6 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 date. 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. Currently, the Fund is charging sales load (front end load) at a rate of three percent of net asset value per unit. Transaction costs are recorded as the 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 of 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.

3.7 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 year 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.

3.8 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.

3.9 Revenue recognition

- Capital gains / losses arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.
- Dividend income is recognised when the right to receive the dividend is established.
- Profit on bank deposits is recognised on an accrual basis.
- Income from government securities is recognised on a time apportionment basis using the effective interest method.
- Unrealised gains / losses arising on re-measurement 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.

3.10 Taxation

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

3.11 Proposed distributions

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

	Note	2013 -----Rupees in '000-----	2012
4 BALANCES WITH BANKS			
In current accounts		1,938	770
In savings accounts	4.1	<u>338,263</u>	<u>76,273</u>
		<u>340,201</u>	<u>77,043</u>
4.1 These accounts carry profit at rates ranging from 6 % to 11 % (2012: 5 % to 12 %) per annum.			
5 INVESTMENTS		2012	2011
		-----Rupees in '000-----	
Financial assets at fair value through profit or loss - held for trading			
- Listed equity securities	5.1	806,787	979,829
- Government securities	5.2	-	99,610
		<u>806,787</u>	<u>1,079,439</u>

NAFA STOCK FUND

5.1 Investment in listed equity securities

Name of the investee company	As at July 1, 2012	Purchases during the year	Bonus / right shares	Sales during the year	As at June 30, 2013	Market value as at June 30, 2013	Market value as a percentage of net assets	Market value as a percentage of total investment	Percentage of paid up capital of investee company held
----- Number of shares ----- (Rupees in '000)									
SHARES OF LISTED COMPANIES - Fully paid ordinary shares of Rs. 10 each unless stated otherwise									
OIL AND GAS									
Attock Petroleum Limited	13,242	25,000	-	38,242	-	-	0.00%	0.00%	0.00%
Attock Refinery Limited	506	-	-	506	-	-	0.00%	0.00%	0.00%
Oil & Gas Development Company Limited	2,881	1,140,500	-	952,800	190,581	43,595	3.88%	5.40%	0.00%
Pakistan Oilfields Limited	225,180	419,600	-	620,200	24,580	12,225	1.09%	1.52%	0.01%
Pakistan Petroleum Limited	463,363	989,000	135,466	1,399,400	188,429	39,868	3.55%	4.94%	0.01%
Pakistan State Oil Company Limited	508	538,300	67,362	254,609	351,561	112,633	10.03%	13.96%	0.14%
CHEMICALS									
Arif Habib Corporation	5,500	-	550	6,050	-	-	0.00%	0.00%	0.00%
Engro Corporation Limited	118,185	1,925,100	-	1,842,000	201,285	24,531	2.19%	3.04%	0.04%
Fatima Fertilizer Company Limited	2,000	1,695,534	-	1,697,534	-	-	0.00%	0.00%	0.00%
Fauji Fertilizer Company Limited	448,238	445,000	-	893,238	-	-	0.00%	0.00%	0.00%
Fauji Fertilizer Bin Qasim Limited	-	-	-	-	-	-	0.00%	0.00%	0.00%
Lotte Pakistan PTA Limited	-	-	-	-	-	-	0.00%	0.00%	0.00%
Sitara Chemical Industries Limited	291,221	7,000	-	3,600	294,621	58,892	5.25%	7.30%	1.37%
CONSTRUCTION AND MATERIALS									
Attock Cement Pakistan Limited	626,521	97,000	93,978	812,000	5,499	726	0.06%	0.09%	0.01%
D.G. Khan Cement Company Limited	1,168,100	2,093,000	-	2,975,500	285,600	23,902	2.13%	2.96%	0.07%
Fecto Cement Limited	-	632,000	-	592,000	40,000	1,920	0.17%	0.24%	0.00%
Kohat Cement Limited	-	1,197,000	-	611,000	586,000	50,296	4.48%	6.23%	0.00%
Lucky Cement Limited	614,033	1,136,000	-	1,558,600	191,433	40,147	3.58%	4.98%	0.06%
Cherat Cement Company Limited	2,795,653	-	-	1,457,000	1,338,653	77,896	6.94%	9.66%	1.40%
Fauji Cement Company Limited	50,000	5,325,500	-	5,375,500	-	-	0.00%	0.00%	0.00%
Maple Leaf Cement Limited	-	1,635,000	-	1,635,000	-	-	0.00%	0.00%	0.00%
Thatta Cement Company Limited	1,250,000	-	-	-	1,250,000	33,125	2.95%	4.11%	1.57%
GENERAL INDUSTRIALS									
Thal Limited *	327,627	-	32,763	69,000	291,390	37,149	3.31%	4.60%	0.72%
Ghani Glass Limited	27,757	-	2,476	27,500	2,733	171	0.02%	0.02%	0.00%
Cherat Packing Limited	264,492	-	49,195	293,500	20,187	775	0.07%	0.10%	0.07%
MACPAC Films Limited	5,500	-	-	-	5,500	126	0.01%	0.02%	0.01%
INDUSTRIAL METALS AND MINING									
Aisha Steel Mills	550	-	-	550	-	-	0.00%	0.00%	0.00%
Crescent Steel and Allied Products	176,500	-	-	176,500	-	-	0.00%	0.00%	0.00%
International Industries Limited	749,209	-	-	748,500	709	32	0.00%	0.00%	0.00%
ENGINEERING									
Al-Ghazi Tractors Limited *	201	-	-	201	-	-	0.00%	0.00%	0.00%
K.S.B Pumps Limited	-	38,000	-	2,000	36,000	3,020	0.27%	0.37%	0.27%
Millat Tractors Limited	739	70,400	3	71,106	36	19	0.00%	0.00%	0.00%
Balance Carried Forward						561,048	49.97%	69.54%	

NAFA STOCK FUND

Investment in listed equity securities

Name of the investee company	As at July 1, 2012	Purchases during the year	Bonus / right shares	Sales during the year	As at June 30, 2013	Market value as at June 30, 2013	Market value as a percentage of net assets	Market value as a percentage of total investment	Percentage of paid up capital of investee company held
----- Number of shares -----					(Rupees in '000)				
SHARES OF LISTED COMPANIES - Fully paid ordinary shares of Rs. 10 each unless stated otherwise									
Balance Brought Forward						561,048	49.97%	69.54%	
PERSONAL GOODS									
Azgard Nine Limited (Non-voting)	806,400	-	-	-	806,400	5,645	0.50%	0.70%	0.18%
Nishat Chunian Limited	-	2,889,000	151,900	2,710,400	330,500	19,747	1.76%	2.45%	0.18%
Nishat Mills Limited	-	540,000	-	448,000	92,000	8,667	0.77%	1.07%	0.03%
MEDIA									
Hum Television Network Limited	860,779	-	-	860,779	-	-	0.00%	0.00%	0.00%
FIXED LINE TELECOMMUNICATION									
Pakistan Telecommunication Company Limited	5,400	5,041,500	-	5,046,500	400	9	-	-	0.00%
Telecard Limited	-	8,650,000	-	8,650,000	-	-	-	-	0.00%
Wateen Telecom Limited	453,259	-	-	453,259	-	-	0.00%	0.00%	0.00%
ELECTRICITY									
The Hub Power Company Limited	1,963,066	2,353,000	-	3,384,000	932,066	57,462	5.12%	7.12%	0.08%
Kot Addu Power Company Limited	-	273,500	-	273,500	-	-	0.00%	0.00%	0.00%
Nishat Chunian Power Limited	-	672,000	-	-	672,000	22,223	1.98%	2.75%	0.18%
Nishat Power Limited	-	96,500	-	-	96,500	3,232	0.29%	0.40%	0.03%
Pakgen Power Limited	-	856,000	-	856,000	-	-	0.00%	0.00%	0.00%
COMMERCIAL BANKS									
Allied Bank Limited	859,521	-	59,052	918,500	73	5	0.00%	0.00%	0.00%
Askari Bank Limited	-	2,415,000	-	2,415,000	-	-	0.00%	0.00%	0.00%
Bank Alfalah Limited	2,318,347	3,762,000	-	6,079,500	847	15	0.00%	0.00%	0.00%
Bank Al-Habib Limited	-	1,647,000	-	577,000	1,070,000	29,093	2.59%	3.61%	0.11%
Habib Bank Limited	-	333,000	-	333,000	-	-	0.00%	0.00%	0.00%
MCB Bank Limited	307,404	228,500	-	535,904	-	-	0.00%	0.00%	0.00%
Meezan Bank Limited	2,079,579	-	203,674	293,500	1,989,753	57,703	5.14%	7.15%	0.20%
National Bank of Pakistan	746,421	1,470,000	63	2,216,000	484	20	0.00%	0.00%	0.00%
United Bank Limited	210,963	1,073,000	-	1,262,000	21,963	2,363	0.21%	0.29%	0.00%
FINANCIAL SERVICES									
Arif Habib Limited	5,500	-	550	6,050	-	-	0.00%	0.00%	0.00%
Jahangir Siddiqui Company Limited	-	-	-	-	-	-	0.00%	0.00%	0.00%
NEXT Capital Limited	500,000	-	-	227,500	272,500	1,335	0.12%	0.17%	1.36%
SOFTWARE AND COMPUTER SERVICES									
Netsol Technologies Limited	-	1,616,000	-	1,616,000	-	-	0.00%	0.00%	0.00%
FOOD AND PERSONAL CARE									
Engro Foods Limited	-	212,000	-	212,000	-	-	0.00%	0.00%	0.00%
INSURANCE									
TPL Direct Insurance Limited	96,626	-	-	9,000	87,626	822	0.07%	0.10%	0.19%
INDUSTRIAL TRANSPORTATION									
Pakistan National Shipping Corporation	-	856,500	-	43,500	813,000	37,398	3.33%	4.64%	0.62%
						806,787	68.46%	95.26%	
Carrying value before mark to market (listed ordinary shares) as at June 30, 2013						622,909			

* The face value of each share held of Thal Limited and Al-Ghazi Tractors Limited is Rs.5.

Investments include shares with market value of Rs 185.866 million (2012: Rs. 176.802 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular number 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan.

NAFA STOCK FUND

5.2 Investment in government securities

Issue Date	Tenor	Face Value				Market value as at June 30, 2013	Market value as a percentage of net assets	Market value as a percentage of total investment
		As at July 1, 2012	Purchases during the year	Sales/ matured during the year	As at June 30, 2013			
----- (Rupees in '000) -----								
July 14, 2011	12 Months	75,000	-	75,000	-	-	0%	0%
April 19, 2012	12 Months	25,000	-	25,000	-	-	0%	0%
August 11, 2011	12 Months	-	11,000	11,000	-	-	0%	0%
					-	-		
Carrying value before mark to market (market treasury bills) as at June 30, 2013						-		

5.3 Net unrealised gain in the value of investments at 'fair value through profit or loss'

Market value of investments
Less: carrying value before mark to market

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

	806,787	1,079,439
	<u>(622,909)</u>	<u>(982,856)</u>
	<u>183,878</u>	<u>96,583</u>

6 DIVIDEND AND PROFIT RECEIVABLE

Profit accrued on bank deposits
Dividend receivable

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

	-	682
	<u>536</u>	<u>182</u>
	<u>536</u>	<u>864</u>

7 DEPOSITS AND OTHER RECEIVABLES

Security deposits with:
- National Clearing Company of Pakistan Limited
- Central Depository Company of Pakistan Limited
Other receivables.

	2,500	2,500
	100	100
	<u>140</u>	<u>140</u>
	<u>2,740</u>	<u>2,740</u>

8 PAYABLE TO NBP FULLERTON ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

Management fee
Front-end load payable
Sales tax payable on management remuneration
Federal Excise Duty payable on management remuneration

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

	8.1	2,006	1,730		
		69	168		
	8.2	352	273		
	8.3	<u>190</u>	<u>-</u>		
		<u>2,617</u>	<u>2,171</u>		

NAFA STOCK FUND

- 8.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such assets of the Fund. On January 22, 2012, the Fund has completed its five years and accordingly Management fee is currently being charged at the rate of 2 percent of the average annual net assets of the Fund from that date. Prior to January 22, 2012, Management fee was being charged at the rate of 2.5 percent of the average net assets of the Fund. The remuneration is paid to the Management Company on a monthly basis in arrears.
- 8.2 This represents amount payable in respect of Sindh Sales Tax at the rate of 16% on the remuneration of the Management Company as required by Sindh Sales Tax on Services Act, 2011 which is effective from July 1, 2011.
- 8.3 During the year, the Federal Government of Pakistan amended the First schedule Table II to the Federal Excise Act, 2005, and imposed excise duty on services provided by Asset Management Companies at the rate of 16% effective from June 13, 2013.

		2012	2011
		-----Rupees in '000-----	
9	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN - TRUSTEE	Note	
	Trustee fee	9.1	207
			181

- 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 fee is payable to the Trustee monthly in arrears.

		2013	2012
		-----Rupees in '000-----	
10	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	
	Annual Fee	10.1	1,147
			953

- 10.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, a collective investment scheme categorised as an equity scheme is required to pay an annual fee to Securities and exchange Commission of Pakistan, at an amount equal to 0.095 percent of the daily net assets of the scheme. The Fund has been categorised as an equity scheme by the Management Company.

		2012	2011
		-----Rupees in '000-----	
11	ACCRUED EXPENSES AND OTHER LIABILITIES		
	Auditors' remuneration	330	279
	Settlement charges	28	-
	Bank charges	35	-
	Provision for Workers' Welfare Fund (WWF)	16	21,439
	Others	1,780	771
		<u>23,612</u>	<u>12,013</u>

NAFA STOCK FUND

12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2013 and June 30, 2012.

	2013	2012
	-----No of Units-----	
13 NUMBER OF UNITS IN ISSUE		
Total units in issue at the beginning of the year	137,335,751	122,872,467
Add: units issued during the year	122,199,806	138,976,116
Add: bonus units issued during the year	15,565,393	15,601,886
Less: units redeemed during the year	(171,370,876)	(140,114,718)
Total units in issue at the end of the year	<u>103,730,074</u>	<u>137,335,751</u>

14 NET ASSET VALUE PER UNIT

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

	2013	2012
	-----No of Units-----	
15 AUDITORS' REMUNERATION		
Audit fee	285	259
Half yearly review	113	105
Out of pocket expenses	46	33
	<u>444</u>	<u>397</u>

16 PROVISION FOR WORKERS' WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs.0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh, challenging the applicability of WWF to the CISs, which is pending adjudication.

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

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

Furthermore, in 2011 the Honourable Lahore High Court in a Constitutional Petition relating to the amendments brought in WWF Ordinance through the Finance Act 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. The Management Company is hopeful that the decision of the Honourable Lahore High Court, will lend further support to the Constitutional Petition which is pending in the Honourable High Court of Sindh.

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

NAFA STOCK FUND

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. In these financial statements, the aggregate recognised amount of WWF as at June 30, 2013 amounted to Rs. 21.439 million (June 30, 2012: Rs. 10.96 million). Had the same not been made the net asset value per unit / return of the Fund would have been higher by Rs. 0.2067 / 0.932% (June 30, 2012: Rs. 0.079 / 1.01%) 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, 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 year as the Management Company has distributed the required minimum percentage of the Fund's accounting income for the year as reduced by capital gains (whether realised or unrealised) to its unit holders.

18 EARNINGS PER UNIT

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

19 TRANSACTIONS WITH CONNECTED PERSONS

19.1 Connected persons include NBP Fullerton Asset Management Limited (formerly National Fullerton Asset Management Limited) being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan and Alexandra Fund Management Pte. Limited being the sponsors, Taurus Securities Ltd being an entity having directorship common with that of the Management Company, NAFA Provident Fund Trust being the employee contribution plan of the Management Company, other collective investment schemes managed by the Management Company and directors and officers of the Management Company.

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

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

19.4 Remuneration payable to the Trustee is determined in accordance with the provisions of the Trust Deed.

19.5 Details of significant transactions carried out by the Fund with connected persons and balances with them, as at year end, are as follows:

	June 30, 2013	June 30, 2012
	-----Rupees in '000-----	
Transactions during the year		
NBP Fullerton Asset Management Limited - Management Company		
Management fee for the year	24,151	25,300
Front end load	887	61
Sales tax on remuneration of Management Company	3,895	4,049
Federal Excise Duty on remuneration of Management Company	190	-
National Bank of Pakistan - Sponsor		
Units redeemed: 7,500,000 units (2012: Nil units)	69,881	-
1,470,000 shares purchased	71,023	201,506
2,216,000 shares sold	105,194	170,248
Alexandra Fund Management Pte. Limited - Sponsor		
Units redeemed: 2,528,045 units (2012: Nil units)	24,000	-
Bonus units issued: 1,389,982 units (2012: 1,392,347 units)	-	-
Employees of the Management Company		
Units issued: 3,610,280 units (2012: 2,866,582 units)	33,121	20,322
Units redeemed 3,625,293 units (2012: 2,756,426 units)	33,475	19,579
Bonus units issued: 17,759 units (2012: 4,670 units)	-	-

NAFA STOCK FUND

	June 30, 2013	June 30, 2012
	-----Rupees in '000-----	
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	2,207	1,953
CDS Charges	292	201
NAFA Provident Fund Trust - Provident Fund		
Units Issued: 734,197 units (2012: 4,995,922 units)	6,092	34,423
Units redeemed: 1,120,262 units (2012: 5,275,259 units)	10,021	36,471
Bonus units issued: 71,181 units (2012: 81,397 units)	-	-
Fauji Fertilizer Company Limited (Common Directorship)		
Purchase of 445,000 shares	51,094	377,949
Sale of 893,237 shares	101,550	428,719
The Hub Power Company Limited (Common Directorship)		
Purchase of 2,353,000 shares	113,710	162,275
Sale of 3,384,000 shares	169,878	163,153
NBP Employees Pension Fund		
Bonus units issued: 4,070,525 units (2012: 4,077,451 units)	-	-
Gul Ahmed Textile Mills Limited Employees Provident Fund (Common Directorship)		
Bonus units issued: 4,394 units (2012: Nil units)	-	-
Units redeemed: 55,336 units (2012: Nil units)	482	-
International Industries Limited Employees Provident Fund (Common Directorship)		
Bonus units issued: 350,243 units (2012: Nil units)	-	-
Units redeemed: 5,642,766 units (2012: Nil units)	51,213	-
Units issued: 3,746,491 units (2012: Nil units)	31,841	-
International Industries Limited Employees Gratuity Fund (Common Directorship)		
Bonus units issued: 553,827 units (2012: Nil units)	-	-
Units redeemed: 12,095,576 units (2012: Nil units)	114,706	-
Units issued: 9,633,733 units (2012: Nil units)	83,799	-
International Steels Limited-Employees Gratuity Fund (Common Directorship)		
Bonus units issued: 47,129 units (2012: Nil units)	-	-
Units redeemed: 969,603 units (2012: Nil units)	9,516	-
Units issued: 804,438 units (2012: Nil units)	6,890	-
International Steels Limited-Employees Provident Fund (Common Directorship)		
Bonus units issued: 94,640 units (2012: Nil units)	-	-
Units redeemed: 1,487,312 units (2012: Nil units)	13,332	-
Units issued: 767,698 units (2012: Nil units)	6,483	-
Taurus Securities Limited		
Brokerage expense	557	427
Amounts outstanding as at year end		
NBP Fullerton Asset Management Limited - Management Company		
Management fee payable	2,006	1,730
Front-end load payable	69	168
Sales tax payable on management remuneration	352	273
Federal Excise Duty	190	-
National Bank of Pakistan - Sponsor		
Investment held by the sponsor in the Fund: Nil units (2012: 7,500,000 units)	-	59,549
Deposits held by the Fund with the Sponsor	815	762
Ordinary shares held	20	32,499

NAFA STOCK FUND

	June 30, 2013	June 30, 2012
	-----Rupees in '000-----	
Alexandra Fund Management Pte. Limited - Sponsor Investment held by the Sponsor in the Fund: 9,026,528 units (2012: 10,164,592 units)	97,695	80,706
Summit Bank Limited (Common Directorship) Bank Balance	5,474	37
Employees of the Management Company Investment held in the Fund: 146,897 units (2012: 144,251 units)	1,590	1,145
Central Depository Company of Pakistan Limited - Trustee Trustee fee payable CDS charges payable Security deposit	182 24 100	168 13 100
Fauji Fertilizer Company (Common Directorship) Ordinary shares held	-	49,777
The Hub Power Company Limited (Common Directorship) Ordinary shares held	57,462	82,233
NAFA Provident Fund Trust - Provident Fund Investment held in the Fund: Nil units (2012: 314,885 units)	-	2,500
NBP Employees Pension Fund Investment held in the Fund: 33,287,263 units (2012: 29,766,738 units)	366,224	236,345
Taurus Securities Limited (Common Directorship) Brokerage payable	48	-

20 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

S.No.	Name	Qualification	Experience in years
1	Dr. Amjad Waheed	MBA, Doctorate in Business Administration, CFA	25
2	Mr. Sajjad Anwar	MBA, CFA	13
3	Mr. Tanveer Abid	MBA, CFA	13
4	Muhammad Ali Bhabha	CFA, FRM	18
5	Asim Wahab Khan	CFA	7
6	Ammar Rizki	MBA	12

20.1 Mr. Asim Wahab Khan is the Fund's Manager of the Nafa Stock Fund. Other Funds being managed by the fund manager are as follows ;

- NAFA Multi Asset Fund
- Islamic Multi Asset Fund

21 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

	2013
1 Taurus Securities Limited	9.91%
2 Foundation Securities (Private) Limited	6.12%
3 OPTIMUS Capital Management Limited	5.57%
4 KASB Securities Limited	5.45%
5 AKD Securities Limited	5.17%
6 Arif Habib Securities Limited	4.97%
7 J.S. Global Capital Limited.	4.83%
8 Topline Securities (Private) Limited	4.58%
9 Habib Metropolitan Financial Services Limited	4.28%
10 ELIXIR Securities Pakistan (Private) Limited	4.20%

NAFA STOCK FUND

2012

1	Taurus Securities Limited	7.93%
2	AKD Securities Limited	6.79%
3	Foundation Securities (Private) Limited	6.56%
4	Arif Habib Securities Limited	5.39%
5	Elixir Securities Pakistan (Private) Limited	5.24%
6	KASB Securities Limited	4.82%
7	Habib Metropolitan Financial Services Limited	4.66%
8	Fortune Securities Limited	4.39%
9	Topline Securities (Private) Limited	4.31%
10	Global Securities Pakistan Limited	4.28%

22 PATTERN OF UNIT HOLDING

Category	As at June 30, 2013		
	Number of unit holders	Investment amount	Percentage investment
	(Rupees in '000)		
Individuals	808	254,014	22.63%
Associated companies / Directors	2	463,919	41.32%
Insurance companies	2	7,072	0.63%
Bank / DFIs	-	-	0.00%
NBFCs	-	-	0.00%
Retirement funds	14	389,854	34.73%
Public limited companies	-	-	0.00%
Others	10	7,822	0.70%
	836	1,122,681	100.00%

Category	As at June 30, 2012		
	Number of unit holders	Investment amount	Percentage investment
	(Rupees in '000)		
Individuals	971	212,677	19.50%
Associated companies / Directors	3	142,755	13.09%
Insurance companies	2	4,564	0.42%
Bank / DFIs	2	173,757	15.93%
Retirement funds	26	546,177	50.09%
Public limited companies	10	9,604	0.88%
Others	2	892	0.08%
	1016	1,090,426	100.00%

NAFA STOCK FUND

23 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 37th, 38th, 39th, 40th and 41st board meetings were held on July 09, 2012, September 11, 2012, October 23, 2012, February 26, 2013 and April 26, 2013 respectively. Information in respect of attendance by directors in the meetings is given below:

Name of Director	Number of Meetings			Meetings not attended
	Held	Attended	Leave granted	
Mr. Shahid Anwar Khan***	5	5	0	
Dr. Asif A. Brohi*	5	1	4	37th, 38th, 40th & 41st meeting
Mr. Khalid Mahmood*	1	0	1	41st meeting
Mr. Wah Geok Sum	5	4	1	41st meeting
Mr. Koh Boon San	5	5	0	
Mr. Shehryar Faruque	5	4	1	37th meeting
Mr. Kamal Amir Chinoy	5	2	3	37th, 39th & 41st meeting
Mr. Amir Shehzad	5	3	2	37th & 39th meeting
Mr. Asif Hassan****	0	0	0	
Dr Amjad Waheed	5	5	0	

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

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

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

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

24 FINANCIAL INSTRUMENTS BY CATEGORY

-----As on June 30, 2013-----

	Loans and receivables	Financial assets at fair value through profit or loss	Available for sale	Total
-----Rupess in '000-----				
Balances with Banks	340,201	-	-	340,201
Investments	-	806,787	-	806,787
Dividend and profit receivable	536	-	-	536
Deposits and other receivables	2,600	-	-	2,600
	<u>343,337</u>	<u>806,787</u>	<u>-</u>	<u>1,150,124</u>

-----As on June 30, 2013-----

	At fair value through profit or loss	Other financial liabilities	Total
-----Rupess in '000-----			
Payable to the Management Company	-	2,617	2,617
Payable to the Trustee	-	207	207
Accrued expenses and other liabilities	-	2,173	2,173
	<u>-</u>	<u>4,997</u>	<u>4,997</u>

NAFA STOCK FUND

-----As on June 30, 2012-----

	Loans and receivables	Financial assets at fair value through profit or loss	Available for sale	Total
Assets				
-----Rupees in '000-----				
Balances with Banks	77,043	-	-	77,043
Investments	-	1,079,439	-	1,079,439
Dividend and profit receivable	864	-	-	864
Deposits and other receivables	2,600	-	-	2,600
	<u>80,507</u>	<u>1,079,439</u>	<u>-</u>	<u>1,159,946</u>

-----As on June 30, 2012-----

	At fair value through profit or loss	Other financial liabilities	Total
Liabilities			
-----Rupees in '000-----			
Payable to the Management Company	-	2,171	2,171
Payable to the Trustee	-	207	207
Payable against purchase of investments	-	54,342	54,342
Accrued expenses and other liabilities	-	1,050	1,050
	<u>-</u>	<u>57,770</u>	<u>57,770</u>

25 FINANCIAL RISK MANAGEMENT

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

25.1 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 market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan.

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

25.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present, is not exposed to currency risk as all transactions are carried out in Pak Rupees.

25.1.2 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

The composition of the Fund's investment portfolio, KIBOR rates and rates announced by the Financial Market Association are expected to change over time. Further, in case of variable instruments, the sensitivity analysis has been done from the last repricing date. Accordingly, the sensitivity analysis prepared as of June 30, 2013 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

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

NAFA STOCK FUND

As at June 30, 2013

Yield / Interest rate	Total	Exposed to yield/interest rate risk			Not exposed to Yield / Interest 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	340,201	338,263	-	-	1,938
Investments	6.75 - 15.46	806,787	-	-	-	806,787
Receivable against sale of investment		-	-	-	-	-
Dividend and profit receivable		536	-	-	-	536
Deposits and other receivables		2,600	-	-	-	2,600
		1,150,124	338,263	-	-	811,861

Financial Liabilities

Payable to the Management Company		2,617	-	-	-	2,617
Payable to the Trustee		207	-	-	-	207
Payable against purchase of investments		-	-	-	-	-
Payable against redemption of units		-	-	-	-	-
Accrued expenses and other liabilities		2,173	-	-	-	2,173
		4,997	-	-	-	4,997

On-balance sheet gap

		1,145,127	338,263	-	-	806,864
--	--	-----------	---------	---	---	---------

Off-balance sheet financial instruments

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

Off-balance sheet gap

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

As at June 30, 2012

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

%

(Rupees in '000)

On-balance sheet financial instruments

Financial Assets

Balances with banks	5.00 - 12.00	77,043	76,273	-	-	770
Investments	13.13 - 16.70	1,079,439	99,610	-	-	979,829
Receivable against sale of investment		-	-	-	-	-
Dividend and profit receivable		864	-	-	-	864
Deposits and other receivables		2,600	-	-	-	2,600
		1,159,946	175,883	-	-	984,063

Financial Liabilities

Payable to the Management Company		2,171	-	-	-	2,171
Payable to the Trustee		181	-	-	-	181
Payable against purchase of investments		54,342	-	-	-	54,342
Payable on redemption of units		-	-	-	-	-
Accrued expenses and other liabilities		1,042	-	-	-	1,042
		57,736	-	-	-	57,736

On-balance sheet gap

		1,102,210	175,883	-	-	926,327
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Off-balance sheet financial instruments

		-	-	-	-	-
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Off-balance sheet gap

		-	-	-	-	-
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NAFA STOCK FUND

25.1.3 Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because 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 instrument traded in the market.

The Fund's equity securities are exposed to price risk because of investments held by the Fund and classified on the Statement of Assets and Liabilities as financial assets 'at fair value through profit or loss'. To manage the risk, the Fund diversifies its portfolio within the eligible stocks prescribed in the Trust Deed. The Fund's constitutive documents / NBFC Regulations also limit exposure to individual equity securities to no more than 10% of net assets, or issued capital of the investee company and sector exposure limit to 25% of the net assets or index weight of securities whichever is higher, subject to maximum of 35% of net assets.

In case of 5% increase / decrease in fair value on June 30, 2013, net income for the year would increase / decrease by Rs. 40.339 million (2012: Rs. 48.991 million) and net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities at fair value through profit or loss. The sensitivity analysis is based on the fund's equity securities as at the statement of assets and liabilities date with all other variables held constant.

25.2 Credit risk

Credit risk represents the risk of a loss if counter parties fail to perform as contracted. Credit risk arises from deposits with banks and financial institutions, credit exposure arising as a result of dividends receivable on equity securities, receivable against sale of investments and accrued income on bank deposits. For banks and financial institutions, only reputed parties are accepted. Credit risk on dividend 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 bank balances:

Bank balances by category

A1+, A-1+	98.35%
A2, A-2	0.04%
A-3	1.62%

The maximum exposure to credit risk before any credit enhancement as at June 30, 2013 is the carrying amount of the financial assets. Investments in equity securities, however, are not exposed to credit risk.

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 credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

25.3 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 settlement of equity securities and to daily cash redemptions, if any, 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 damage 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 off. The Fund's equity securities are considered readily realisable as they are listed on the Karachi Stock Exchange.

NAFA STOCK FUND

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

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 redemptions during the year ended June 30, 2013.

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

-----As at June 30, 2013-----				
Total	Upto three months	Over three months and upto one year	Over one year	
------(Rupees in '000)-----				
Liabilities				
Payable to the Management Company	2,617	2,617	-	-
Payable to the Trustee	207	207	-	-
Accrued expenses and other liabilities	2,173	2,173	-	-
	4,997	4,997	-	-

-----As at June 30, 2012-----				
Total	Upto three months	Over three months and upto one year	Over one year	
------(Rupees in '000)-----				
Liabilities				
Payable to the Management Company	2,171	2,171	-	-
Payable to the Trustee	181	181	-	-
Payable against purchase of investments	54,342	54,342	-	-
Accrued expenses and other liabilities	1,050	1,050	-	-
	57,744	57,744	-	-

26 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 tradeable in an open market are revalued at the market prices prevailing at the close of trading on the reporting date. Investments of the Fund in equity securities are revalued on the basis of closing quoted market prices available at the stock exchange. Investments of the Fund in government securities are revalued on the basis of rates announced by the Financial Markets Association of Pakistan. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from carrying values as the items are either short-term in nature or are 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)

NAFA STOCK FUND

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.

Assets	-----As at June 30, 2013-----			
	Level 1	Level 2	Level 3	Total
------(Rupees in '000)-----				
Financial assets at fair value through profit or loss				
- Investment in listed equity securities	806,787	-	-	806,787

Assets	-----As at June 30, 2012-----			
	Level 1	Level 2	Level 3	Total
------(Rupees in '000)-----				
Financial assets at fair value through profit or loss				
- Investment in listed equity securities	979,829	99,610	-	1,079,439

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 restrictions on the subscription and redemption of units. There is no specific capital requirement which is applicable on the Fund.

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 unit holders and to maintain a strong base of assets under management.

In accordance with the risk management policies stated in note 25, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption requests which would be augmented by short-term borrowings or disposal of investments where necessary.

28 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the Management Company in its meeting held on July 11, 2013 has approved a final distribution for the year ended June 30, 2013 at the rate of 23.98% (2012: 6.51%). The financial statements of the Fund for the year ended June 30, 2013 do not include the effect of this appropriation which will be accounted for in the financial statements of the Fund for the year ended June 30, 2013.

29 DATE OF AUTHORISATION FOR ISSUE

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

30 GENERAL

Figures have been rounded off to the nearest thousand Rupees.

The bifurcation of undistributed income into realised and unrealised income at the beginning and at the end of the year, as required by the NBFC Regulations, 2008, has not been disclosed as such bifurcation is not practicable.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA STOCK FUND

PERFORMANCE TABLE

Particulars	For the year ended June 30, 2013	For the year ended June 30, 2012	For the year ended June 30, 2011	For the year ended June 30, 2010	For the year ended June 30, 2009	For the year ended June 30, 2008	For the period ended from January 15 to June 30, 2007
Net assets (Rs. '000')	1,122,681	1,090,426	926,795	959,138	1,331,311	2,565,736	1,460,323
Net Income (Rs. '000')	513,061	192,215	207,399	137,552	(1,117,474)	(86,957)	442,474
Net Asset Value per units (Rs.)	10.8231	7.9399	6.5095	6.1681	6.0685	11.1621	12.0871
Selling price per unit	11.1478	8.1781	6.7048	6.3531	6.2506	11.2038	12.5175
Redemption price per unit	10.8231	7.9399	6.5095	6.1681	6.0685	10.8599	12.0871
Highest offer price per unit (Rs.)	11.6423	8.7190	6.9168	7.1319	11.3508	14.6622	12.5183
Lowest offer price per unit (Rs.)	7.3194	6.1570	5.1401	5.5287	4.2803	10.4616	8.0038
Highest redemption price per unit (Rs.)	11.3032	8.4650	6.7153	6.9242	11.0202	14.2175	12.0879
Lowest redemption price per unit (Rs.)	7.1062	5.9772	4.9904	5.3677	4.1556	10.1393	7.7049
Total return of the fund	54.95%	21.97%	28.37%	16.74%	-45.63%	-2.65%	43.47%
Capital growth	26.60%	11.97%	5.62%	1.64%	-45.63%	-7.65%	20.87%
Income distribution	28.35%	10.00%	22.75%	15.10%	0.00%	5.00%	22.60%
Distribution							
Interim Distribution per unit	0.4374	-	0.3700	-	-	0.3022	-
Final distribution per unit	2.3980	0.6510	1.0332	0.9163	-	0.3022	2.2600
Distribution dates							
Interim	26-Feb-13	Nil	18-Feb-11	Nil	Nil	15-Apr-08	Nil
Interim	26-Apr-13	Nil	19-Apr-11	Nil	Nil	Nil	Nil
Final	11-Jul-13	9-Jul-12	4-Jul-11	5-Jul-10	Nil	3-Jul-08	5-Jul-07
Average annual return (launch date January 22, 2007)							
(Since inception to June 30, 2013)	12.51%						
(Since inception to June 30, 2012)		38.05%					
(Since inception to June 30, 2011)			13.18%				
(Since inception to June 30, 2010)				-11.84%			
(Since inception to June 30, 2009)					-24.48%		
(Since inception to June 30, 2008)						38.91%	
(Since inception to June 30, 2007)							43.47%
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.							