NAFA ISLAMIC MULTI ASSET FUND

NAFA ISLAMIC MULTI ASSET FUND

Contents

DIRECTOR'S REPORT	181
REPORT OF THE TRUSTEE TO THE UNIT HOLDERS	184
STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE	185
FUND MANAGER REPORT	188
REPORT OF THE SHARIAH ADVISER	192
SHARIAH COMPLIANCE AUDITORS' REPORT TO THE MANAGEMENT COMPANY	195
REVIEW REPORT TO THE UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE	196
INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS	197
STATEMENT OF ASSETS AND LIABILITIES	198
INCOME STATEMENT	199
DISTRIBUTION STATEMENT	200
STATEMENT OF MOVEMENT IN UNIT HOLDER'S FUND	201
CASH FLOW STATEMENT	202
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS	203
PERFORMANCE TABLE	224

NAFA ISLAMIC MULTI ASSET FUND

DIRECTORS' REPORT

The Board of Directors of National Fullerton Asset Management Limited is pleased to present the Second Annual Report of NAFA Islamic Multi Asset Fund for the year ended June 30, 2009.

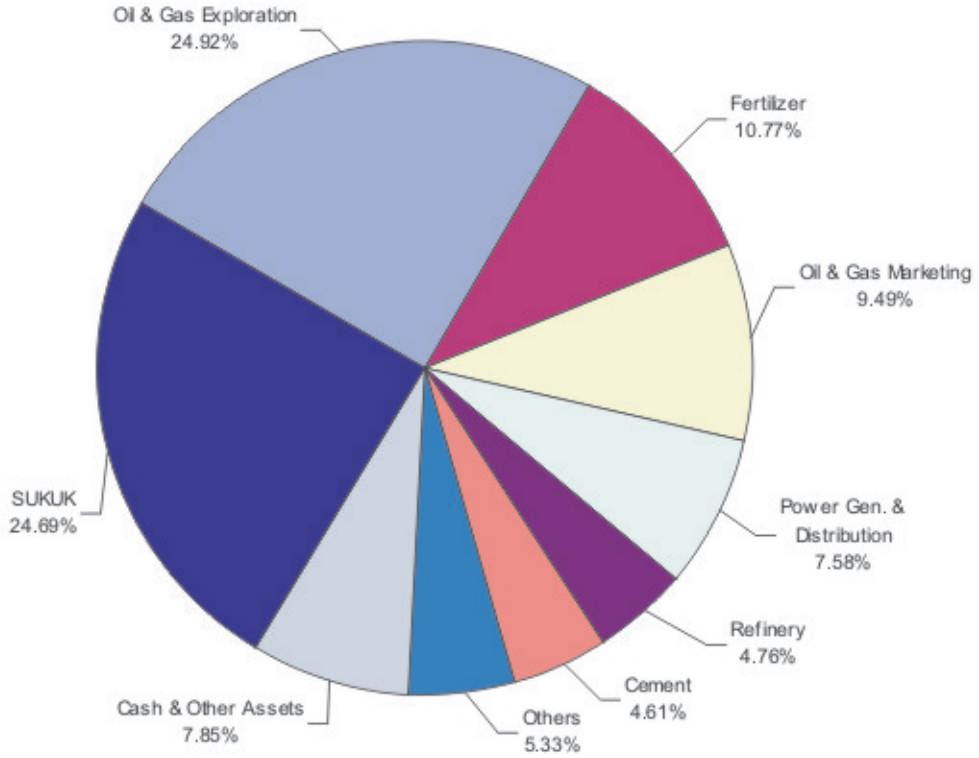
Fund's Performance

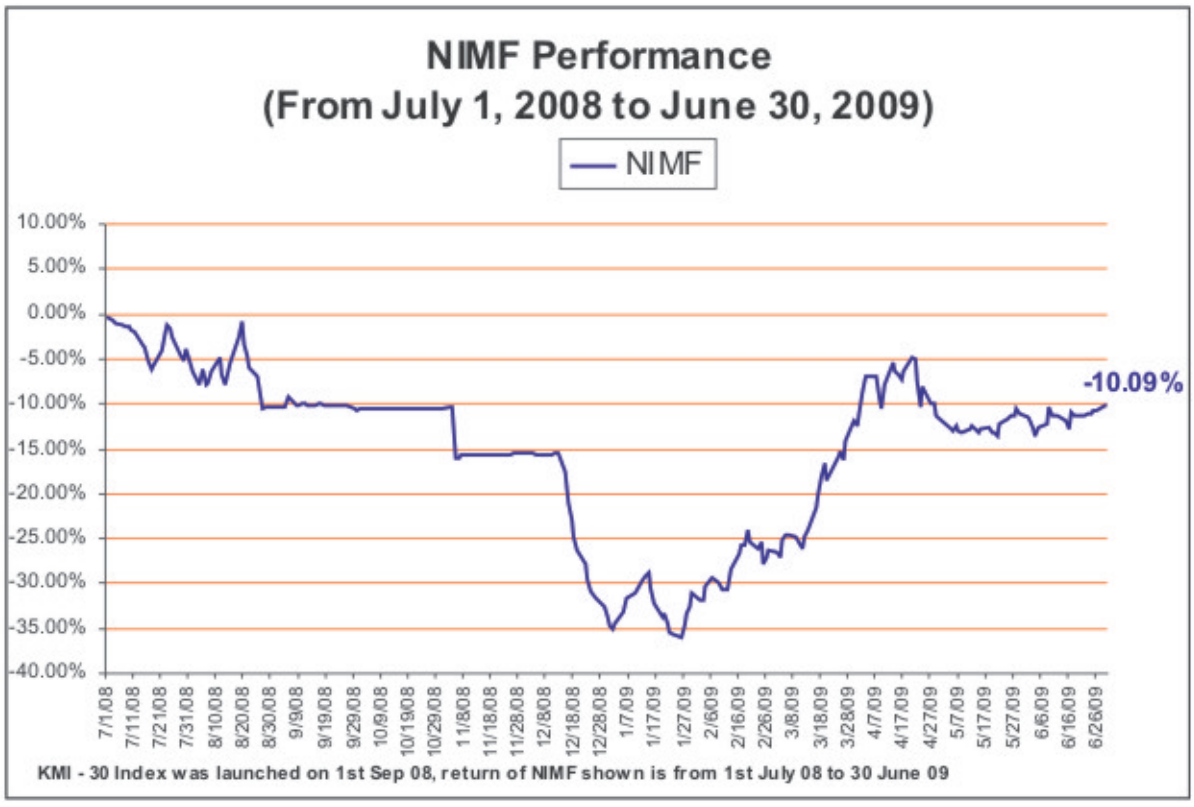
Owing to high fiscal deficit, rising inflation, growing political uncertainties, worsening economic conditions, and severe liquidity crunch in the financial markets, the FY 2008-09 has been the most turbulent period in the history of local stock market and mutual fund industry. Resultantly, the size of NAFA Islamic Multi Asset Fund dropped to its lowest at Rs.386 million during the year. Subsequent to lifting of freeze at the end of December, the stock market witnessed substantial recovery and the Fund Size has increased to Rs.535 million as of June 30, 2009, translating into a growth of 39% from its bottom.

NAFA Islamic Multi Asset Fund has incurred a total loss of Rs.16.31 million during the year. After deducting total expenses of Rs.35.40 million, the net loss is Rs.51.72 million. During the year, the unit price of NAFA Islamic Multi Asset Fund has decreased from Rs.9.5360 on June 30, 2008 to Rs.8.5736 on June 30, 2009. The resultant per unit loss is Re.0.9624.

The asset allocation of NAFA Islamic Multi Asset Fund as on June 30, 2009 and its performance are as follows:

Asset Allocation as on June 30, 2009





Income Distribution

Due to net loss for the year, no distribution has been approved.

Taxation

On account of net loss, no provision for taxation was made in the financial statements of the Fund.

Auditors

The present auditors, Messrs A. F. Ferguson & Co., Chartered Accountants, retire and, being eligible, offer themselves for re-appointment.

Directors' Statement in Compliance with Code of Corporate Governance

1. The financial statements, prepared by the management company of NAFA Islamic Multi Asset Fund, 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 NAFA Islamic Multi Asset Fund have been maintained.

3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.

4. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

5. The system of internal control is sound in design and has been effectively implemented and monitored.

6. There are no significant doubts upon NAFA Islamic Multi Asset 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 National Fullerton Asset Management Limited held five meetings during the current financial year. The attendance of all directors is disclosed in the note 24 to these financial statements.

11. The detailed pattern of unit holding is disclosed in the note 23 to these financial statements.

12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 20 to these financial statements.

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, Trustee and the Shariah and Technical Advisors.

On behalf of the Board of
National Fullerton Asset Management Limited

Masood Karim Shaikh, FCA
Chairman

Dr. Amjad Waheed, CFA
Chief Executive

Date: August 31, 2009
Place: Karachi.

NAFA ISLAMIC MULTI ASSET FUND

TRUSTEE REPORT TO THE UNIT HOLDERS

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

NAFA Islamic Multi Asset Fund (the Fund), an open-end scheme was established under a trust deed dated August 20, 2007, executed between National Fullerton Asset Management Limited, as the management company and Central Depository Company of Pakistan Limited, as the trustee.

In our opinion, the management company has in all material respects managed the Fund during the year ended June 30, 2009 in accordance with the provisions of the following:

(i) Limitations imposed on the investment powers of the management company under the constitutive documents of the Fund;

(ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and

(iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Kamran Qazi
Chief Financial Officer & Company Secretary
Central Depository Company of Pakistan Limited

Karachi, October 7, 2009

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2009

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

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

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

1. The Management Company encourages representation of independent non-executive directors. At present the Board consist seven directors including six independent non-executive directors. The Management Company is not listed on any stock exchange and therefore does not have minority interest.

2. The directors have confirmed that none of them is serving as a director in more than ten listed companies.

3. All the resident directors of the Management Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. Casual vacancies occurred during the year in the Board of the Management Company due to resignation of Khawaja Iqbal Hassan and Mr. Habib Yousuf Habib which were filled by Syed Naseer ul Hassan and Mr. Rayomond H. Kotwal on October 16, 2008.

5. The Management Company has adopted a “Code of Business Ethics and Business Practices”, which has been acknowledged by all the directors and distributed to employees of the Management Company.

6. The Board has developed a vision/mission statement overall corporate strategy and significant policies of the Fund. A complete record of the particulars along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter during the year. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated.

9. The related party transactions have been placed before the Audit Committee and approved by the Board of Directors with necessary justification for non arm's length transactions if any, and pricing methods for transactions that were made on terms equivalent to those that prevail in the arm's length transactions only if such terms can be substantiated.

10. All the members of Board are well aware of operations of the Fund and Management Company, therefore no orientation courses were arranged during the year.

11. The Board has approved the appointment of Head of Internal Audit and his terms of employment.

12. Directors' Report has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

13. The financial statements of the Fund were duly endorsed by CEO and CFO before approval of the Board.

14. The Directors, CEO and Executives do not hold units of the Fund other than those disclosed in note 20 to the financial statements "Transactions with Connected Persons".

15. The Management Company has complied with the corporate and financial reporting requirements of the Code with respect to the Fund.

16. The Board has formed an Audit Committee. It comprises three members, all of whom are non-executive directors including the chairman of the Committee.

17. The meetings of the Audit Committee were held at least once every quarter prior to approval of the interim and final results of the Fund as required by the Code. Terms of Reference of the Audit Committee have been prepared and advised to the Committee for compliance.

18. There exists an effective internal audit function within the Management Company. The Management Company has appointed the Head of Internal Audit, who is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Fund.

19. The Statutory Auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouse and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan.

20. The Statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. We confirm that all other material principles contained in the Code have been complied with.

Dated: August 31, 2009
Karachi

Dr. Amjad Waheed, CFA
Chief Executive Officer

NAFA ISLAMIC MULTI ASSET FUND

Fund Manager Report

NAFA Islamic Multi Asset Fund

NAFA Islamic Multi Asset Fund is an open-ended Shariah Compliant balanced fund

Investment Objective of the Fund

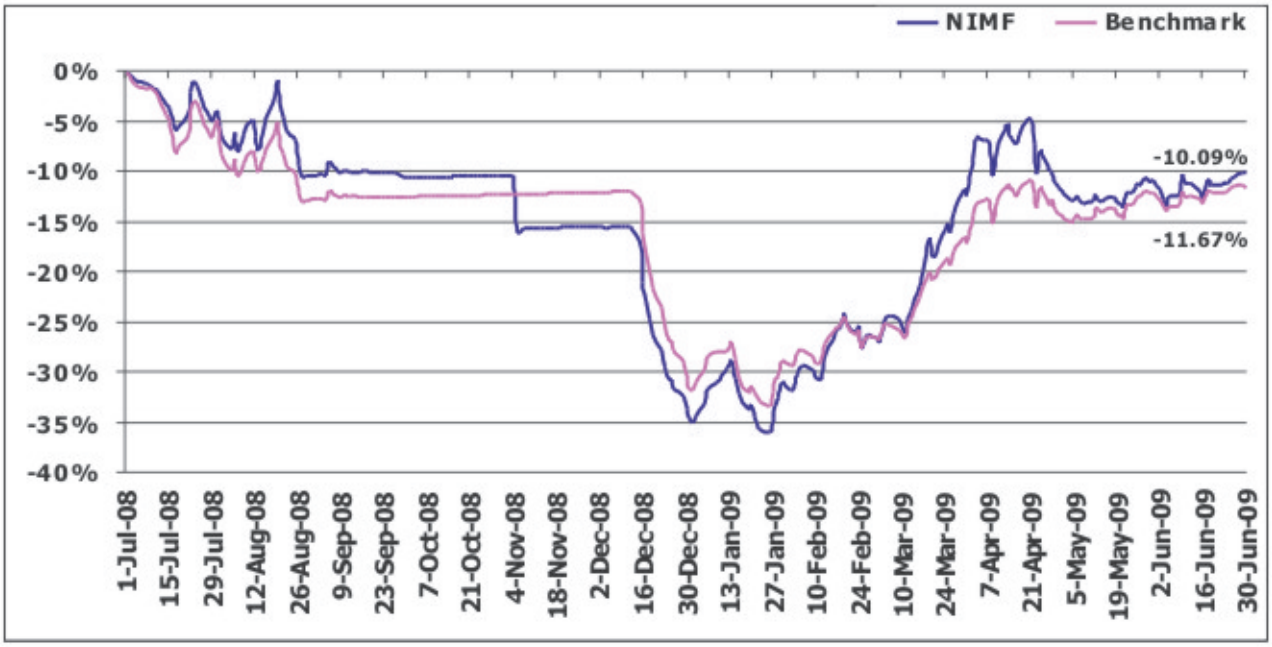
Objective of NIMF is to provide investors with a combination of capital growth and income by investing in a variety of asset classes such as Shariah Compliant stocks, bonds, money market instruments etc. The risk profile of the fund is moderate.

Benchmark

The Benchmark of the Fund is 50% KMI-30 Index & 50% Avg. 1-month profit rate of Islamic banks.

Fund performance review

During FY 09, Net Asset Value (NAV) of NAFA Islamic Multi Asset Fund (NIMF) decreased by 10.09%, whereas the benchmark decreased by 11.67%, thus an out-performance of 1.58% was recorded.



NAFA ISLAMIC MULTI ASSET FUND

Our benchmark, KMI-30 Index was introduced by the KSE from September1, 2008.

During the first half of the year, we remained under weight in equities and over weight in fixed income. However, during the second half of the year we tilted our allocation towards equities from the fixed income asset class. This strategy to remain overweight in equities contributed to outperformance of the Fund versus the benchmark.

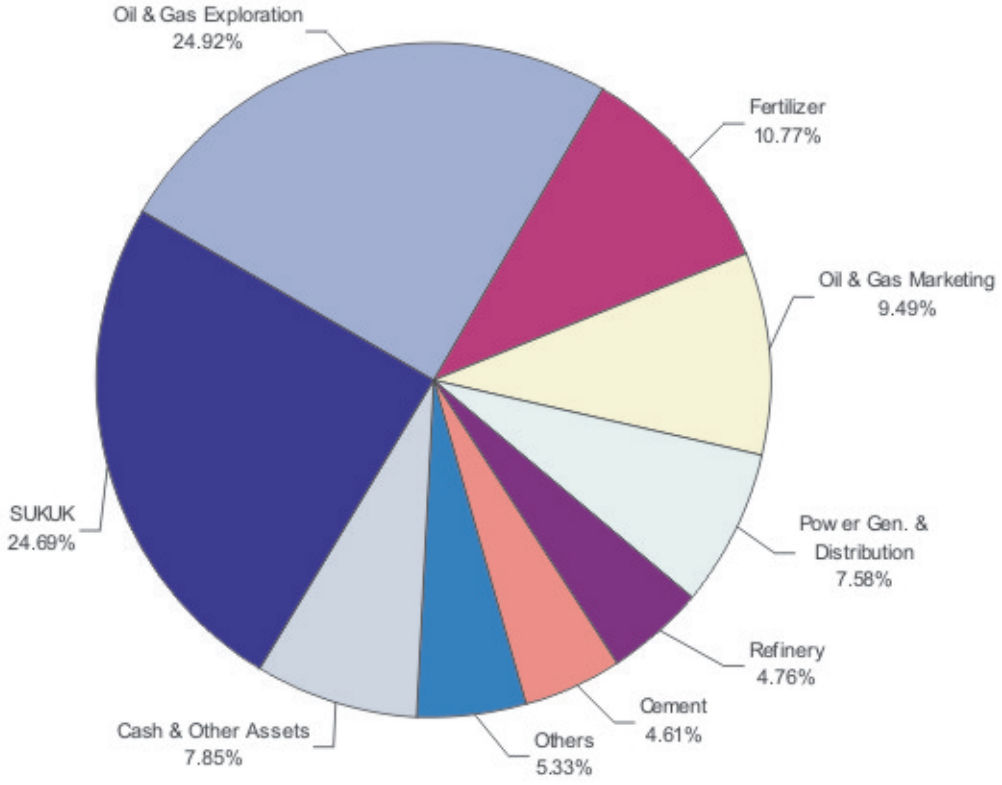
During the year, key factors responsible for the lackluster performance of the stock market were: i) soaring inflation lead by crude oil and commodity prices ii) widening current account and fiscal deficits iii) rising interest rate iv) declining foreign exchange reserves. GDP growth rate for FY09 remained at around 2%, due to abysmal performance of Large Scale Manufacturing (LSM) sector As a result, YOY, inflation (CPI) reached a high of 25% in the month of November 2008. Foreign exchange reserves of SBP fell to around US $3.5 billion in October 2008 from a high of US $ 14.25 in October 2007. Pak rupee depreciated around 16.5% during the year. Moreover, deteriorating law and order situation in the country also remained serious concern for local and foreign investors.

As a result, the KSE -30 Index declined by around 69% by the end of January 2009. Stock market remained frozen from end -August 2008 till mid- December 2008. Post freeze, stock market rallied steadily and the KSE- 30 Index gained around 71% from its bottom. During FY 09, trading activity remained almost half compared with the corresponding period last year.
Fixed income market also saw unprecedented events during the year. Due to shortage of liquidity, sukuks lost around 30% of their values. During the FY 09 as per the SECP Circular prices of sukuks were marked down based on their credit ratings. New valuation methodology was introduced by SECP for pricing of sukuks and TFCs. With the improvement in the liquidity conditions these instruments regained some of their lost values.

Since December we have seen improvement on both the economic and law and order front. Pakistan's budget deficit, current account deficit, interest rates, inflation and foreign exchange reserves have all shown substantial improvements. This is also reflected in a handsome recovery in the stock market and prices of sukuk/ TFCs. We expect the economy recovery to continue in FY 2009-10.

NAFA ISLAMIC MULTI ASSET FUND

The asset allocation of the Fund as on June 30, 2009 is as follows



Income Distribution

No distribution has been approved for the year ended June 30, 2009 by the Board of Directors of the Management Company.

Pattern of Unit Holders for NAFA Islamic Multi Asset Fund As on June 30, 2009

Size of Unit Holding (Units)		No. of Unit Holders
1	1,000	95
1,001	5,000	161
5,001	10,000	69
10,001	50,000	123
50,001	100,000	19
100,001	500,000	13
500,001	1,000,000	2
1,000,001	5,000,000	8
5,000,001	10,000,000	4
	100,000,000	
	Total:	**494**

During the period under question:

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

NAFA ISLAMIC MULTI ASSET FUND

Report of the Shariah Advisor NAFA Islamic Multi Asset Fund

Karachi
October 7, 2009/ Shawwal 17, 1430 A.H

In the capacity of Shariah Adviser, we have prescribed five criteria for Shariah compliance of equity investments which relate to (i) Nature of business, (ii) Debt to total assets, (iii) Illiquid assets to total assets, (iv) Investment in non-Shariah compliant activities and income from non-compliant investments, and (v) Net liquid assets per share vs. share price.

It is the responsibility of the management company of the fund to establish and maintain a system of internal controls to ensure Shariah compliance with the Shariah guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries of the management company's personnel and review of various documents prepared by the management company to comply with the prescribed criteria.

i. We have reviewed and approved the modes of investments of NIMF in light of Shariah requirements. The following is a list of investments of NIMF as on June 30, 2009 and their evaluation according to the screening criteria established by us. (The latest accounts of the Investee companies available as on December 31, 2008 have been used for the following calculations):

	(i)	(ii)*	(iii)	(iv)		(v)	
Company Name	**Nature of Business**	**Debt to Assets (<40%)**	**Illiquid Assets to Total Assets (>20%)**	**Non-Compliant Income to Gross Revenue (<5%)**	**% of Non-Shariah Compliant Investments (<33%)**	**Net Liquid Assets vs. Share Price (B>A)**	
						Net Liquid Assets per Share (A)	**Share Price (B)**
AL-Ghazi Tractors Limited	Automobile Assembler	0.00%	31%	3.6%	6.3%	104	207.59
Indus Motor	Automobile Assembler	0.01%	71%	0.99%	0.00%	(27.98)	122.88
Lucky Cement	Cement	34.22%	94%	0.00%	0.00%	(42.20)	49.50
***Engro Chemicals Pakistan Limited.	Fertilizer	***43.91%	83%	0.58%	0.14%	(208.59)	96.46

	(i)	(ii)*	(iii)	(iv)		(v)	
Company Name	Nature of Business	Debt to Assets (<40%)	Illiquid Assets to Total Assets (>20%)	Non-Compliant Income to Gross Revenue (<5%)	% of Non-Shariah Compliant Investments (<33%)	Net Liquid Assets vs. Share Price (B>A)	
						Net Liquid Assets per Share (A)	Share Price (B)
Fauji Fertilizer Company	Fertilizer	37.84%	60%	1.70%	1.88%	(51.84)	87
Thal Limited	Jute	23.94%	79%	0.87%	0.55%	(97.39)	81.81
Oil & Gas Developmen Company Limited	Exploration and Production of Oil & Gas	0.00%	54%	2.73%	5.44%	5.65	49.99
Pakistan Oilfields Limited	Exploration and Production of Oil & Gas	0.00%	69%	10.64%	5.09%	9.37	102.49
Pakistan Petroleum Limited	Exploration and Production of Oil & Gas	0.16%	58%	3.93%	7.22%	11.13	100.66
Pakistan State Oil Company Limited	Oil and Gas Marketing Companies	17%	32%	0.00%	0.00%	(168.51)	144.5
Attock Refinary Limited	Refinary	0.00%	32%	1.27%	9.12%	(57.30)	59.89
National Refinary Limited	Refinary	0.00%	29%	0.55%	1.45%	26.44	95.16
Pakistan Refinery Limited	Refinary	15.42%	20%	0.08%	0.00%	(57.38)	98.4
The Hub Power Company Limited	Producer of Power & energy	21%	39%	0.01%	0.72%	(5.95)	14.09
Bank Islami Pakistan Limited	Islamic Commercial Bank	**					
Meezan Bank Limited	Islamic Commercial Bank	**					

* All interest based debts
** These ratios are for the calculation of non-Shari'ah Compliant Element in the business and are not relevant for Islamic Banks
*** This scrip was non compliant based on December 31, 2008 accounts and is to be disinvested immediately.

However, the management of the fund has been instructed to avoid minor deviations that inadvertently occurred during the year.

ii. On the basis of information provided by the management, all operations of NIMF for the period ended June 30, 2009 have been in compliance with the Shariah principles.

iii. There are investments made by NIMF where Investee companies have earned a part of their income from non-compliant sources (e.g. interest income). In such cases, the management company has been directed to set aside as charity such proportion of the income from Investee companies in order to purify the earnings of the Fund.

During the Period a provision of Rupees 473,011 was transferred to Charity account.

May Allah bless us with best Tawfeeq to accomplish our cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes.

For and on behalf of Meezan Bank Limited
Shari'ah Technical Services and Support Provider

Bilal Ahmed Qazi
Shari'ah Advisor

SHARIAH COMPLIANCE AUDITORS' REPORT TO THE MANAGEMENT COMPANY

We have audited the compliance of the investments made by the NAFA Islamic Multi Asset Fund with the Shariah guidelines prescribed by the Shariah Advisor and Shariah Technical Services and Support Provider of the Fund for the period from July 1, 2008 to June 30, 2009.

It is the responsibility of the Management Company to appoint a Shariah Advisor and establish and maintain a system of internal control to ensure compliance with the Shairah guidelines advised by the Shariah Advisor and Shariah Technical Services and Support Provider of the Fund. Our responsibility is to carry out procedures to enable us to report on the compliance of investments made by the Fund with the Shariah guidelines, as prescribed by the Shariah Advisor and Shariah Technical Services and Support Provider.

We conducted our audit in accordance with the International Standards on Auditing applicable to compliance auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Fund has complied, in all material respects, with the Shariah guidelines, as prescribed by the Shariah Advisor and Shariah Technical Services and Support Provider. An audit includes examining appropriate evidence on a test basis. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the investments made by the Fund during the period from July 1, 2008 to June 30, 2009 were, in all material respects, in compliance with the shariah compliant avenues as approved by the Shariah Advisor and Shariah Technical Services and Support Provider of the Fund.

A.F. Ferguson & Co.

Chartered Accountants

Karachi

Dated: October 08, 2009

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

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

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

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

Sub-Regulation (xiii a) of Listing Regulation 35 notified by The Lahore Stock Exchange (Guarantee) Limited requires the company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of the above requirements to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length prices or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the year ended June 30, 2009.

A.F. Ferguson & Co.

Chartered Accountants

Karachi

Dated: 14 September 2009

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

We have audited the accompanying financial statements of **NAFA Islamic Multi Asset Fund,** which comprise the statement of assets and liabilities as at June 30, 2009, and the related income statement, distribution statement, cash flow statement and statement of movement in unit holders' fund for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management Company's responsibility for the financial statements

The Management Company of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with approved accounting standards as applicable in Pakistan. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the 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 whether the financial statements are free from material misstatements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Fund's affairs as at June 30, 2009 and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

Other matters

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

A.F. Ferguson & Co.

Chartered Accountants

Engagement Partner: **Rashid A. Jafer**

Dated: 14 September 2009

Karachi

STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2009

	Note	2009	2008
		----------Rupees in '000----------	
Assets			
Balances with banks	4	30,654	61,336
Receivable against sale of investments		4,695	78,638
Investments	5	493,372	486,194
Loans and receivables	6	-	60,000
Dividend and profit receivable	7	5,468	11,506
Advances, Deposits and prepayments	8	2,697	2,630
Preliminary expenses and floatation costs	9	1,660	2,160
Total assets		538,546	702,464
Liabilities			
Payable to National Fullerton Asset Management Limited - Management Company	10	1,413	3,590
Payable to Central Depository Company of Pakistan Limited - Trustee	11	88	136
Payable to Securities and Exchange Commission of Pakistan	12	485	549
Payable on redemption of units		-	19
Accrued expenses and other liabilities	13	1,176	584
Total liabilities		3,162	4,878
Net Assets		535,384	697,586
Unit Holders' Funds (as per statement attached)		535,384	697,586
Commitments	14		
		--------Number of units--------	
Number of units in issue		62,445,372	73,153,134
		----------Rupees----------	
Net asset value per unit	15	8.5736	9.5360

The annexed notes 1 to 29 form an integral part of these financial statements.

For National Fullerton Asset Management Limited
(Management Company)

Dr. Amjad Waheed, CFA
Chief Executive

Masood Karim Shaikh, FCA
Chairman

INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2009

	Note	For the year ended June 30, 2009	For the period from September 17, 2007 to June 30, 2008
		----------Rupees in '000----------	
INCOME			
Loss on sale of investments - net		(90,515)	(35,847)
Income from Sukuk bonds		23,520	10,468
Income from Term Deposit Musharika Certificate		1,858	3,842
Income from spread transactions		165	1,389
Profit on bank deposits		4,127	7,346
Dividend income		16,241	7,733
Unrealised gain/(loss) on investments at fair value through profit or loss - net		15,704	(9,046)
Unrealised loss on revaluation of futures sale contracts		-	(19)
		(28,900)	(14,134)
EXPENSES			
Remuneration of National Fullerton Asset Management Limited – Management Company	10.1	15,853	16,477
Remuneration of Central Depository Company of Pakistan Limited - Trustee	11.1	1,057	1,099
Annual fee - Securities and Exchange Commission of Pakistan	12.1	485	549
Securities transaction cost		1,537	5,238
Settlement and bank charges		265	264
Annual listing fee		30	30
Auditors' remuneration	16	385	261
Impairment loss on investments classified as 'available for sale'		14,775	-
Other expenses		521	-
Amortisation of preliminary expenses and floatation costs	9	500	340
Total Expenses		35,408	24,258
Net loss from operating activities		(64,308)	(38,392)
Element of income and capital gains included in prices of units issued less those in units redeemed		12,595	4,514
Net loss for the year/period before taxation		(51,713)	(33,878)
Taxation	17	-	-
Net loss for the year/period after taxation		(51,713)	(33,878)
Loss per unit	18		

The annexed notes 1 to 29 form an integral part of these financial statements.

For National Fullerton Asset Management Limited
(Management Company)

Dr. Amjad Waheed, CFA
Chief Executive

Masood Karim Shaikh, FCA
Chairman

NAFA ISLAMIC MULTI ASSET FUND

DISTRIBUTION STATEMENT
FOR THE YEAR ENDED JUNE 30, 2009

	For the year ended June 30, 2009	For the period from September 17, 2007 to June 30, 2008
	----------Rupees in '000----------	
Loss brought forward	(34,292)	-
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing income / (losses) that form part of the unit holders' fund	3,486	(414)
Net loss for the year/period	(51,713)	(33,878)
Loss carried forward	(82,519)	(34,292)

The annexed notes 1 to 29 form an integral part of these financial statements.

For National Fullerton Asset Management Limited
(Management Company)

Dr. Amjad Waheed, CFA
Chief Executive

Masood Karim Shaikh, FCA
Chairman

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2009

	For the year ended June 30, 2009	For the period from September 17, 2007 to June 30, 2008
	----------Rupees in '000----------	
Net assets at the beginning of the year / period	697,586	-
Issue of 2,588,932 units (2008: 104,373,081 units)	21,931	1,044,525
Redemption of 13,296,694 units (2008: 31,219,947 units)	(112,927)	(308,893)
	606,590	735,632
Element of income and capital gains included in prices of units issued less those in units redeemed		
- amount representing (income) / losses and capital (gains) / losses - transferred to Income Statement	(12,595)	(4,514)
- amount representing (income) / losses and capital gains / (losses) that form part of the unit holders' fund - transferred to Distribution Statement	(3,486)	414
	(16,081)	(4,100)
Net unrealised (diminution) / appreciation during the year/period in the market value of investments classified as 'available for sale'	(6,898)	346
Net loss for the year / period	(51,713)	(33,878)
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing income / (losses) that form part of the unit holders' fund	3,486	(414)
Net assets as at June 30	535,384	697,586

The annexed notes 1 to 29 form an integral part of these financial statements.

For National Fullerton Asset Management Limited
(Management Company)

Dr. Amjad Waheed, CFA
Chief Executive

Masood Karim Shaikh, FCA
Chairman

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2009

	Note	For the year ended June 30, 2009	For the period from September 17, 2007 to June 30, 2008
		----------Rupees in '000----------	
CASH FLOW FROM OPERATING ACTIVITIES			
Net loss for the year/period		(51,713)	(33,878)
Adjustments			
Unrealised loss on investments at fair value through profit or loss - net		(15,704)	9,046
Unrealised loss on revaluation of futures sale contracts		-	19
Impairment loss on investments classified as 'available for sale'		14,775	-
Amortisation of preliminary expenses and floatation costs		500	340
Element of income and capital gains included in prices of units issued less those in units redeemed		(12,595)	(4,514)
		(64,737)	(28,987)
(Increase) / decrease in assets			
Receivable against sale of investments		73,943	(78,638)
Investments		(13,147)	(494,894)
Loans and receivables		60,000	(60,000)
Dividend and profit receivable		6,038	(11,506)
Deposits and prepayments		(67)	(2,630)
		126,767	(647,668)
Increase / (decrease) in liabilities			
Payable to National Fullerton Asset Management Limited - Management Company		(2,177)	3,590
Payable to Central Depository Company of Pakistan Limited - Trustee		(48)	136
Payable to Securities and Exchange Commission of Pakistan		(64)	549
Payable on redemption of units		(19)	19
Accrued expenses and other liabilities		592	565
		(1,716)	4,859
Payment made for preliminary expenses and floatation costs		-	(2,500)
Net cash inflow / (outflow) on operating activities		60,314	(674,296)
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts from issue of units		21,931	1,044,525
Payments on redemption of units		(112,927)	(308,893)
Net cash (outflow) / inflow from financing activities		(90,996)	735,632
Net (decrease) / increase in cash and cash equivalents during the year/period		**(30,682)**	**61,336**
Cash and cash equivalents at the beginning of the year		61,336	-
Cash and cash equivalents at the end of the year / period	4	**30,654**	**61,336**

The annexed notes 1 to 29 form an integral part of these financial statements.

For National Fullerton Asset Management Limited
(Management Company)

Dr. Amjad Waheed, CFA
Chief Executive

Masood Karim Shaikh, FCA
Chairman

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

1. LEGAL STATUS AND NATURE OF BUSINESS

NAFA Islamic Multi Asset Fund (NIMF) was established under a Trust Deed executed between National Fullerton Asset Management Limited (NAFA) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on August 20, 2007 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on September 03, 2007 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

NIMF is an open-ended mutual fund and is listed on the Lahore Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering to the Fund. The units of the Fund were initially offered for public subscription at par from October 22 , 2007 to October 26, 2007.

The core objective of the Fund is to provide investors with a combination of capital growth and income by investing in Shariah compliant investments. The Fund aims to achieve attractive returns at moderate levels of risk by investing in a variety of Shariah Compliant securities, instruments and avenues such as equities, musharikah, murabahah, ijarah, etc.

The Pakistan Credit Rating Agency Limited has assigned an asset manager rating of AM2- to the Management Company. The Management Company has initiated the process of obtaining the rating of the Fund with PACRA. Pending completion of this process, the rating of the Fund has not been disclosed in these financial statements.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

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

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

The SECP vide SRO 411(1) / 2008 dated April 28, 2008 notified the adoption of IFRS 7 'Financial Instruments: Disclosures' which is mandatory for entities whose accounting periods begin on or after the date of notification. IFRS 7 has superseded IAS 30 and the disclosure requirements of IAS 32. Adoption of this standard has only impacted the format and extent of disclosures presented in these financial statements.

There are other standards, amendments and interpretations that were mandatory for accounting periods beginning on or after July 1, 2008 but were considered not to be relevant or did not have any significant effect on the Fund's operations.

2.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective.

IAS 1 (Revised), 'Presentation of financial statements' (effective for annual periods beginning on or after January 1, 2009), was issued in September 2007. The revised standard requires an entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) will be required to be presented separately from owner changes in equity, either in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). When the entity applies an accounting policy retrospectively or makes retrospective restatement or reclassifies items in the financial statements, they will be required to present a restated financial position (balance sheet) as at beginning of the comparative period in addition to the current requirement to present the balance sheet as at the end of the current and the comparative period. The adoption of this standard is not expected to have a significant impact on the presentation of the financial statements.

IAS 32 (Amendment), Financial Instruments: Presentation, and IAS 1 (Amendment), Presentation of financial statements - Puttable financial instruments and obligations arising on liquidation (effective from January 1, 2009). The amended standards require entities to classify puttable financial instruments and instruments, or components of instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation as equity, provided the financial instruments have particular features and meet specific conditions, including that all financial instruments in the class of instruments that is subordinate to all other instruments have identical features. This amendment is not expected to have a significant effect on the financial statements of the Fund.

IFRS 7 (Amendment), ' Financial Instruments: Disclosure'. There are a number of minor amendments to IFRS 7 in respect of enhanced disclosures about liquidity risk and fair value measurements. These amendments are unlikely to have an impact on the Fund's financial statements and have therefore not been analysed in detail.

IAS 38 (Amendment), 'Intangible assets' (effective from January 1, 2009). The amended standard states that a prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access of goods or receipt of services. This amendment is not expected to have a significant effect on the Fund's financial statements.

There are other amendments to the approved accounting standards and interpretations that are mandatory for accounting periods beginning on or after January 1, 2009 but are considered not to be relevant or to have any significant effect on the Fund's operations and are therefore not detailed in these financial statements.

2.4 Critical accounting estimates and judgments

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

i)Classification and valuation of investments (note 3.2 and note 5)
ii)Amortisation of preliminary expenses and floatation costs (note 3.6 and note 9)

2.5 Accounting Convention

The financial statements have been prepared under the historical cost convention except that certain investments have been carried at fair value.

2.6 Functional and Presentation Currency

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below:

3.1 Cash and cash equivalents

Cash and cash equivalents include demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

3.2 Financial assets

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

Investments are categorised as follows:

a) **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 prices are classified as held for trading in the 'Financial assets at fair value through profit or loss' category.

b) **Available for sale**
These are non-derivatives financial assets that are intended to be held for an indefinite period of time which may be sold in response to needs for liquidity or changes in prices.

c) **Loans and receivables**
These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

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.

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 recognized at fair value and transaction costs are expensed in the income statement.

3.2.4.1 Subsequent measurement

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

a) Basis of valuation of debt securities

The SECP vide its circular no. 1/2009 dated January 06, 2009 has changed the methodology for valuation of debt securities. Under the said directive, investment in debt securities are valued on the basis of rates determined by the Mutual Fund Association of Pakistan (MUFAP). In the determination of the rates MUFAP takes into account the trading pattern of these securities and categorise them as traded, thinly traded and non traded securities. The circular specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities. Accordingly, investment in debt securities have been valued at the rates determined and announced by Mutual Funds Association of Pakistan (MUFAP) based on the methodology prescribed in the said circular. Prior to the issuance of the said circular investment in debt securities were valued as follows:

(i) With effect from November 5, 2008 to January 9, 2009, at the lower of discounted redeemable face value of debt securities and the market value as determined using rates notified by the MUFAP in accordance with the SECP circular no. 26/2008 dated November 5, 2008.

(ii) Prior to November 5, 2008, at the rates notified by MUFAP in accordance with the requirements of Regulation 2(1)(xvi) of the Non-Banking Finance Companies and Notified Entities Regulation, 2007.

b) Basis of valuation of equity securities

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

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

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

3.2.4.2 Loans and receivables are carried at amortised cost using the effective interest method.

3.2.5 Impairment

The carrying value of the Fund's assets are reviewed at each balance sheet 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.

Provision for non-performing debt securities is made on the basis of time based criteria as prescribed under circular no. 1 of 2009 issued by the Securities and Exchange Commission of Pakistan.

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

3.2.6 Derecognition

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

3.2.7 Offsetting of financial assets and 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 a intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

3.3 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument.

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

3.4 Derivatives

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

3.5 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. The security purchased in 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 their eventual disposal, with the resulting gain / loss taken to the income statement. The 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 in accordance with the requirements of International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement"

3.6 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund.

3.7 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that 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. The sale load is payable to the Management Company, Investment facilitators or distributors.

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.

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

An equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.
The Fund records that portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period which pertains to unrealised gains / (losses) that form part of the Unit Holders' Funds in a separate reserve account and any amount remaining in this reserve account at the end of an accounting period (whether gain or loss) is included in the amount available for distribution to the unit holders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period is recognised in the Income Statement.

3.9 Provisions

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

3.10 Taxation

Provision for current taxation is based on the taxable income at the current rates of taxation after taking into account tax credits, rebates and exemptions, if any, and is made in accordance with the provisions of the Income Tax Ordinance, 2001.

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes. In addition, the Fund also records deferred tax asset on unutilised tax losses to the extent that it is probable that the related tax benefit will be realised. However, the Fund has not recognised any amount in respect of deferred tax in these financial statements as the Fund intends to avail the tax exemption under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, in future years by distributing at least ninety percent of its accounting income, for the year as reduced by capital gains, whether realised or unrealised, to its unit holders every year.

3.11 Proposed distributions

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

3.12 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 payment is established.
- Income on sukuk bonds is recognised on time proportion basis.
- Income from term deposit musharika certificates is recognised on an accrual basis.
- Unrealised gains / (losses) arising on revaluation of investments classified as financial assets 'at fair value through profit or loss' are included in the income statement in the period in which they arise.
- Profit on bank deposits is recognised on an accrual basis.

3.13 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Translation differences on non-monetary financial assets and liabilities such as equities at fair value through profit or loss are recognised in the income statement within the fair value net gain or loss.

		2009	2008
		--------- Rupees in '000 ---------	
4	**BALANCES WITH BANKS**		
	Current accounts	8,318	8,494
	Savings accounts	22,336	52,842
		30,654	61,336

		Note	2009	2008
			--------- Rupees in '000 ---------	
5	**INVESTMENTS**			
	At fair value through profit or loss - held for trading			
	Equity securities - listed	5.1	361,212	224,893
	Units of open end mutual funds	5.2	-	75,587
	Available for sale			
	Equity securities purchased under futures sale contracts	5.3	-	11,552
	Sukuk bonds	5.4	132,160	174,162
			493,372	486,194

5.1 Equity securities - listed

Name of the investee company	Number of shares					Market value as at June 30, 2009	Investment as a percentage of		
	As at July 1, 2008	Purchases during the year	Bonus / Rights issue	Sales during the year	As at June 30, 2009		Market value of Net Assets	Market Value of Total Investment	Paid-up Capital of Investee Company
						(Rupees in '000)	%		
Commercial Banks									
BankIslami Pakistan Limited	186,624	3,115,048	-	1,836,500	1,465,172	9,333	1.74%	1.89%	0.28%
Meezan Bank Limited	100	1,016,013	8	955,621	60,500	666	0.12%	0.13%	0.01%
Textile Composite									
Nishat Mills Limited	-	350,000	-	350,000	-	-	0.00%	0.00%	0.00%
Nishat Mills Limited - Right Shares	-	-	162,500	162,500	-	-	0.00%	0.00%	0.00%
Jute									
Thall Limited	-	266,100	-	134,700	131,400	10,177	1.90%	2.06%	0.31%
Cement									
Attock Cement Pakistan Limited	3,700	-	-	3,700	-	-	0.00%	0.00%	0.00%
D.G. Khan Cement Company Limited	-	304,000	-	304,000	-	-	0.00%	0.00%	0.00%
D.G. Khan Cement Company Limited - Right shares	-	-	20,800	20,800	-	-	0.00%	0.00%	0.00%
Lucky Cement Company Limited	-	1,059,500	-	637,400	422,100	24,706	4.61%	5.01%	0.13%
Refinery									
Attock Refinery Limited	-	488,865	4,000	409,665	83,200	10,383	1.94%	2.10%	0.10%
Bosicor Pakistan Limited	-	117,411	-	117,411	-	-	0.00%	0.00%	0.00%
National Refinery Limited	-	124,288	-	69,500	54,788	12,054	2.25%	2.44%	0.07%
Pakistan Refinery Limited	31,100	189,265	-	186,300	34,065	3,059	0.57%	0.62%	0.10%
Power Generation and distribution									
The Hub Power Company Limited	350,000	4,106,500	-	2,959,000	1,497,500	40,567	7.58%	8.22%	0.13%
Kohinoor Energy Limited	15,500	-	-	15,500	-	-	0.00%	0.00%	0.00%
Koat Addu Power Company Limited	-	6,200	-	6,200	-	-	0.00%	0.00%	0.00%
Oil and Gas Marketing									
Pakistan State Oil Company Limited	30,000	776,694	-	568,900	237,794	50,805	9.49%	10.30%	0.14%
Shell Pakistan Limited	-	10,000	-	10,000	-	-	0.00%	0.00%	0.00%
Oil and Gas Exploration co.									
Mari Gas Company Limited	11,000	-	-	11,000	-	-	0.00%	0.00%	0.00%
Oil and Gas Development Company Limited	240,000	2,493,700	-	2,031,400	702,300	55,229	10.32%	11.19%	0.02%
Pakistan Oil Fields Limited	90,000	1,097,800	52,000	1,094,500	145,300	21,199	3.96%	4.30%	0.06%
Pakistan Petrolum Limited	280,700	870,993	23,100	874,200	300,593	56,975	10.64%	11.55%	0.04%
Engineering									
Huffaz Seamless Pipe Industries Limited	69,920	-	20,976	90,896	-	-	0.00%	0.00%	0.00%
KSB Pumps Company Limited	21,400	-	-	21,400	-	-	0.00%	0.00%	0.00%
Automobile Assemblers									
Indus Motor Company Limited	-	81,300	-	60,000	21,300	2,294	0.43%	0.47%	0.03%
Pak Suzuki Motor Company Limited	-	10,000	-	10,000	-	-	0.00%	0.00%	0.00%
Al Ghazi Tractors Limited	-	41,600	-	4,000	37,600	6,091	1.14%	1.23%	0.18%

Name of the investee company	Number of shares					Market value as at June 30, 2009	Investment as a percentage of		
	As at July 1, 2008	Purchases during the year	Bonus / Rights issue	Sales during the year	As at June 30, 2009		Market value of Net Assets	Market Value of Total Investment	Paid-up Capital of Investee Company
						(Rupees in '000)		%	
Technology and Communication									
Pakistan Telecommunication Company Limited	150,000	1,591,600	-	1,741,600	-	-	0.00%	0.00%	0.00%
Fertilizers									
Engro Chemical Pakistan Limited	109,000	1,029,840	88,056	1,031,200	195,696	25,133	4.69%	5.09%	0.07%
Fauji Fertilizer Bin Qasim Limited	300,000	1,704,393	-	2,004,393	-	-	0.00%	0.00%	0.00%
Fauji Fertilizer Company Limited	-	734,500	48,750	409,000	374,250	32,541	6.08%	6.60%	0.06%
Chemicals									
Sitara peroxide	-	200,000	-	200,000	-	-	0.00%	0.00%	0.00%
Paper and Board									
Cherat Papersack Limited	8,900	-	2,225	11,125	-	-	0.00%	0.00%	0.00%
Packages Limited	-	20,000	-	20,000	-	-	0.00%	0.00%	0.00%
Glass and Ceramics									
Ghani Glass Limited	20,000	10,300	1,000	31,300	-	-	0.00%	0.00%	0.00%
						361,212			
Cost of investments as at June 30, 2009						345,508			

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

5.1.2 The above investments include securities with market value aggregating to Rs.39.247 million (2008: 21.724 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular no. 11 dated October 23, 2007 issued by SECP.

5.2 Units of open end mutual funds

Name of the investee company	Number of units					Market value as at June 30, 2009	Investment as a percentage of		
	As at July 1, 2008	Purchases during the year	Bonus	Sales during the year	As at June 30, 2009		Market value of Net Assets	Market Value of Total Investment	Paid-up Capital of Investee Company
						(Rupees in '000)		%	
NAFA Islamic Income Fund	7,300,826	7,194,267	299,202	14,794,295	-	-	0.00%	0.00%	0.00%
Cost of investments as at June 30, 2009						-			

5.3 Equity securities purchased under futures sale contracts

These securities are held under Ready - Future transactions. These securities are purchased in the ready "T+2" market and simultaneously sold in the futures market. The details are as follows:

Name of the investee company	Number of shares					Market value as at June 30, 2009	Investment as a percentage of		
	As at July 1, 2008	Purchases during the year	Bonus	Sales during the year	As at June 30, 2009		Market value of Net Assets	Market Value of Total Investment	Paid-up Capital of Investee Company
						(Rupees in '000)		%	
Oil and Gas Marketing Companies									
Pakistan State Oil Company Limited	10,000	-	-	10,000	-	-	0.00%	0.00%	0.00%
Oil and Gas Exploration Companies									
Pakistan Petroleum Limited	30,000	-	-	30,000	-	-	0.00%	0.00%	0.00%
						-			
Cost of investments as at June 30, 2009						-			

5.4 Sukuk bonds

Name of the investee company	Number of certificates				Market value as at June 30, 2009	Investment as a percentage of		
	As at July 1, 2008	Purchases during the Year	Sales during the year	As at June 30, 2009		Market value of Net Assets	Market Value of Total Investment	Issue Size
					(Rupees in '000)		%	
Eden Housing Limited	5,000	-	-	5,000	24,229	4.53%	4.91%	3.42%
Eden Builders Limited	-	1,325	-	1,325	6,635	1.24%	1.34%	0.33%
Kohat Cement Company Limited (Note 5.4.2)	10,000	-	-	10,000	33,525	6.26%	6.80%	1.80%
Maple Leaf Cement Factory Limited	10,000	-	-	10,000	45,005	8.41%	9.12%	0.63%
New Allied Electronics Industries (Private) Limited	5,000	-	5,000	-	-	0.00%	0.00%	0.00%
Pakistan Electron Limited	5,000	-	-	5,000	22,766	4.25%	4.61%	1.93%
					132,160			
Cost of investments as at June 30, 2009					153,833			
Impairment loss					14,775			

5.4.1 All sukuk bonds have a face value of Rs 5,000 each.

5.4.2 This represents investment in privately placed sukuk bonds issue with a term of five years. On December 20, 2008 i.e. The scheduled redemption date, principal redemption of Rs 3,400 thousand was not received by the Fund. Therefore as a matter of prudence, the management has suspended income amounting to Rs. 1,617 thousand and have recognized impairment loss amounting to Rs 14,775 thousand.

6 LOANS AND RECEIVABLES	Note	2009	2008
		Rupees in '000	
Term Deposit Musharika Certificate		-	60,000

		Note	2009	2008
			--------- Rupees in '000 ---------	
7	**DIVIDEND AND PROFIT RECEIVABLE**			
	Dividend receivable on equity securities		2,426	4,158
	Profit on savings deposits		1,406	843
	Income accrued on sukuk bonds		3,253	2,663
	Less: Suspended Income		(1,617)	-
			1,636	2,663
	Income accrued on Term Deposit Musharika certificate		-	3,842
			5,468	11,506
8	**ADVANCES, DEPOSITS AND PREPAYMENTS**			
	Security deposits with:			
	- National Clearing Company of Pakistan Limited		2,500	2,500
	- Central Depository Company of Pakistan Limited		100	100
	Prepaid Listing Fee		15	30
	Prepaid Mutual Fund Rating Fee		50	-
	Advance Tax		32	-
			2,697	2,630
9	**PRELIMINARY EXPENSES AND FLOATATION COSTS**			
	Opening Balance		2,160	-
	Preliminary expenses and floatation costs incurred		-	2,500
	Less: amortisation during the year/period		500	340
	Balance as at June 30	9.1	1,660	2,160

9.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund and are being amortised over a period of five years commencing from October 27, 2007 as per the requirements set out in the Trust Deed of the Fund.

		Note	2009	2008
			--------- Rupees in '000 ---------	
10	**PAYABLE TO NATIONAL FULLERTON ASSET MANAGEMENT LIMITED – MANAGEMENT COMPANY**			
	Management fee	10.1	1,293	1,764
	Front end load		120	1,826
			1,413	3,590

10.1 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. The Management Company has charged its remuneration at the rate of three percent per annum for the current year. The remuneration is paid monthly in arrears.

11 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2009	2008
		--------- Rupees in '000 ---------	
Trustee fee	11.1	86	118
CDS charges		2	18
		88	136

11.1 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, 2009 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.

12 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2009	2008
		--------- Rupees in '000 ---------	
Annual Fee	12.1	485	549

12.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to pay as annual fee to the Securities and Exchange Commission of Pakistan, an amount equal to 0.085 percent of the average annual net assets of the Scheme.

13 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2009	2008
		--------- Rupees in '000 ---------	
Auditors' remuneration		212	183
Brokerage payable		124	83
Bank charges payable		14	30
Withholding tax payable		-	42
Unrealised loss on revaluation of futures sale contracts		-	19
Payable against printing charges		322	-
Accrued NCCS charges		28	-
Charity payable	13.1	476	227
		1,176	584

13.1 In accordance with the instructions of the Shariah Advisor, any income earned by the Fund from investments whereby portion of the investment of investee company has been made in Shariah non-compliant avenues, such proportion of income of the Fund from those investments should be given away for charitable purposes directly by the Fund. During the year, Rs.227 thousand (2008: Nil) has been given out to charitable institutions.

14 COMMITMENTS

	2009	2008
	--------- Rupees in '000 ---------	
Spread Transactions (including transactions to be rolled over) entered into by the Fund in respect of which the sale transactions have not been settled as at period end	-	11,698

15 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 period end.

16 AUDITORS' REMUNERATION

	2009	2008
	--------- Rupees in '000 ---------	
Audit fee	200	175
Half yearly review	80	70
Shariah Compliance Audit Fee	75	-
Out of pocket expenses	30	16
	385	261

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 decided to distribute at least 90 percent of the Fund's accounting income for the year as reduced by capital gains (whether realised or unrealised) to its unit holders.

18 LOSS PER UNIT

Loss per unit (LPU) for the year ended June 30, 2009 has not been disclosed as in the opinion of the management, determination of weighted average units for calculating LPU is not practicable.

19 FINANCIAL INSTRUMENTS BY CATEGORY

	As at June 30, 2009			
	Loans and receivables	Assets at fair value through profit or loss	Available for sale	Total
Assets	---------- Rupees in '000 ----------			
Balances with banks	30,654	-	-	30,654
Receivable against sale of investments	4,695	-	-	4,695
Investments	-	361,212	132,160	493,372
Dividend and Profit receivable	5,468	-	-	5,468
Deposits	2,600	-	-	2,600
	43,417	361,212	132,160	536,789

	As at June 30, 2009		
	Liabilities at fair value through profit or loss	Other financial liabilities	Total
Liabilities	Rupees in '000		
Payable to National Fullerton Asset Management Limited - Management Company	-	1,413	1,413
Payable to Central Depository Company of Pakistan Limited - Trustee	-	88	88
Accrued expenses and other liabilities	-	1,176	1,176
	-	2,677	2,677

	As at June 30, 2008			
	Loans and receivables	Assets at fair value through profit or loss	Available for sale	Total
Assets	Rupees in '000			
Balances with banks	61,336	-	-	61,336
Receivable against sale of investments	78,638	-	-	78,638
Investments	-	300,480	185,714	486,194
Loans and receivables	60,000	-	-	60,000
Dividend and Profit receivable	11,506	-	-	11,506
Deposits	2,600	-	-	2,600
	214,080	300,480	185,714	700,274

	As at June 30, 2008		
	Liabilities at fair value through profit or loss	Other financial liabilities	Total
Liabilities	Rupees in '000		
Payable to National Fullerton Asset Management Limited - Management Company	-	3,590	3,590
Payable to Central Depository Company of Pakistan Limited - Trustee	-	136	136
Payable on redemption of units	-	19	19
Accrued expenses and other liabilities	-	584	584
	-	4,329	4,329

20 TRANSACTIONS WITH CONNECTED PERSONS

20.1 Connected persons include National Fullerton Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being Trustee, National Bank of Pakistan, NIB Bank Limited and Alexandra Fund Management Pte. Limited being the sponsors, other collective investment schemes managed by the Management Company and directors and officers of the Management Company.

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

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

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

		Note	For the year ended June 30, 2009	For the period from September 17, 2007 to June 30, 2008
20.5	**Details of the transactions with connected persons are as follows:**		----------Rupees in '000----------	
	National Fullerton Asset Management Limited - Management Company			
	Management fee expense for the year/period		15,853	16,477
	Front end load for the year/period		299	2,992
	Preliminary expenses and floatation costs reimbursed		-	2,500
	National Bank of Pakistan - Sponsor			
	Investment made by the Sponsor in the Fund (Nil units; 2008: 7,500,000 units)		-	75,000
	Profit paid by the Fund on pre-IPO investment		-	417
	NIB Bank Limited - Sponsor			
	Investment made by the Sponsor in the Fund (Nil units; 2008: 7,500,000 units)		-	75,000
	Profit paid by the Fund on pre-IPO investment		-	417
	Alexandra Fund Management Pte. Limited - Sponsor			
	Investment made by the Sponsor in the Fund (Nil units; 2008: 10,000,000 units)		-	100,000
	Profit paid by the Fund on pre-IPO investment		-	556
	Central Depository Company of Pakistan Limited - Trustee			
	Trustee fee for the year/period		1,057	1,099
	CDS charges		87	102
	Executives of the Management Company			
	Units issued / transferred in (639,839 units; 2008: 26,090 units)		5,191	260
	Units redeemed / transferred out (601,467 units; 2008: 24,674 units)		4,973	246
	NAFA Islamic Income Fund			
	Units issued (7,194,267 units; 2008: 15,576,388 units)		70,000	160,000
	Units redeemed (14,794,294 units; 2008: 8,275,562 units)		141,894	85,000
	NAFA Cash Fund			
	Payment received for the sale of sukuk		25,892	-

		2009	2008
20.6	**Amounts outstanding as at year end**	--------- Rupees in '000 ---------	
	National Fullerton Asset Management Limited		
	Management Fee payable	1,293	1,764
	Front end load payable	120	1,826
	National Bank of Pakistan		
	Investment held by the Sponsor in the Fund (7,500,000 units; 2008: 7,500,000 units)	64,302	71,520
	Balance in current account	155	1,520

	2009	2008
	--------- Rupees in '000 ---------	
NIB Bank Limited		
Investment held by the Sponsor in the Fund (7,500,000 units; 2008: 7,500,000 units)	64,302	71,520
Balance in current account	986	1,130
Alexandra Fund Management Pte. Limited		
Investment held by the Sponsor in the Fund (10,000,000 units; 2008:10,000,000 units)	85,736	95,360
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	86	118
CDS charges payable	2	18
Security deposit	100	100
Executives of the Management Company		
Units held in the Fund (69,899 units; 2008: 1,416 units)	599	14
NAFA Islamic Income Fund		
Investment held by the Fund (Nil units; 2008: 7,300,825 units)	-	75,587

21 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

	2009	
	Qualification	Experience in years
1. Dr. Amjad Waheed	MBA, Doctorate in Business Administration, CFA	21
2. Rukhsana Narejo	CFA, MBA (Banking & Finance)	09
3. Abdul Rehman Waraich	B.A., LLB, CFA, Passed FRM Exams	14
4. Sajjad Anwar	CFA, MBA (Finance)	09
5. Khurram Shehzad	CFA, MBA (Finance),	11

Abdul Rehman Warriach is the Fund Manager of NIMF only.

22 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

		2009
1	Growth Securities (Private) Limited	9.38%
2	Live Securities Limited	7.60%
3	Global Securities Pakistan Limited	6.46%
4	Invisor Securities (Private) Limited	6.45%
5	FDM Capital Securities (Private) Limited	6.38%
6	Pearl Securities (Private) Limited	5.16%
7	Invest and Finance Securities (Private) Limited	4.33%
8	Fortune Securities Limited	3.98%
9	KASB Securities Limited	3.65%
10	Saao Capital (Private) Limited	3.58%

		2008
1	Invest and Finance Securities (Private) Limited	8.12%
2	Taurus Securities Limited	7.38%
3	Orix Investment Bank Limited	5.05%
4	FDM Capital Securities (Private) Limited	4.87%
5	Al-Hooqani Securities and Investment Corporation (Private) Limited	4.44%
6	Motiwala Securities (Private) Limited	4.39%
7	Global Securities Pakistan Limited	4.17%
8	Al-Habib Capital Markets	4.11%
9	Moosani Securities (Private) Limited	4.08%
10	First Capital Equities Limited	4.05%

23 PATTERN OF UNIT HOLDING

CATEGORY	2009		
	Number of unit holders	Investment amount	Percentage Investment
		(Rupees in '000)	
Individuals	462	54,667	10.21%
Associated Companies / Directors	3	214,341	40.04%
Insurance Companies	2	22,967	4.29%
Banks / DFIs	4	64,410	12.03%
NBFC	-	-	0.00%
Retirement Fund	16	70,108	13.09%
Public Limited Companies	1	43	0.01%
Others	6	108,848	20.33%
	494	535,384	100.00%

CATEGORY	2008		
	Number of unit holders	Investment amount	Percentage Investment
		(Rupees in '000)	
Individuals	954	85,052	12.19%
Associated Companies / Directors	3	238,400	34.17%
Insurance Companies	3	72,907	10.45%
Banks / DFIs	4	61,984	8.89%
NBFC	-	-	0.00%
Retirement Fund	-	-	0.00%
Public Limited Companies	-	-	0.00%
Others	42	239,243	34.30%
	1,006	697,586	100.00%

24 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 17th, 18th, 19th, 20th and 21st Board meetings were held on July 3, 2008, August 11, 2008, October 16, 2008, February 17, 2009 and April 17, 2009 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. Masood Karim	5	3	2	18th and 21st meeting
Dr Amjad Waheed	5	5	-	
Khawaja Iqbal Hassan (Resigning Director)	3	2	1	19th meeting
Gerard Lee How Cheng	5	5	-	
Patrick Pang Chin	5	5	-	
Shahid Anwar Khan	5	4	1	20th meeting
Masroor Ahmed Qureshi (Resigning Director)	1	-	1	17th meeting
Habib Yousuf Habib (Resigning Director)	1	1	-	
Rayomond H. Kotwal (New Director)	3	2	1	20th meeting
Syed Naseer Ul Hasan (New Director)	3	3	-	

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 value of a financial instrument may fluctuate as a result of changes in market interest rates or market price of securities due to change in credit rating of the issuer of the instrument, change in market sentiments, supply and demand of securities and liquidity in the market. There is a possibility of default of participants and of failure of the financial markets / stock exchanges, the depositories, the settlement or the clearing system etc.

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

Market risk comprises of three types of risk: currency risk, yield / 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 currently 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 because of changes in market interest rates.

(a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds KIBOR based interest bearing sukuk bonds exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR on June 30, 2009, with all other variables held constant, the net assets of the Fund and net income for the year would have been higher / lower by Rs 0.107 million (2008: Rs 0.199 million).

(b) Sensitivity analysis for fixed rate instruments

Presently, the Fund holds no fixed rate instruments. As a result, the net assets of the Fund and net income for the year would remain unaffected in case of 100 basis points increase / decrease in interest rates announced by Financial Market Association on June 30, 2009.

The composition of the Fund's investment portfolio, KIBOR rates and rates announced by Financial Market Association is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2009 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

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

Yield / Interest Rate Risk

The Fund is mainly exposed to mark-up / interest rate risk on its investment portfolio. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that risk is managed within acceptable limits. Yield / interest rate sensitivity position for on balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off balance sheet instruments is based on settlement date.

2009

	Effective interest rate (in percentage)	Total	--Exposed to yield / interest rate risk--			Not exposed to yield / interest rate risk
			Upto three months	Over three months and upto one year	Over one year	
		----------Rupees in '000----------				
On-balance sheet financial instruments						
Financial Assets						
Balances with banks	5.00 - 15.60	30,654	22,336	-	-	8,318
Receivable against sale of investments	-	4,695	-	-	-	4,695
Investments	14.2 - 17.74	493,372	53,630	78,530	-	361,212
Dividend and profit receivables	-	5,468	-	-	-	5,468
Deposits	-	2,600	-	-	-	2,600
Sub-total		536,789	75,966	78,530	-	382,293
Financial Liabilities						
Payable to National Fullerton Asset Management Limited - Management Company	-	1,413	-	-	-	1,413
Payable to Central Depository Company of Pakistan Limited - Trustee	-	88	-	-	-	88
Accrued expenses and other liabilities	-	1,176	-	-	-	1,176
Sub-total		2,677	-	-	-	2,677
On-balance sheet gap		534,112	75,966	78,530	-	379,616
Off-balance sheet financial instruments	-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-

2008

	Effective interest rate (in percentage)	Total	--Exposed to yield / interest rate risk--			Not exposed to yield / interest rate risk
			Upto three months	Over three months and upto one year	Over one year	
		----------Rupees in '000----------				
On-balance sheet financial instruments						
Financial Assets						
Balances with banks	1.5 - 10.5	61,336	52,842	-	-	8,494
Receivable against sale of investments	-	78,638	-	-	-	78,638
Investments	11.64 - 15.14	486,194	-	174,162	-	312,032
Loans and receivables	9.5	60,000	-	60,000	-	-
Dividend and profit receivables	-	11,506	-	-	-	11,506
Deposits	-	2,600	-	-	-	2,600
Sub-total		700,274	52,842	234,162	-	413,270

2008

	Effective interest rate (in percentage)	Total	--Exposed to yield / interest rate risk--			Not exposed to yield / interest rate risk
			Upto three months	Over three months and upto one year	Over one year	
Financial Liabilities						
Payable to National Fullerton Asset Management Limited - Management Company	-	3,590	-	-	-	3,590
Payable to Central Depository Company of Pakistan Limited - Trustee	-	136	-	-	-	136
Payable on redemption of units	-	19	-	-	-	19
Accrued expenses and other liabilities	-	584	-	-	-	584
Sub-total		4,329	-	-	-	4,329
On-balance sheet gap		695,945	52,842	234,162	-	408,941
Off-balance sheet financial instruments						
Spread transactions (including transactions to be rolled over) entered into by the Fund in respect of which the sale transaction have not been settled as at June 30, 2008	-	11,698	-	-	-	11,698
Off-balance sheet gap		11,698	-	-	-	11,698

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 risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

a) Sensitivity analysis for equity instruments classified as 'Available for Sale'

Presently, the Fund holds no equity instruments classified as 'available for sale'. As a result, in case of 5% increase / decrease in Karachi Stock Exchange as at June 30, 2009, the net assets of the Fund and net income for the year would remain unaffected.

b) Sensitivity analysis for equity instruments at 'Fair value through Profit or Loss'

Presently, the Fund holds equity instruments at 'fair value through profit or loss' that expose the Fund to cashflow price risk. In case 5% increase / decrease in Karachi Stock Exchange at June 30, 2009, the net assets of the Fund and net income for the year would have been higher / lower by Rs 17.058 million (2008: Rs 11.690 million).

The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 index, having regard to the historical volatility of index. The composition of the Fund's investment portfolio and the correlation thereof to the KSE index. Is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2009 is not necessarily indicative of the effect on the Fund's net assets of future movement in the level of KSE 100 index.

25.2 Credit Risk

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to its investment in sukuk and balances with banks. The credit risk on liquid fund is limited because the counter parties are financial institutions with reasonably high credit ratings. In addition, the internal risk management policies and investment guidelines (approved by Investment Committee) require the Fund to invest in debt securities that have been rated as investment grade by a well known rating agency.

The analysis below summarises the credit quality of the Fund's bank balances and investment in sukuk bonds as at June 30, 2009 and June 30, 2008:

Bank Balances by rating category	2009	2008
A1+	28.10%	12.40%
A1	0.35%	0.20%
A-1	67.56%	0.30%
A-1+	1.71%	3.40%
A-2	0.98%	81.50%
A2	1.31%	2.20%

Sukuk by rating category	2009	2008
AAA, AAA-, AAA+	-	-
AA, AA-, AA+	-	-
A, A-, A+	74.63%	28.97%
BBB, BBB+, BBB-	25.37%	-
Non-rated	-	71.03%

The maximum exposure to credit risk before any credit enhancement as at June 30, 2009 is the carrying amount of the financial assets. None of these assets are impaired nor past due but not impaired.The Fund's policy is to enter into financial instrument contracts by following internal guidelines such as approving counterparties, approving credit, obtaining adequate collateral and transacting through approved brokers.

Concentration of credit risk

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

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.

The Fund is exposed 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 and are considered readily realisable.

The Fund has the ability to borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates.

In order to manage the Fund's overall liquidity, the Fund also has the ability to 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 except for the period from October 6, 2008 to December 17, 2009 for the reason mentioned below.

Due to the introduction of a 'floor' on the equity prices at the stock exchanges and to protect the interest of the unit holders, he SECP issued circular number 23 of 2008 dated October 7, 2008 directing all asset management companies managing open end schemes with direct exposure to equity securities to suspend pricing, issuance and redemption of units till third business day after the floor is removed at the stock exchanges. The Management Company, in compliance with the said circular, suspended the pricing, issuance and redemption of units of the Fund with effect from October 7, 2008.

Accordingly, on removal of the 'floor' on December 15, 2008, the Management Company, on third business day after the removal of 'floor', withdrew the suspension in dealing in the Fund and all outstanding investment, redemption and conversion forms were processed.

The table below analyses the Fund's 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, 2009			
	Total	Upto three months	More than three months and upto one year	More than one year
	Rupees in '000			
Liabilities				
Payable to National Fullerton Asset Management Limited – Management Company	1,413	1,413	-	-
Payable to Central Depository Company of Pakistan Limited – Trustee	88	88	-	-
Accrued expenses and other liabilities	1,176	1,176	-	-
	2,677	2,677	-	-

	As at June 30, 2008			
	Total	Upto three months	More than three months and upto one year	More than one year
	Rupees in '000			
Liabilities				
Payable to National Fullerton Asset Management Limited – Management Company	3,590	3,590	-	-
Payable to Central Depository Company of Pakistan Limited – Trustee	136	136	-	-
Payable on redemption of units	19	19	-	-
Accrued expenses and other liabilities	584	584	-	-
	4,329	4,329	-	-

26 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, such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

27 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 on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book values as the items are either short term in nature or periodically repriced.

28 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on August 31, 2009.

29 GENERAL

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

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

For National Fullerton Asset Management Limited
(Management Company)

Dr. Amjad Waheed, CFA
Chief Executive

Masood Karim Shaikh, FCA
Chairman

NAFA ISLAMIC MULTI ASSET FUND

PERFORMANCE TABLE

PARTICULARS	For the year ended June 30, 2009	For the period from September 17, 2007 to June 30, 2008
Net assets at the period end (Rs '000)	535,384	697,586
Net loss for the period end (Rs '000)	(51,713)	(33,878)
Net Asset Value per unit at the period end (Rs)	8.5736	9.5360
Offer price per unit	8.8308	9.8221
Redemption price per unit	8.5736	9.5360
Highest offer price per unit (Rs)	9.7562	10.7612
Lowest offer price per unit (Rs)	6.2801	9.5581
Highest redemption price per unit (Rs)	9.4720	10.4478
Lowest redemption price per unit (Rs)	6.0972	9.2797
Total return of the fund	-10.09%	-4.64%
- capital gowth	-10.09%	-4.64%
- income distribution	0.00%	0.00%
Distribution		
Interim distribution per unit (Rs)	NIL	NIL
Final distribution per unit (Rs)	NIL	NIL
Average annual return of the fund (launch date October 29, 2007)		
(Since inception to June 30, 2009)	-14.26%	
(Since inception to June 30, 2008)		-4.64%
Portfolio Composition (Please see Fund Manager Report)		
Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up		