

**MISSION  
STATEMENT**

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

# NAFA ISLAMIC MULTI ASSET FUND

## FUND'S INFORMATION

### Management Company

**NBP Fullerton Asset Management Limited - Management Company**  
(Formerly National Fullerton Asset Management Limited)

### Board of Directors of the Management Company

Mr. Qamar Hussain	Chairman
Mr. Shahid Anwar Khan	Director
Mr. Gerard Lee How Cheng	Director
Mr. Patrick Pang Chin Hwang	Director
Mr. Shehryar Farooque	Director
Mr. Kamal Amir Chinoy	Director
Dr. Amjad Waheed	Chief Executive Officer
Dr. Asif A. Brohi	Director

### Company Secretary & CFO of the Management Company

Mr. Muhammad Murtaza Ali

### Audit & Risk Committee

Mr. Gerard Lee How Cheng	Chairman
Mr. Shahid Anwar Khan	Member
Mr. Shehryar Farooque	Member

### Trustee

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

### Bankers to the Fund

Al-Baraka Islamic Bank  
Allied Bank Limited  
Askari Bank Limited  
Bank Alfalah Limited  
Bank Islami Pakistan Limited  
Dawood Islamic Bank  
Emirates Global Islamic Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
MCB Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
NIB Bank Limited  
Soneri Bank Limited  
Standard Chartered Bank (PAK) Limited  
The Bank of Khyber  
United Bank Limited  
Bank Al-Habib Limited

# NAFA ISLAMIC MULTI ASSET FUND

## **Auditors**

A.F. Ferguson & Co. Chartered Accountants  
State Life Building No. 1-C  
I.I Chundrigar Road,  
P.O. Box 4716  
Karachi.

## **Legal Advisor**

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

## **Head Office:**

9th Floor, Adamjee House,  
I.I Chundrigar Road,  
Karachi.

## **Lahore Office:**

68-B-1, M. M. Alam Road,  
Gulberg 3, Lahore.  
UAN: 042-111-111-632,  
Phone: 042-35778248-63  
Fax: 042-35876806

## **Islamabad Office:**

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

## **Peshawar Office:**

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

## **Multan Office:**

82 Khan Centre, Near SP Chowk  
Abdali Road, Multan Cantt,  
Multan.

# NAFA ISLAMIC MULTI ASSET FUND

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# NAFA ISLAMIC MULTI ASSET FUND

## DIRECTORS' REPORT

The Board of Directors of NBP Fullerton Asset Management Limited (formerly: National Fullerton Asset Management Limited) is pleased to present the unaudited financial statements of NAFA Islamic Multi Asset Fund for the quarter ended September 30, 2010.

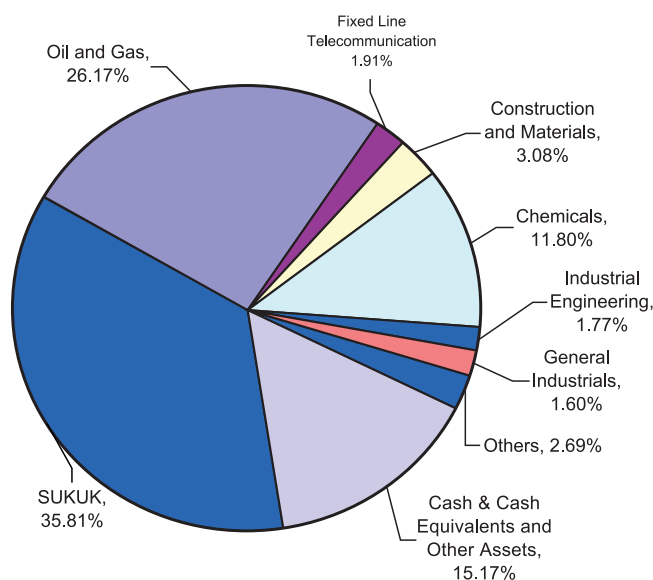
### Fund's Performance

During the said period, the unit price of NAFA Islamic Multi Asset Fund has increased from Rs.8.8485 (Ex-Div) on June 30, 2010 to Rs.9.4439 on September 30, 2010, thus showing a growth of 6.73% as compared to its Benchmark (50% KMI-30 Index, 50% average 1-month profit rate of Islamic banks) return of 4.63%. Thus, the Fund has outperformed its Benchmark by 2.10% for the quarter. This performance is net of management fee and all other expenses. The size of NAFA Islamic Multi Asset Fund has decreased from Rs.387 million to Rs.347 million during the period, i.e. a decline of 10.34%.

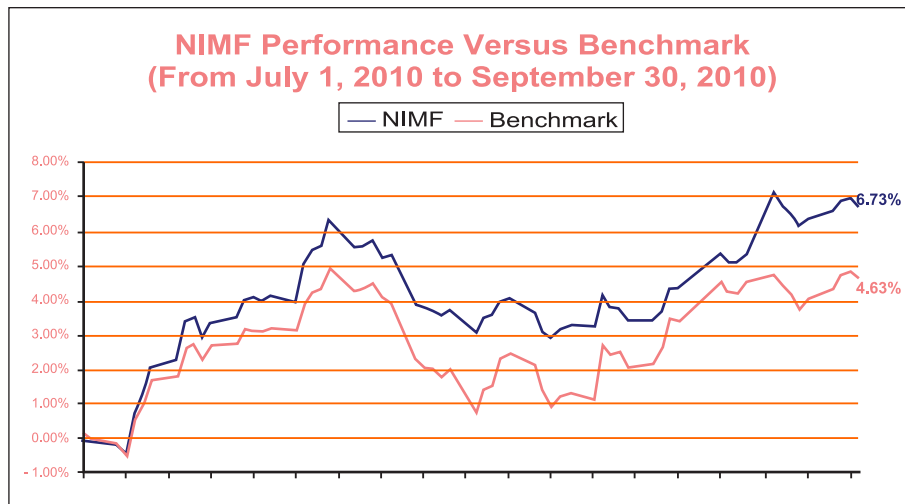
The KMI-30 Index stood at 15,682.85 points as on September 30, 2010, 7.61% higher compared to 14,573.54 points as on June 30, 2010. The stock market showed a flat trend during 1QFY11. The performance of the stock market was affected by: (i) unprecedented floods in the country causing severe damage to agriculture and infrastructure; (ii) positive trends in foreign portfolio investment (iii) sanguine corporate earnings; (iv) higher interest rate environment.

Rising Government borrowing and inflation has forced SBP to raise the Discount Rate by another 50 basis points over the last two months. The circular debt in the energy sector has exceeded Rs 200 billion, which has resulted in tight liquidity conditions in the market. Such an environment has not been conducive for corporate debt. Several companies have been forced to restructure their listed and unlisted debt. Mutual funds have made significant provisioning in such Sukuks. This has substantially increased the Yield to Maturity on such Sukuks. Increase in KIBOR has also improved the return on Sukuks, since almost all the Sukuks in the market are floating rate instruments.

NAFA Islamic Multi Asset Fund has earned total income of Rs.41.98 million during the period. After deducting expenses of Rs.4.55 million, the net income is Rs.37.43 million, translating into an earning per unit of Rs.0.5954. The asset allocation of the Fund as on September 30, 2010, and its performance against the Benchmark are as follows:



# NAFA ISLAMIC MULTI ASSET FUND



## Acknowledgement

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

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

On behalf of the Board of  
NBP Fullerton Asset Management Limited  
(formerly: National Fullerton Asset Management Limited)

Chief Executive

Director

Date: October 18, 2010  
Place: Karachi.

# NAFA ISLAMIC MULTI ASSET FUND

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2010

	Note	Un-audited September 30, 2010	Audited June 30, 2010
---- (Rupees in '000) ----			
<b>Assets</b>			
Balances with banks		49,532	46,367
Receivable against sale of investments		-	4,550
Investments	4	293,956	347,868
Dividend and profit receivable	5	11,326	3,651
Advances, Deposits, prepayments and other receivable		2,660	2,661
Preliminary expenses and floatation costs		1,034	1,160
<b>Total assets</b>		<u>358,508</u>	<u>406,257</u>
<b>Liabilities</b>			
Payable to Management Company		907	1,036
Payable to Trustee		100	118
Payable to Securities and Exchange Commission of Pakistan		79	442
Payable against purchase of investments		7,951	-
Payable on redemption of units		-	15,190
Accrued expenses and other liabilities	6	2,965	2,359
<b>Total liabilities</b>		<u>12,002</u>	<u>19,145</u>
<b>Net Assets</b>		<u>346,506</u>	<u>387,112</u>
<b>Unit Holders' Funds (as per statement attached)</b>		<u>346,506</u>	<u>387,112</u>
<b>Commitments</b>	11	-	-
		<b>Number of units</b>	<b>Number of units</b>
<b>Number of units in issue</b>		<u>36,691,085</u>	<u>38,441,455</u>
		<b>Rupees</b>	<b>Rupees</b>
<b>Net asset value per unit</b>		<u>9.4439</u>	<u>10.0702</u>

The annexed notes form an integral part of these condensed interim financial statements.

**For NBP Fullerton Asset Management Limited  
(Formerly National Fullerton Asset Management Limited)  
(Management Company)**

Chief Executive

Director

# NAFA ISLAMIC MULTI ASSET FUND

## CONDENSED INTERIM INCOME STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2010 (UN-AUDITED)

	Note	Quarter Ended September 30, 2010	Quarter Ended September 30, 2009
<b>INCOME</b>			
---- (Rupees in '000) ----			
Gain / (loss) on sale of investments - net		8,630	50,394
Income from Sukuk bonds		9,631	5,409
Profit on bank deposits		1,265	704
Dividend income		2,127	4,101
Unrealised gain/(loss) on investments at fair value through profit or loss - net		5,027	40,355
		26,680	100,963
<b>EXPENSES</b>			
Remuneration of the Management Company		2,774	4,574
Remuneration of the Trustee		186	305
Annual fee - Securities and Exchange Commission of Pakistan		79	130
Securities transaction cost		405	1,200
Settlement and bank charges		12	59
Annual listing fee		8	8
Auditors' remuneration		96	104
Impairment loss/(gain) on investments classified as 'available for sale'		(19,135)	(7,387)
Legal & professional charges		25	-
Rating fee		24	-
Other expenses		48	20
Amortisation of preliminary expenses and floatation costs		126	126
<b>Total Expenses</b>		(15,352)	(861)
<b>Net income /(loss) from operating activities</b>		42,032	101,824
Element of income and capital gains included in prices of units issued less those in units redeemed		(3,839)	(6,409)
Provision for workers' welfare fund		(764)	-
<b>Net income / (loss) for the period before taxation</b>		37,429	95,415
<b>Taxation</b>	10	-	-
<b>Net income / (loss) for the period after taxation</b>		37,429	95,415
<b>Earning per unit</b>	9		

The annexed notes form an integral part of these condensed interim financial statements.

**For NBP Fullerton Asset Management Limited  
(Formerly National Fullerton Asset Management Limited)  
(Management Company)**

Chief Executive

Director



# NAFA ISLAMIC MULTI ASSET FUND

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED SEPTEMBER 30, 2010 (UN-AUDITED)

Note	Quarter Ended September 30, 2010	Quarter Ended September 30, 2009
---- (Rupees in '000) ----		
Net income / (loss) for the period after taxation	37,429	95,415
<b>Other comprehensive income / (loss)</b>		
Net unrealised (diminution) during the period in the market value of investments classified as 'available for sale'	(17,482)	460
<b>Total comprehensive income / (loss) for the period</b>	<u>19,947</u>	<u>95,875</u>

The annexed notes form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited  
(Formerly National Fullerton Asset Management Limited)  
(Management Company)

Chief Executive

Director

# NAFA ISLAMIC MULTI ASSET FUND

## CONDENSED INTERIM DISTRIBUTION STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2010 (UN-AUDITED)

	Quarter Ended September 30, 2010	Quarter Ended September 30, 2009
	---- (Rupees in '000) ----	
Income / (loss) brought forward	15,855	(82,519)
Distribution:		
Final distribution for the period ended June 30, 2010: 12.217% (Date of distribution: 5th July 2010)		
- Bonus units	(34,498)	-
- Cash Distribution	(12,466)	-
Net income / (loss) for the period	37,429	95,415
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	7,737	3,633
Gain / (loss) carried forward	<u>14,057</u>	<u>16,529</u>

The annexed notes form an integral part of these condensed interim financial statements.

**For NBP Fullerton Asset Management Limited  
(Formerly National Fullerton Asset Management Limited)  
(Management Company)**

Chief Executive

Director

# NAFA ISLAMIC MULTI ASSET FUND

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE QUARTER ENDED SEPTEMBER 30, 2010 (UN-AUDITED)

	Quarter Ended September 30, 2010	Quarter Ended September 30, 2009
	----- (Rupees in '000) -----	
Net assets at the beginning of the period	387,112	535,384
Issue of 4,124,026 units - including bonus units 3,898,690 (September 30, 2009: 9,599,138 units)	2,065	94,342
Redemption of 5,874,396 units (September 30, 2009: 12,960,597 units)	(53,991)	(130,732)
Element of income and capital gains included in prices of units issued less those in units redeemed	(51,926)	(36,390)
- amount representing (income) / losses and capital (gains) / losses transferred to Income Statement	3,839	6,409
- amount representing (income) / losses and capital gains / (losses) that form part of the unit holders' fund - transferred to Distribution Statement	(7,737)	(3,633)
Net unrealised (diminution) / appreciation during the year/period in the market value of investments classified as 'available for sale'	(3,898)	2,776
Unrealised gain/(loss) on investments at fair value through profit or loss - net	(17,482)	460
Gain / (loss) on sale of investments - net	5,027	40,355
Other income (net of expenses)	8,630	50,394
	23,772	4,666
Distribution:		
Final distribution for the period ended June 30, 2010: 12.2170% (Date of distribution: 5th July 2010)		
- Bonus units	(34,498)	-
- Cash Distribution	(12,466)	-
	(9,535)	95,415
Add: bonus distribution	34,498	-
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	7,737	3,633
<b>Net assets as at the end of the period</b>	<b>346,506</b>	<b>601,278</b>

The annexed notes form an integral part of these condensed interim financial statements.

**For NBP Fullerton Asset Management Limited  
(Formerly National Fullerton Asset Management Limited)  
(Management Company)**

Chief Executive

Director

# NAFA ISLAMIC MULTI ASSET FUND

## CONDENSED INTERIM CASH FLOW STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2010 (UN-AUDITED)

Note	Quarter Ended September 30, 2010	Quarter Ended September 30, 2009
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
----- (Rupees in '000) -----		
Net Income / (loss) for the period	37,429	95,415
<b>Adjustments</b>		
Unrealised (gain) / loss on investments at fair value through profit or loss - net	(5,027)	(40,355)
(Gain) / loss on sale of investments	(8,630)	(50,394)
Impairment (gain) / loss on investments classified as 'available for sale'	(19,135)	(7,387)
Amortisation of preliminary expenses and floatation costs	126	126
Element of income and capital gains included in prices of units issued less those in units redeemed	3,839	6,409
	<u>8,602</u>	<u>3,814</u>
<b>(Increase) / decrease in assets</b>		
Receivable against sale of investments	12,501	(16,251)
Investments	69,222	89,197
Dividend and profit receivable	(7,675)	(4,967)
Advances, Deposits, prepayments and other receivable	1	(446)
	<u>74,049</u>	<u>67,533</u>
<b>Increase / (decrease) in liabilities</b>		
Payable to National Fullerton Asset Management Limited - Management Company	(129)	573
Payable to Central Depository Company of Pakistan Limited - Trustee	(18)	31
Payable to Securities and Exchange Commission of Pakistan	(363)	(355)
Accrued expenses and other liabilities	606	737
	<u>96</u>	<u>986</u>
<b>Net cash inflow / (outflow) on operating activities</b>	<u>82,747</u>	<u>72,333</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Receipts from issue of units	2,065	94,342
Payments on redemption of units	(69,181)	(130,480)
Distribution paid	(12,466)	-
<b>Net cash (outflow) / inflow from financing activities</b>	<u>(79,582)</u>	<u>(36,138)</u>
<b>Net (decrease) / increase in cash and cash equivalents during the period</b>	<b>3,165</b>	<b>36,195</b>
Cash and cash equivalents at the beginning of the period	46,367	30,654
<b>Cash and cash equivalents at the end of the period</b>	<u><b>49,532</b></u>	<u><b>66,849</b></u>

The annexed notes form an integral part of these condensed interim financial statements.

**For NBP Fullerton Asset Management Limited  
(Formerly National Fullerton Asset Management Limited)  
(Management Company)**

Chief Executive

Director

# NAFA ISLAMIC MULTI ASSET FUND

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2010 (UN-AUDITED)

### 1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Islamic Multi Asset Fund (NIMF / the Fund) was established under a Trust Deed executed between NBP Fullerton Asset Management Limited (NAFA) (Formerly National Fullerton Asset Management Limited) 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).

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 9th floor, Adamjee House, I. I. Chundrigar Road, Karachi.

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, musharikhah, murabahah, ijarah, etc.

The Pakistan Credit Rating Agency Limited has assigned an asset manager rating of AM2- to the Management Company. Based on the performance of the Fund for the year ended June 30, 2009, it has assigned performance ranking of Five Star for short term (tailoring 12 months) to the Fund.

Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as trustee of the Fund.

### 2 STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprises of such International Financial Reporting Standards (IFRS) issued by 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 Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by SECP prevail. The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34, Interim Financial Reporting.

The directors of the Asset Management Company declare that these condensed interim financial statements give a true and fair view of the Fund.

### 3 ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the financial statements for the quarter ended September 30, 2010 are same as those applied in the preparation of the annual audited financial statements for the year ended June 30, 2010.

### 4 INVESTMENTS

	Note	(Un-audited) September 30, 2010	(Audited) June 30, 2010
---- (Rupees in '000) ----			
<b>At fair value through profit or loss - held for trading</b>			
Equity securities - listed	4.1	169,865	361,212
<b>Available for sale</b>			
Sukuk bonds	4.2	<u>124,091</u>	<u>132,160</u>
		<u>293,956</u>	<u>493,372</u>

# NAFA ISLAMIC MULTI ASSET FUND

## 4.1 Investment in shares of listed companies at fair value through profit or loss

Name of the investee company	As at July 1, 2010	Purchases during the period	Bonus / Right Issue	Sales during the period	As at September 30, 2010	Market value at September 30, 2010	Market value as a percentage of net assets	Market value as a percentage of total investment	Percentage of paid-up capital of the investee company held
	-----Number of shares-----					(Rupees in '000)	----- % -----		
<b>Oil and Gas</b>									
Attock Refinery Limited	-	42,000	-	41,000	1,000	79	0.02	0.03	0.00
National Refinery Limited	22,000	-	-	-	22,000	4,445	1.28	1.51	0.03
Oil and Gas Development Company Limited	162,800	74,600	-	154,800	82,600	12,036	3.47	4.09	0.00
Pakistan Oil Fields Limited	153,600	150,610	-	154,000	150,210	35,619	10.28	12.12	0.06
Pakistan Petroleum Limited	177,543	142,300	31,469	148,000	203,312	35,053	10.12	11.92	0.02
Pakistan State Oil Company Limited	64,394	48,700	-	100,294	12,800	3,439	0.99	1.17	0.01
<b>Chemicals</b>									
Fauji Fertilizer Bin Qasim Limited	563,000	441,000	-	681,500	322,500	8,740	2.52	2.97	0.03
Fauji Fertilizer Company Limited	357,450	285,400	-	336,100	306,750	32,160	9.28	10.94	0.05
Lotte Pakistan PTA Limited	86,500	-	-	86,500	-	-	-	-	-
<b>Construction &amp; Materials</b>									
Attock Cement Pakistan Limited	48,528	-	-	38,500	10,028	645	0.19	0.22	0.01
D G Khan Cement Company Limited	-	127,000	-	-	127,000	3,038	0.88	1.03	0.03
Lucky Cement Company Limited	109,800	73,000	-	81,500	101,300	7,006	2.02	2.38	0.03
<b>General Industrials</b>									
Ghani Glass Limited	41,000	-	-	41,000	-	-	-	-	-
Thal Limited	61,071	-	-	8,700	52,371	5,560	1.60	1.89	0.10
<b>Industrial Engineering</b>									
Millat Tractors Limited	14,598	6,800	-	10,650	10,748	6,131	1.77	2.09	0.04
<b>Automobile &amp; Parts</b>									
Indus Motor Company Limited	13,100	-	-	13,100	-	-	-	-	-
<b>Food Producers</b>									
Unilever Pakistan Limited	1,709	-	-	720	989	3,981	1.15	1.35	0.01
<b>Fixed Line Telecommunication</b>									
Pakistan Telecommunication Company Limited	626,400	179,000	-	454,200	351,200	6,602	1.91	2.25	0.01
<b>Electricity</b>									
The Hub Power Company Limited	489,371	-	-	489,371	-	-	-	-	-
<b>Gas Water and Multiutilities</b>									
Sui Northren Gas Pipelines Limited	-	55,000	-	-	55,000	1,697	0.49	0.58	0.01
Sui Southren Gas Company Limited	-	120,000	-	-	120,000	3,634	1.05	1.24	0.02
					<b>1,929,808</b>	<b>169,865</b>	<b>49.02</b>	<b>57.79</b>	
Carrying value as at September 30, 2010						<b>164,838</b>			

4.1.1 All shares have a nominal face value of Rs 10 each except for the shares of Thal Limited which has a face value of Rs 5 each and Unilever Pakistan Limited which has a face value of Rs.50 each.

4.1.2 The above investments include securities with market value aggregating to Rs.62.758 million (2010: 67.556 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.

# NAFA ISLAMIC MULTI ASSET FUND

## 4.2 Sukuk bonds

Name of investee company	Number of Certificates			As at September 30, 2010	Investment as a percentage of			
	As at July 1, 2010	Purchases during the period	Sales during the period		Market value at September 30, 2010	Market value of net assets	Market value of total investment	Issue Size
					(Rupees in '000)	% -----		
Eden Housing Limited	5,000	-	-	5,000	13,402	3.87	4.56	1.84
Eden Builders Limited	1,325	-	-	1,325	5,533	1.60	1.88	0.28
Kohat Cement Company Limited	10,000	-	-	10,000	36,225	10.45	12.32	1.45
Maple Leaf Cement Factory Limited	10,000	-	-	10,000	37,476	10.82	12.75	0.47
Maple Leaf Cement Factory Limited - Sukuk II (Note 4.2.3)	375	-	-	375	-	-	-	-
Pakistan Electron Limited	5,000	-	-	5,000	31,455	9.08	10.70	2.62
					<u>124,091</u>			
<b>Carrying value as at September 30, 2010</b>					<u>143,448</u>			
<b>Provision for impairment loss as at September 30, 2010</b>					<u>1,875</u>			

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

4.2.2 As at September 30, 2010, the Fund had not received redemption of principal and / or profit amounts on some of its investments, the details of which are as follows:

4.2.3 This represents 2nd issue of sukuk by Maple Leaf Cement Factory Limited under a restructuring agreement with a face value of Rs 1,875 thousand. As this issue represents overdue mark-up, the management has fully provided the amount of issue and has suspended income of Rs.0.064 million of this issue.

Note	Un-Audited September 30, 2010	Audited June 30, 2010
	----- (Rupees in '000) -----	
<b>5 DIVIDEND AND PROFIT RECEIVABLE</b>		
Dividend receivable on equity securities	982	1,160
Profit on savings deposits	1,203	2,182
Income accrued on sukuk bonds	9,205	4,889
Less: Suspended Income	(64)	(4,580)
	<u>9,141</u>	<u>309</u>
	<u>11,326</u>	<u>3,651</u>
<b>6 ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
Auditors' remuneration	95	230
Brokerage payable	157	230
Bank charges payable	43	45
Payable against printing charges	387	356
Accrued NCCS charges	2	57
Charity payable	357	330
Withholding tax payable	47	-
Others	3	-
Provision for Workers' Welfare Fund	1,874	1,111
	<u>2,965</u>	<u>2,359</u>

# NAFA ISLAMIC MULTI ASSET FUND

## 7 COMPLIANCE WITH THE INVESTMENT CRITERIA AS SPECIFIED BY THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

The Securities and Exchange Commission of Pakistan vide circular no. 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the circular. The Management Company classified NAFA Islamic Multi Asset Fund (the Fund) as 'Shariah Compliant (Islamic) Scheme' and 'Balanced Scheme' in accordance with the said circular. As at September 30, 2010, the Fund is compliant with all the requirements of the said circular except for clause 2(iv) which requires that rating of any debt security in the portfolio shall not be lower than A- (A Minus) and clause 2(viii) which requires that Weighted average time to maturity of non-equity assets shall not exceed 2 years.

Name of non-compliant Investment	Type of Investment	Value in Investment before provision	provision held, if any	Value of Investment after provision	percentage of net assets	percentage of gross assets
		------(Rupees in '000)-----			----- % -----	
i) Investment in debt securities	a) Maple Leaf Cement Factory Limited - Sukuk*	37,496	-	37,496	10.82	10.46
	b) Maple Leaf Cement Factory Limited - Sukuk II	1,875	1,875	-	-	-
	c) Kohat Cement Company Limited - Sukuk *	36,225	-	36,225	10.45	10.10
	d) Eden Housing Limited - Sukuk *	13,402	-	13,402	3.87	3.74

\* Performing but below investment grade

7.1 SECP vide circular no. 16 of 2010 dated July 7, 2010 requires that a scheme presently non-compliant with this requirement complies with this requirement by December 31, 2010.

7.2 At the time of purchase, the said Sukuks were in compliance of the said circular (i.e. investment grade) and was subsequently downgraded due to default in payments of due principal and markup.

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

## 8 TRANSACTIONS WITH CONNECTED PERSONS

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

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



# NAFA ISLAMIC MULTI ASSET FUND

	Quarter Ended September 30, 2010	Quarter Ended September 30, 2009
	---- (Rupees in '000) ----	
<b>8.1 Details of the transactions with connected persons are as follows:</b>		
<b>Management Company</b>		
Management fee expense for the period	2,774	4,574
Front end load for the period	40	1,588
<b>National Bank of Pakistan - Sponsor</b>		
Cash Dividend	9,163	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee for the period	186	305
CDS charges	1	24
<b>Alexandra Fund Management Pte. Limited</b>		
Bonus units issued (1,380,686 units; September 30, 2009: Nil units)	-	-
<b>Employees of the Management Company</b>		
Units issued (Nil units; September 30, 2009: 642,607 units)	-	6,348
Units redeemed (Nil units; September 30, 2009: 379,648 units)	-	3,745
Bonus units issued (184 units; September 30, 2009: Nil units)	-	-
	<b>Un-Audit as at September 30, 2010</b>	<b>Audit as at June 30, 2010</b>
	---- (Rupees in '000) ----	
<b>8.2 Amounts outstanding as at quarter end</b>		
<b>Management Company</b>		
Management Fee payable	855	949
Front end load payable	52	87
<b>National Bank of Pakistan</b>		
Investment held by the Sponsor in the Fund (7,500,000 units; June 30, 2010: 7,500,000 units)	70,829	75,527
Balance in current account	51	4,923
<b>Alexandra Fund Management Pte. Limited</b>		
Investment held by the Sponsor in the Fund (11,380,686 units; June 30, 2010: 10,000,000 units)	107,478	100,702
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee payable	59	65
CDS charges payable	41	53
Security deposit	100	100
<b>Employees of the Management Company</b>		
Units held in the Fund (1,521 units; June 30, 2010: 1,336 units)	14	13

# NAFA ISLAMIC MULTI ASSET FUND

## 9 EARNING PER UNIT

Earning per unit (EPU) for the quarter ended September 30, 2010 has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

## 10 TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 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 period as the management company has decided to distribute at least 90 percent of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders.

## 11 COMMITMENTS

There were no commitments as on September 30, 2010.

## 12 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on October 18, 2010.

## 13 GENERAL

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

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

**For NBP Fullerton Asset Management Limited  
(Formerly National Fullerton Asset Management Limited)  
(Management Company)**

Chief Executive

Director