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

NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

HALF YEARLY REPORT December 31 2016



Your investments & "NAFA" grow together



**FULLERTON FUND
MANAGEMENT**

Joint - Venture Partners

MISSION STATEMENT



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

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NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

FUND'S INFORMATION

Management Company

NBP Fullerton Asset Management Limited – Management Company

Board of Directors of the Management Company

Mr. Nausherwan Adil	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Aamir Sattar	Director
Mr. Abdul Hadi Palekar	Director
Mr. Foo Chiah Shiung (Kelvin Foo)	Director
Mr. Lui Mang Yin (Martin Lui)	Director
Mr. Kamal Amir Chinoy	Director
Mr. Shehryar Faruque	Director
Mr. Saiyed Hashim Ishaque	Director

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

Mr. Shehryar Faruque	Chairman
Mr. Foo Chiah Shiung (Kelvin Foo)	Member
Mr. Aamir Sattar	Member

Human Resource and Remuneration Committee

Mr. Kamal Amir Chinoy	Chairman
Mr. Lui Mang Yin (Martin Lui)	Member
Mr. Abdul Hadi Palekar	Member

Trustee

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

Bankers to the Fund

Bank Islami Pakistan Limited
Burj Bank Limited
Habib Bank Limited
National Bank of Pakistan
United Bank Limited
Dubai Islamic Bank Limited
Silk Bank Limited

NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS 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:

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

Lahore Office:

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

Islamabad Office:

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

Peshawar Office:

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

Multan Office:

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

NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

DIRECTORS' REPORT

The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the reviewed financial statements of NAFA Active Allocation Riba Free Savings Fund (NAARFSF) for the half year ended December 31, 2016.

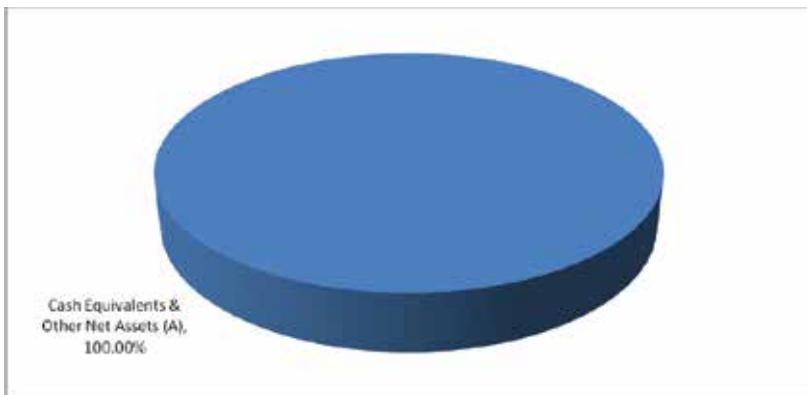
Fund's Performance

The size of NAFA Active Allocation Riba Free Savings Fund has decreased from Rs. 997 million to Rs. 202 million during the period, a nosedive of 80%. The unit price of the Fund has increased from Rs. 9.9933 (Ex-Div) on June 30, 2016 to Rs. 10.1983 on December 31, 2016, thus showing a return of 4.1% as compared to the benchmark return of 3.6% for the same period. The performance of the Fund is net of management fee and all other expenses.

NAARFSF is an Islamic Income Scheme with no direct or indirect exposure to the stock market and corporate sukus. The stability rating of the Fund by PACRA is 'A- (f)', which denotes a strong capacity to maintain relative stability in returns and very low exposure to risks. The Fund aims to consistently provide better returns than profit rates offered by Islamic Banks / Islamic windows of commercial banks, while also providing easy liquidity along with a good quality credit profile. The maturity of any single instrument except GOP Ijarah Sukus cannot exceed six months.

State Bank of Pakistan (SBP) maintained discount rate and policy rate at 6.25% and 5.75% respectively during the period under review. SBP cited improvement in macroeconomic stability, comfortable liquidity conditions coupled with healthy reserve accumulation, manageable inflationary backdrop, and CPEC related projects gathering momentum being balanced against latent risks to external accounts/factors. However, there are risks to the external account emanating from expected increase in commodity/global oil prices, confluence of declining remittances, challenged exports outlook and mounting external debt levels that may imperil the medium-term sustainability of the Balance of Payments position and warrant decisive policy action. Long-term sovereign yields witnessed an average increase of around 50 basis points, reflecting an uptick in inflation and interest rates.

The Fund has earned total income of Rs.11.46 million during the period. After deducting expenses of Rs.7.40 million, the net income is Rs.4.06 million. The below chart presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NAARFSF.



NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

Acknowledgement

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

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

On behalf of the Board of
NBP Fullerton Asset Management Limited

Chief Executive

Director

Date: February 28, 2017

Place: Karachi.

ڈائریکٹرز رپورٹ

NBP فلٹرن ایسیٹ منجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بصدِ مسرت 31 دسمبر 2016ء کو ختم ہونے والی ششماہی کے لیے NAFA ایکٹیو ایلوکیشن ریفاری سیونگز فنڈ (NAARFSF) کے جانچ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

فنڈ کی کارکردگی

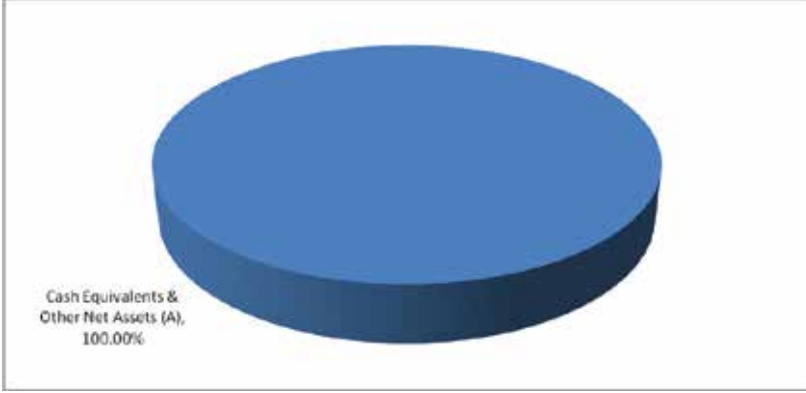
NAFA ایکٹیو ایلوکیشن ریفاری سیونگز فنڈ کا سائز اس ششماہی کے دوران 997 ملین روپے سے گھٹ کر 202 ملین روپے ہو گیا ہے، یعنی 80% کمی۔ زیر جائزہ مدت کے دوران فنڈ کے یونٹ کی قیمت 30 جون 2016 کو 9.9933 روپے (Ex-Div) سے بڑھ کر 31 دسمبر 2016 کو 10.1983 روپے تک پہنچ چکی ہے، لہذا اسی مدت کے دوران 3.6% بیچ مارک منافع کے مقابلے میں 4.1% منافع درج کروایا۔ یہ کارکردگی منجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

NAARFSF ایک اسلامک انکم اسکیم ہے جس کا اسٹاک مارکیٹ سے کوئی براہ راست یا بالواسطہ تعلق نہیں ہے۔ فنڈ کو PACRA کی طرف سے IA-(f) سٹیبلٹی ریٹنگ دی گئی ہے، جو منافع جات میں متعلقہ استحکام برقرار رکھنے کی زبردست اہلیت اور خطرات کی زد میں آنے کے بہت معمولی امکانات کی نشان دہی کرتی ہے۔ فنڈ کا مقصد اسلامک بینکس / کمرشل بینکس کی اسلامک ونڈوز کی پیش کردہ منافع کی شرحوں کے مقابلے میں توازن سے بہتر منافع فراہم کرنا ہے، جب کہ اعلیٰ کوالٹی کے کریڈٹ پروفائل کے ساتھ آسان لیکویڈیٹی بھی مہیا کرنا ہے۔ کسی بھی واحد انسٹرومنٹ کی میچورٹی، ماسوائے حکومت پاکستان کے اجارہ سلوک، 6 ماہ سے تجاوز نہیں کر سکتی۔

اسٹیٹ بینک آف پاکستان (SBP) نے مذکورہ بالا مدت کے دوران ڈسکاونٹ ریٹ اور پالیسی ریٹ بالترتیب 6.25% اور 5.75% برقرار رکھے۔ SBP کے منوقف کے مطابق مستحکم کلیاتی معیشت، لیکویڈیٹی کی باسہولت صورت حال کے ساتھ زرمبادلہ کے ذخیرہ میں خاطر خواہ اضافہ، محدود افراط زار اور GPEC سے متعلقہ منصوبے بیرونی اکاؤنٹ اور عوامل کے پوشیدہ خطرات سے نبرد آزما ہونے کے لئے برسرِ پیکار ہیں۔ تاہم بیرونی اکاؤنٹ کو عالمی تیل اور ایشیاء صرف کی قیمتوں میں متوقع اضافہ، گرتی ہوئی ترسیلات، برآمدات سے متعلق چیلنجز اور بڑھتی ہوئی بیرونی قرض کی سطح سے خطرات لاحق ہیں جو کہ ادائیگی کے توازن کو وسط مدتی دوران میں متاثر کر سکتا ہے جس کے لئے منصوبہ سازی کی ضرورت ہوگی۔ طویل المیعاد خود مختار منافع میں تقریباً 50 پیسے پوائنٹ کا اوسط اضافہ دیکھا گیا، جو افراط زار اور سود کی شرح میں معتدل اضافے کی عکاسی کرتا ہے۔

فنڈ نے اس مدت کے دوران 11.46 ملین روپے آمدنی کمائی ہے۔ 7.40 ملین روپے اخراجات منہا کرنے کے بعد خالص آمدنی 4.06 ملین روپے ہے۔

درج ذیل چارٹ NAARFSF کی ایسیٹ ایلوکیشن اور اس کے ذیلی اثاثوں کے تمام درجوں کی پیمائش شدہ اوسط کریڈٹ ریٹنگ پیش کرتا ہے:



اظہارِ تشکر

بورڈ اس موقع کا فائدہ اٹھاتے ہوئے منجمنٹ کمپنی پر اعتماد اور اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر پونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان سے بھی ان کی سرپرستی اور رہنمائی کے لیے پُر خلوص اظہارِ تشکر کرتا ہے۔ بورڈ اپنے اسٹاف اور اسٹیٹ کی طرف سے محنت، لگن اور عزم کے مظاہرے پر اپنا خراجِ تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

NBP فلرٹن ایسیٹ منجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

بتاریخ

28 فروری 2017

مقام: کراچی

NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

TRUSTEE REPORT TO THE UNIT HOLDERS NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of NAFA Active Allocation Riba Free Savings Fund (the Fund) are of the opinion that NBP Fullerton Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2016 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.

Aftab Ahmed Diwan
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 27, 2017

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **NAFA Active Allocation Riba Free Savings Fund** as at December 31, 2016 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial information'), for the half year ended December 31, 2016. The Management Company (NBP Fullerton Asset Management Limited) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of unit holders' fund and condensed interim cash flow statement for the quarter ended December 31, 2016 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2016.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

A.F. Ferguson & Co.
Chartered Accountants
Engagement Partner: **Noman Abbas Sheikh**
Dated: February 28, 2017
Karachi

NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2016

	Note	(Un-audited) December 31, 2016	Audited June 30, 2016
(Rupees in '000)			
ASSETS			
Balances with banks	4	199,487	336,226
Profit receivable		4,160	2,583
Receivable against sale of units		-	660,000
Other receivables		1,409	791
Preliminary expenses and floatation costs	5	810	910
Total assets		205,866	1,000,510
LIABILITIES			
Payable to NBP Fullerton Asset Management Limited - Management Company	6	2,794	2,450
Payable to the Central Depository Company of Pakistan Limited - Trustee	7	107	69
Payable to the Securities and Exchange Commission of Pakistan	8	285	230
Accrued expenses and other liabilities	9	780	454
Total liabilities		3,966	3,203
NET ASSETS		201,900	997,307
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		201,900	997,307
CONTINGENCIES AND COMMITMENTS	11	-----Number of units-----	
NUMBER OF UNITS IN ISSUE		19,797,415	99,574,255
NET ASSET VALUE PER UNIT	12	10.1983	10.0157

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

	Note	Half year ended December 31, 2016	Quarter ended December 31, 2016
(Rupees in '000)			
INCOME			
Profit on bank deposits		22,391	12,127
Total income		22,391	12,127
EXPENSES			
Remuneration of NBP Fullerton Asset Management Limited - Management Company	6.1	4,754	2,443
Sindh Sales Tax on remuneration of the Management Company	6.2	618	318
Accounting and operational charges to the Management Company	6.4	380	195
Remuneration of the Central Depository Company of Pakistan Limited - Trustee		648	334
Sindh Sales Tax on remuneration of the Trustee	7.1	84	43
Annual fee of the Securities and Exchange Commission of Pakistan		285	146
Amortisation of preliminary expenses and floatation costs	5	100	50
Auditors' remuneration		247	209
Legal fee		13	13
Rating fee		92	46
Shariah advisor fee		179	87
Settlement and bank charges		1	(8)
Total operating expenses		7,401	3,876
Net income from operating activities		14,990	8,251
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - net		(10,928)	(10,703)
Net income / (loss) for the period before taxation		4,062	(2,452)
Taxation	13	-	-
Net income / (loss) for the period after taxation		4,062	(2,452)
Earnings per unit	14		

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

	Half year ended December 31, 2016	Quarter ended December 31, 2016
	(Rupees in '000)	
Net income / (loss) for the period after taxation	4,062	(2,452)
Other comprehensive income for the period	-	-
Total comprehensive income / (loss) for the period	<u>4,062</u>	<u>(2,452)</u>

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

	Half year ended December 31, 2016	Quarter ended December 31, 2016
	(Rupees in '000)	
Undistributed income at the beginning of the period comprising of:		
Realised gain	<u>1,565</u>	<u>6,580</u>
	1,565	6,580
Net income / (loss) for the period after taxation	4,062	(2,452)
Interim distribution made during the period - Re 0.0226 per unit distribution declared on September 23, 2016	(1,499)	-
Undistributed income carried forward	<u><u>4,128</u></u>	<u><u>4,128</u></u>
Undistributed income at the end of the period comprising of:		
Realised gain	<u>4,128</u>	<u>4,128</u>
	<u><u>4,128</u></u>	<u><u>4,128</u></u>

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

	Half year ended December 31, 2016	Quarter ended December 31, 2016
	(Rupees in '000)	
Net assets at the beginning of the period	997,307	670,646
Issue of 83,704,156 units during the half year ended	843,498	520,999
Redemption of 163,480,996 units during the half year ended	(1,652,396)	(997,996)
	(808,898)	(476,997)
Element of (income) / loss and capital (gains) / losses included in the prices of units issued less those in units redeemed - net	10,928	10,703
Other net income / (loss) for the period	4,062	(2,452)
Net income / (loss) for the period	4,062	(2,452)
Interim distribution made during the period		
- Re 0.0226 per unit distribution declared on September 23, 2016	(1,499)	-
Net assets at the end of the period	201,900	201,900

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

	Note	Half year ended December 31, 2016	Quarter ended December 31, 2016
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income / (loss) for the period before taxation		4,062	(2,452)
Adjustments for:			
Profit on bank deposits		(22,391)	(12,127)
Amortisation of preliminary expenses and floatation costs		100	50
Element of (income) / loss and capital (gains) / losses included in the prices of units issued less those in units redeemed - net		10,928	10,703
		(7,301)	(3,826)
(Increase) / decrease in assets			
Other receivables		(618)	(618)
		(618)	(618)
Increase / (decrease) in liabilities			
Payable to NBP Fullerton Asset Management Limited - Management company		344	(105)
Payable to the Central Depository Company of Pakistan Limited - Trustee		38	1
Payable to the Securities and Exchange Commission of Pakistan		55	146
Accrued expenses and other liabilities		326	135
		763	177
Profit received		20,814	12,907
Net cash generated from operating activities		<u>13,658</u>	<u>8,640</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Net receipts from issue of units		1,503,498	520,999
Payments on redemption of units		(1,652,396)	(997,996)
Distributions paid		(1,499)	-
Net cash used in financing activities		<u>(150,397)</u>	<u>(476,997)</u>
Net increase in cash and cash equivalents during the period		<u>(136,739)</u>	<u>(468,357)</u>
Cash and cash equivalents at the beginning of the period		336,226	667,844
Cash and cash equivalents at the end of the period		<u><u>199,487</u></u>	<u><u>199,487</u></u>

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Active Allocation Riba Free Savings Fund (the Fund) was established under a Trust Deed executed between NBP Fullerton Asset Management Limited as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on November 03, 2015 and was approved by the Securities and Exchange Commission of Pakistan (SECP), under the Non-Banking Finance Companies and Notified entities Regulations, 2008 (the NBFC Regulations).

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 principal office of the Management Company is situated at 7th Floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).

The Fund has been categorised as an Open-End "Shariah Compliant Income Scheme" as per the criteria laid down by the SECP for categorisation of Collective Investment Schemes (CIS).

The objective of the Fund is to earn a reasonable rate of return along with a high degree of liquidity by investing in short-term Shariah compliant banks deposits and money market / debt securities.

The Pakistan Credit Rating Agency (PACRA) has assigned an asset manager rating of AM2++ to the Management Company as at August 4, 2016 and a rating of A- (f) to the Fund as at December 9, 2016.

Title of the assets of the Fund is held in the name of the Central Depository Company of Pakistan Limited (CDC) as Trustee of the Fund.

The Fund commenced its operations from January 18, 2016. As per the offering documents only fund of funds managed by NBP Fullerton Asset Management Limited may subscribe for units of the Fund.

Comparative information is not presented for condensed interim income statement, statement of comprehensive income, distribution statement, statement of movement in unit holders' fund and cash flow statement as the Fund commenced its operation on January 18, 2016.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. The approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) 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 Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the published annual audited financial statements of the Fund for the year ended June 30, 2016.

NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2016.

3 SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ESTIMATES, JUDGMENTS AND CHANGES THEREIN

3.1 The accounting policies adopted for the preparation of the condensed interim financial information for the half year and quarter ended December 31, 2016 are same as those applied in the preparation of published annual audited financial statements for the year ended June 30, 2016.

3.2 The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in application of its accounting policies. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The significant estimates, judgments and assumptions made by the management in applying the accounting policies and the key sources of estimation of uncertainty were the same as those that applied to the published annual audited financial statements as at and for the year ended June 30, 2016. The details of development relating to estimation of provision in respect of Sindh Workers' Welfare Fund are given in note 10 to the condensed interim financial information.

3.3 The financial risk management objectives and policies are consistent with those disclosed in the published annual audited financial statements of the Fund for the year ended June 30, 2016.

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

There are certain amended standards and interpretations that are mandatory for accounting periods beginning on or after July 01, 2016 but are considered not to be relevant or do not have any significant effect on the Fund's financial statements and are, therefore, not disclosed in this condensed interim financial information.

	Note	(Un-Audited) December 31, 2016 (Rupees in '000)	(Audited) June 30, 2016
4 BALANCES WITH BANKS			
Profit and loss savings accounts	4.1	<u>199,487</u>	<u>336,226</u>

4.1 These carry profits at rates ranging from 3.75% to 6.80% (June 30, 2016: 5.75% to 7%) per annum.

	Note	(Un-Audited) December 31, 2016 (Rupees in '000)	(Audited) June 30, 2016
5 PRELIMINARY EXPENSES AND FLOATATION COSTS			
Opening balance		910	1,000
Preliminary expenses and floatation costs incurred during the period		-	-
Less: amortisation during the period		<u>(100)</u>	<u>(90)</u>
Closing balance		<u>810</u>	<u>910</u>

NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund and are being amortised over a period of five years commencing from January 18, 2016 as per the requirements set out in the Trust Deed of the Fund.

	Note	(Un-Audited) December 31, 2016	(Audited) June 30, 2016
6 PAYABLE TO NBP FULLERTON ASSET MANAGEMENT LIMITED MANAGEMENT COMPANY		(Rupees in '000)	
Remuneration of the Management Company	6.1	689	442
Sindh sales tax on remuneration of the Management Company	6.2	90	72
Federal excise duty on remuneration of the Management Company	6.3	612	612
Preliminary expenses and floatation costs		1000	1,000
Accounting and operational charges	6.4	380	306
Other payable		23	18
		2,794	2,450

- 6.1 The Management Company has charged remuneration at the rate of 1.25% per annum based on the average daily net assets for the period. The fee is payable to the Management Company monthly in arrears.
- 6.2 The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 13% (June 30, 2016: 14%) on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.
- 6.3 As per the requirements of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax as explained in note 6.1, further levy of FED may result in double taxation, which does not appear to be the spirit of the law.

On September 4, 2013, a Constitutional Petition was filed in the Honorable Sindh High Court (SHC) jointly by various asset management Companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.

During the period the SHC has passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) have been set aside. The Deputy Commissioner Inland Revenue, Zone II has filed a petition for leave to appeal against the SHC order with the Supreme Court of Pakistan.

Further with effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016. In view of the above, the Fund has discontinued making further provision in respect of FED on management fee from July 01, 2016. However, the provision made till June 30, 2016, aggregating to Rs. 0.612 million has not been reversed as the management believes that the Federal Government retains the right to appeal against the said order in the Supreme Court. Had the provision not been made, the Net Asset Value per unit of the Fund as at December 31, 2016 would have been higher by Re 0.0309 (June 30, 2016: Re 0.0061) per unit.

- 6.4 As per the SECP S.R.O No 1160(I) / 2015 dated November 25, 2015, the Management Company of the Fund is entitled to reimbursement of fees and expenses incurred by the Management Company in relation to registrar services, accounting, operation and valuation services related to Collective Investment Scheme upto a maximum of 0.1% of the average annual net assets of the Scheme or actual whichever is less. Accordingly, the Management Company has charged operating expenses to the Fund at the rate of 0.1% per annum of the average annual net assets of the Fund during the current period.

NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

	Note	(Un-Audited) December 31, 2016	(Audited) June 30, 2016
(Rupees in '000)			
7 PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN - TRUSTEE			
Remuneration payable to the Trustee		95	61
Sindh Sales Tax on Trustee remuneration	7.1	<u>12</u>	<u>8</u>
		<u>107</u>	<u>69</u>
<p>7.1 The Sindh Revenue Board through Circular No. SRB 3-4/TP/01/2015/86554 dated June 13, 2015 has amended the definition of services and has levied Sindh Sales Tax on custodianship services. Accordingly, Sindh Sales Tax of 13% (June 30, 2016: 14%) has been charged on Trustee fee under section 2(79A) of the Sindh Finance Bill, 2010 during the current period.</p>			
	Note	(Un-Audited) December 31, 2016	(Audited) June 30, 2016
(Rupees in '000)			
8 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN			
Annual fee	8.1	<u>285</u>	<u>230</u>
<p>8.1 Under the provision of NBFC regulation, a collective investment scheme categorised as Shariah Compliant Income Scheme is required to pay an amount equal to 0.075% per annum of average daily net asset of the fund.</p>			
		(Un-Audited) December 31, 2016	(Audited) June 30, 2016
(Rupees in '000)			
9 ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration		143	150
Shariah advisory fee		369	190
Annual rating fee		168	76
With holding tax payable		80	9
Legal fee		7	-
Bank charges		<u>13</u>	<u>29</u>
		<u>780</u>	<u>454</u>

10 PROVISION FOR WORKERS' WELFARE FUND

The Sindh Revenue Board (SRB) had written to few mutual funds in January 2016 to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after December 31, 2013. The Mutual Fund Association of Pakistan (MUFAP) reviewed the issue and based on an opinion decided that SWWF is not applicable on mutual funds as they are not financial institutions as required by SWWF Act, 2014. The MUFAP wrote to the SRB that mutual funds are not establishments and are pass through vehicles hence, they do not have any worker and no SWWF is payable by them. The SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, therefore SWWF is applicable on mutual funds. The MUFAP has taken up this matter before the Sindh Finance Ministry to exclude mutual funds from SWWF.

In view of the above developments regarding the applicability of SWWF on CISs / mutual funds the MUFAP has recommended that the provision in respect of SWWF should be made on a prudent basis on January 12, 2017 with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015).

Accordingly, the provision for SWWF is being made on a daily basis going forward.

NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

The above decision was communicated to the SECP and the Pakistan Stock Exchange Limited on January 12, 2017 and the SECP vide its letter dated February 1, 2017 has advised the MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs/ mutual funds. Accordingly, the Fund has recorded this adjustment in its books on January 12, 2017.

If this adjustment had been made on December 31, 2016 it would have resulted in an decrease in the net asset value per unit of the Fund by Re 0.0118.

11 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2016 or June 30, 2016.

12 NET ASSET VALUE PER UNIT

The net asset value (NAV) per unit, as disclosed in the condensed interim statement of assets and liabilities, is calculated by dividing the net assets of the Fund by the number of units in issue at the period / year end.

13 TAXATION

The income of the Fund is exempt from income tax as per clause 99 of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend. The management intends to distribute 90 percent of the Fund's net accounting income by the year end as cash dividend to the unit holders. Accordingly, no provision in respect of taxation has been made in this condensed interim financial information.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

14 EARNINGS PER UNIT

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

15 TOTAL EXPENSE RATIO

Total Expense Ratio (all the expenses incurred during the period divided by Average net assets value for the period) is 1.96% per annum including 0.26% representing government levies on collective investment scheme such as sales tax, worker's welfare fund and SECP fee for the period.

16 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

16.1 Connected persons include NBP Fullerton Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan, other collective investment schemes managed by the Management Company and directors and officers of the Management Company.

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

16.3 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.

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

NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

	(Un-Audited).....	
		Half year ended December 31, 2016	Quarter ended December 31, 2016
		----- Rupees in '000 -----	
16.5	Details of transactions with connected persons are as follows:		
	NBP Fullerton Asset Management Limited - Management Company		
	Remuneration of the Management Company	4,754	2,443
	Sindh sales tax on remuneration of the Management Company	618	318
	Accounting and operational charges	380	195
	NAFA ISLAMIC ACTIVE ALLOCATION FUND (PLAN I)		
	Units issued during the half year 5,477,100	55,296	55,000
	Units redeemed during the half year 16,766,042	169,941	127,941
	Cash dividend	296	-
	NAFA ISLAMIC ACTIVE ALLOCATION FUND (PLAN II)		
	Units issued during the half year 2,307,066	23,292	23,000
	Units redeemed during the half year 16,567,101	168,001	133,001
	Cash dividend	292	-
	NAFA ISLAMIC ACTIVE ALLOCATION FUND (PLAN III)		
	Units issued during the half year 32,065,991	321,911	-
	Units redeemed during the half year 90,577,275	912,794	335,394
	Cash dividend	911	-
	NAFA ISLAMIC ACTIVE ALLOCATION FUND (PLAN IV)		
	Units issued during the half year 43,853,999	443,000	443,000
	Units redeemed during the half year 39,570,578	401,660	401,660
	Central Depository Company of Pakistan Limited - Trustee		
	Remuneration	648	334
	Sindh sales tax on remuneration of Trustee	84	43
		(Un-audited)	Audited
		December 31, 2016	June 30, 2016
		----- Rupees in '000 -----	
16.6	Amounts / balances outstanding as at period end:		
	NBP Fullerton Asset Management Limited - Management Company		
	Remuneration of the Management Company	689	442
	Sindh sales tax on remuneration of the Management Company	90	72
	Federal excise duty on remuneration of the Management Company	612	612
	Preliminary expenses and floatation costs	1,000	1,000
	Accounting and operational charges	380	306
	Other payable	23	18
	NAFA ISLAMIC ACTIVE ALLOCATION FUND (PLAN I)		
	Units Held : 5,995,415 Units (June 30, 2016: 17,284,357 Units)	61,143	173,115
	NAFA ISLAMIC ACTIVE ALLOCATION FUND (PLAN II)		
	Units Held : 2,133,321 Units (June 30, 2016: 16,393,356 Units)	21,756	164,191
	NAFA ISLAMIC ACTIVE ALLOCATION FUND (PLAN III)		
	Units Held : 7,385,258 Units (June 30, 2016: 65,896,542 Units)	75,317	660,000
	Receivable against sale of units	-	660,000
	NAFA ISLAMIC ACTIVE ALLOCATION FUND (PLAN IV)		
	Units Held : 4,283,421 Units	43,684	-
	Central Depository Company of Pakistan Limited - Trustee		
	Remuneration payable	95	61
	Sindh sales tax on remuneration of Trustee	12	8

NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

17 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or liability can be 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.

The fair value of financial assets and financial liabilities of the Fund approximate their carrying amounts due to short term maturities of these instruments.

17.1 Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: Fair value measurements using quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at December 31, 2016, the Fund does not hold any financial assets which can be classified under level 1, level 2 and level 3 above.

18 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on February 28, 2017 by the Board of Directors.

19 GENERAL

19.1 Figures have been rounded off to the nearest thousand rupees, unless otherwise is specified.

19.2 Corresponding figures have been rearranged and reclassified wherever necessary for the purpose of better presentation. However, no significant reclassifications have been made during the current period.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director



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

Head Office

7th Floor, Clifton Diamond Building, Block No.4,
Scheme No.5, Clifton, Karachi.

UAN: 021-111-111-632

Toll Free: 0800-20002

Sms: NAFA INVEST to 8080

Fax: 021-35825335

Email: info@nafafunds.com

Website: www.nafafunds.com

 /nafafunds