



NBP Fullerton  
Asset Management Ltd.

A Subsidiary of  
National Bank of Pakistan

# NAFA FINANCIAL SECTOR INCOME FUND

## QUARTERLY REPORT

### MARCH 31

# 2015



*Your investments & "NAFA" grow together*



**NBP**

National Bank of Pakistan

**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 FINANCIAL SECTOR INCOME 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. Nigel Poh Cheng	Director
Mr. Koh Boon San	Director
Mr. Kamal Amir Chinoy	Director
Mr. Shehryar Faruque	Director
Mr. Aamir Sattar	Director
Mr. Abdul Hadi Palekar	Director

### Company Secretary & CFO of the Management Company

Mr. Muhammad Murtaza Ali

### Audit & Risk Committee

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

### Human Resource Committee

Mr. Nausherwan Adil	Chairman
Mr. Nigel Poh Cheng	Member
Mr. Kamal Amir Chinoy	Member

### Trustee

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

### Bankers to the Fund

Askari Bank Limited  
Bank Alfalah Limited  
NIB Bank Limited  
National Bank of Pakistan  
Allied Bank Limited  
Faysal Bank Limited  
MCB Bank Limited  
Bank Al Habib Limited  
Habib Bank Limited  
Al Baraka Islamic Bank Limited  
The Bank of Punjab Limited  
Burj Bank Limited  
Summit Bank Limited  
Sindh Bank Limited  
United Bank Limited  
JS Bank Limited

# NAFA FINANCIAL SECTOR INCOME 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](http://www.nafafunds.com)

## Lahore Office:

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

## Islamabad Office:

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-Gahj, Multan.  
Phone No: 061-4502204  
Fax No: 061-4502203

# NAFA FINANCIAL SECTOR INCOME FUND

## DIRECTORS' REPORT

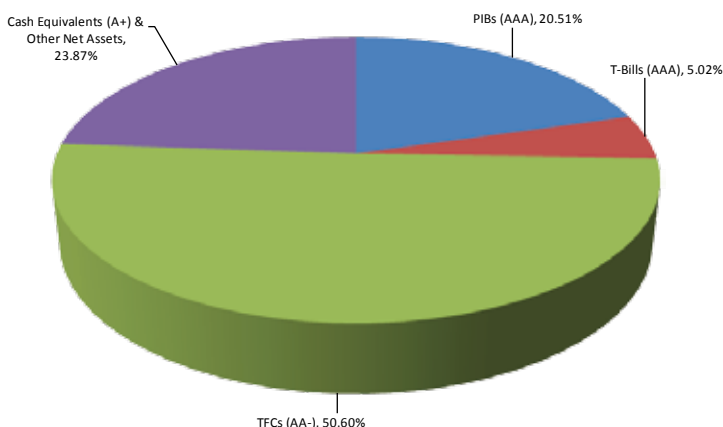
The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the unaudited financial statements of **NAFA Financial Sector Income Fund** (NFSIF) for the period ended March 31, 2015.

### Fund's Performance

The size of NAFA Financial Sector Income Fund declined from Rs. 2,177 million to Rs. 1,907 million during the period, i.e. a decline of 12.4%. During the nine month period, the unit price of the Fund increased from Rs. 10.1404 on June 30, 2014 to Rs. 10.9545 on March 31, 2015, thus showing an annualized return of 10.69% as compared to its Benchmark (70% 6 month KIBOR & 30% average 3 month deposit rates of A & above rated banks) return of 8.81%. During the third quarter, the size of the Fund decreased by 1.7%. During the quarter, the unit price of the Fund increased from Rs. 10.7026 on December 31, 2014 to Rs. 10.9545 on March 31, 2015, thus showing an annualized return of 9.55% as compared to its Benchmark annualized return of 7.98% for the same period. The performance of the Fund is net of management fee and all other expenses.

On the corporate debt sphere, trading activity in TFCs remains skewed towards the high quality issues, especially those belonging to the financial sector. Search for yields and dearth of primary issuance versus elevated demand kept the yield on the high credit quality corporate bonds depressed. Furthermore, helped by the economic rebound, and declining interest rates, we have seen recoveries from many non-performing corporate bonds. During the period under review, the State Bank of Pakistan reduced the policy rate by 200 bps to 8.0% mainly due to sharp decline in inflation, build-up of FX reserves, largely contained fiscal deficit, and improved external account position. Sovereign securities responded to the beginning of loose monetary policy period with yields on the PIBs and T-bills declining sharply. All TFCs/Sukuks in the Fund are floating rate linked to KIBOR with three to six month coupon resetting period.

The Fund has earned total income of Rs.190.76 million during the period. After deducting expenses of Rs.37.32 million, the net income is Rs.153.44 million. The below chart presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NFSIF.



# NAFA FINANCIAL SECTOR INCOME 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: April 21, 2015  
Place: Karachi.

# NAFA FINANCIAL SECTOR INCOME FUND

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED) AS AT MARCH 31, 2015

	Note	(Un-audited) March 31, 2015	(Audited) June 30, 2014
(Rupees in '000)			
<b>ASSETS</b>			
Bank balances		453,568	1,411,420
Investments	4	1,451,717	1,690,433
Profit receivable		41,518	59,488
Preliminary expenses and floatation costs		344	507
Security deposit		100	100
Prepayments and other receivables		14	173
<b>Total assets</b>		<b>1,947,261</b>	<b>3,162,121</b>
<b>LIABILITIES</b>			
Payable to the Management Company		15,498	10,813
Fee payable to Central Depository Company of Pakistan Limited - Trustee		208	260
Payable to the Securities and Exchange Commission of Pakistan		1,120	2,891
Payable against redemption of units		4,072	954,532
Accrued expenses and other liabilities		19,436	16,589
<b>Total liabilities</b>		<b>40,334</b>	<b>985,085</b>
<b>NET ASSETS</b>		<b><u>1,906,927</u></b>	<b><u>2,177,036</u></b>
Unit holders' fund (as per statement attached)		<b><u>1,906,927</u></b>	<b><u>2,177,036</u></b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	5	----- Number of Units -----	
Number of units in issue		<b><u>174,076,974</u></b>	<b><u>214,688,472</u></b>
		----- Rupees -----	
Net asset value per unit		<b><u>10.9545</u></b>	<b><u>10.1404</u></b>

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director



# NAFA FINANCIAL SECTOR INCOME FUND

## CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2015

	Nine months ended		Quarter ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
----- (Rupees in '000) -----				
<b>INCOME</b>				
Capital gain / (loss) on sale of investments - net	4,140	244	3,053	3,698
Income from term finance certificates and commercial paper	98,016	117,720	29,255	34,100
Income from government securities	31,220	13,399	11,428	8,425
Profit on bank deposits and Term Deposit Receipts	39,038	183,997	10,848	35,650
Income on money market placements	-	7,543	-	-
Net unrealised appreciation in the value of investments classified as financial assets at fair value through profit or loss <sup>1</sup>	18,349	6,869	1,459	6,824
<b>Total income</b>	190,763	329,772	56,043	88,697
<b>EXPENSES</b>				
Remuneration of the Management Company	22,391	47,609	7,050	10,591
Sindh sales tax on remuneration of the Management Company	3,896	8,913	1,227	1,965
Federal excise duties on remuneration of the Management Company	3,583	7,618	1,128	1,695
Remuneration of the Trustee	1,907	3,335	609	809
Annual fee - Securities and Exchange Commission of Pakistan	1,120	2,381	353	530
Securities transaction cost	37	72	1	45
Settlement and bank charges	394	582	147	185
Annual listing fee	30	30	10	10
Auditors' remuneration	424	376	95	81
Printing charges	30	66	-	-
Fund's Rating fee	176	150	66	50
Legal and Professional Charges	37	30	12	-
Amortisation of preliminary expenses and floatation costs	164	164	54	54
<b>Total expenses</b>	34,189	71,326	10,752	16,015
<b>Net income from operating activities</b>	156,574	258,446	45,291	72,682
Provision for workers' welfare fund	6 (3,131)	(5,169)	(906)	(1,454)
<b>Net income for the period before taxation</b>	153,443	253,277	44,386	71,228
Taxation	7 -	-	-	-
<b>Net income for the period after taxation</b>	153,443	253,277	44,386	71,228

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA FINANCIAL SECTOR INCOME FUND

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2015

	<u>Nine months ended</u>		<u>Quarter ended</u>	
	<u>March 31,</u> <u>2015</u>	<u>March 31,</u> <u>2014</u>	<u>March 31,</u> <u>2015</u>	<u>March 31,</u> <u>2014</u>
	------(Rupees in '000)-----			
Net income for the period after taxation	153,443	253,277	44,386	71,228
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<u>153,443</u>	<u>253,277</u>	<u>44,386</u>	<u>71,228</u>

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA FINANCIAL SECTOR INCOME FUND

## CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2015

	Nine months ended		Quarter ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
------(Rupees in '000)-----				
Undistributed income brought forward	74,875	106,774	176,762	171,445
Net income for the period	153,443	253,277	44,386	71,228
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed	(11,768)	(49,135)	(4,598)	(9,410)
<b>Final distribution for the year ended June 30, 2014</b>				
- Nil (Re 0.0101 per unit declared on July 11, 2013)				
- Cash distribution	-	(2,438)	-	-
- Issue of bonus units	-	(2,463)	-	-
<b>Interim distribution for the quarter ended September 30, 2014</b>				
- Nil (Re 0.1540 per unit declared on October 30, 2013)				
- Cash distribution	-	(37,174)	-	-
- Issue of bonus units	-	(35,578)	-	-
<b>Interim distribution for the quarter ended December 31, 2014</b>				
- Nil (Re 0.2567 per unit declared on February 13, 2014)				
- Cash distribution	-	-	-	-
- Issue of bonus units	-	(69,644)	-	(69,644)
	-	(147,297)	-	(69,644)
<b>Undistributed income carried forward</b>	<u>216,550</u>	<u>163,619</u>	<u>216,550</u>	<u>163,619</u>

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA FINANCIAL SECTOR INCOME FUND

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2015

	Nine months ended		Quarter ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	------(Rupees in '000)-----			
Net assets at the beginning of the period	2,177,036	4,962,334	1,940,282	3,088,840
Issue of 31,314,916 units (March 31 2014 : 107,631,250 units)	331,596	1,013,328	119,023	314,279
Redemption of 71,926,414 units (March 31 2014 : 335,996,354 units)	(755,148) (423,552)	(3,514,636) (2,501,308)	(196,764) (77,741)	(799,656) (485,377)
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed				
- amount representing (income) / loss that form part of unit holders' fund - transferred to distribution statement	11,768	49,135	4,598	9,410
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	18,349	6,869	1,459	6,824
Capital loss on sale of investments	4,140	244	3,053	3,698
Other operating income	130,954	246,164	39,874	60,706
<b>Net income for the period</b>	<b>153,443</b>	<b>253,277</b>	<b>44,386</b>	<b>71,228</b>
Distribution of bonus units during the period	-	107,685	-	69,644
<b>Final distribution for the year ended June 30, 2014</b>				
- Nil (Re 0.0101 per unit declared on July 11, 2013)	-	(2,438)	-	-
- Cash distribution	-	(2,463)	-	-
- Issue of bonus units	-	-	-	-
<b>Interim distribution for the quarter ended September 30, 2014</b>				
- Nil (Re 0.1540 per unit declared on October 30, 2013)	-	(37,174)	-	-
- Cash distribution	-	(35,578)	-	-
- Issue of bonus units	-	-	-	-
<b>Interim distribution for the quarter ended December 31, 2014</b>				
- Nil (Re 0.2567 per unit declared on February 13, 2014)	-	-	-	-
- Cash distribution	-	(69,644)	-	(69,644)
- Issue of bonus units	-	(147,297)	-	(69,644)
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	(11,768)	(49,135)	(4,598)	(9,410)
<b>Net assets as at the end of the period</b>	<b>1,906,927</b>	<b>2,674,691</b>	<b>1,906,927</b>	<b>2,674,691</b>

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA FINANCIAL SECTOR INCOME FUND

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2015

	Nine months ended		Quarter ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
------(Rupees in '000)-----				
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net income for the period before taxation	153,443	253,277	44,386	71,228
<b>Adjustments :</b>				
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(18,349)	(6,869)	(1,459)	(6,824)
Amortisation of preliminary expenses and floatation costs	164	164	54	54
	135,258	246,572	42,981	64,458
<b>(Increase) / decrease in assets</b>				
Investments	257,065	783,133	4,422	(681,722)
Advances, deposits, prepayments and other receivables	158	94	10	(11)
Profit receivable	17,970	104	(5,090)	(43,883)
	275,193	783,331	(658)	(725,616)
<b>Increase / (decrease) in liabilities</b>				
Payable to the Management Company	4,685	5,362	763	(861)
Fee payable to Central Depository Company of Pakistan Limited - Trustee	(52)	(85)	(7)	(159)
Payable to the Securities and Exchange Commission of Pakistan	(1,771)	(396)	353	529
Accrued expenses and other liabilities	2,847	5,451	861	1,811
	5,709	10,332	1,970	1,320
Formation cost incurred	-	-	-	-
<b>Net cash used in operating activities</b>	416,160	1,040,235	44,293	(659,838)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Receipts from issue of units	331,596	1,977,688	119,023	314,279
Payment on redemption of units	(1,705,608)	(3,512,611)	(204,757)	(836,522)
Cash distribution	-	(39,612)	-	-
<b>Net cash inflow from financing activities</b>	(1,374,012)	(1,574,535)	(85,734)	(522,243)
<b>Net increase in cash and cash equivalents during the period</b>	(957,852)	(534,300)	(41,441)	(1,182,081)
Cash and cash equivalents at the beginning of the period	1,411,420	1,321,210	495,009	1,968,991
<b>Cash and cash equivalents as at the end of the period</b>	453,568	786,910	453,568	786,910

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA FINANCIAL SECTOR INCOME FUND

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2015

### 1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Financial Sector Income Fund (the Fund) was established under a Trust Deed executed between NBP Fullerton Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on July 28, 2011 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on August 16, 2011 under 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 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 is an open-ended mutual fund and is listed on the Lahore Stock Exchange. Units of the Fund are offered for public subscription on a continuous basis. These units are transferable and can be redeemed by surrendering these to the Fund. The Fund is categorized as Open-End "Income Scheme" as per the criteria laid down by SECP for categorization of Collective Investment Schemes (CISs).

The core objective of the Fund is to provide income enhancement and preservation of capital by investing in prime quality Financial Sector term finance certificates (TFCs) / sukuks, bank deposits and short-term money market instruments.

The Pakistan Credit Rating Agency (PACRA) has assigned stability rating of A+(f) to the Fund and an asset manager rating of AM2+ to the Management Company.

Title to the assets of the Fund is held in the name of CDC as Trustee of the Fund.

### 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. 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 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 IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by SECP prevail.

The disclosures made in this condensed interim financial information have been limited based on the requirements of the 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 annual published financial statements of the Fund for the year ended June 30, 2014.

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 March 31, 2015.

#### 2.2 Standards, interpretations and amendments to published approved accounting standards, as adopted in Pakistan, that are effective:

There are certain new standards, amendments to approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2014 but are considered not to be relevant or did not have any significant effect on the Fund's operations and are, therefore, not detailed in this condensed interim financial information.

### 3 ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements for the year ended June 30, 2014.

# NAFA FINANCIAL SECTOR INCOME FUND

## 4 INVESTMENTS

### At fair value through profit or loss

Term finance certificates - listed	4.1	522,479	568,230
Term finance certificates - unlisted	4.2	442,424	591,677

### Government securities

Treasury Bills	4.3	95,791	-
Pakistan Investment Bond	4.5	391,023	482,685

### Loans and receivables

Commercial Paper		-	47,841
		<u>1,451,717</u>	<u>1,690,433</u>

### 4.1 Term finance certificates - listed

All term finance certificates have a face value of Rs. 5,000 each unless stated otherwise

Name of the investee company	Number of certificates / bonds				Market value as at March 31, 2015	Investment as a percentage of		
	As at July 01, 2014	Purchases during the period	Sales / Matured during the period	As at March 31, 2015		Net assets	Market value of total investments	
					Rupees in '000	----- % -----		
<b>Term finance certificates - listed</b>								
Allied Bank Limited - I	4,400	-	4,400	-	-	-	-	
Allied Bank Limited II	13,000	-	-	13,000	63,448	3.33	4.37	
Askari Bank Limited - III	30,336	-	-	30,336	146,849	7.70	10.12	
Bank Al-Habib Limited-II	1,077	-	1,077	-	-	-	-	
Faysal Bank Limited - III	59,000	-	-	59,000	295,625	15.50	20.36	
Pak Libya Holding Company (Pvt) Limited	10,000	-	-	10,000	16,557	0.87	1.14	
United Bank Limited -III	3,900	-	3,900	-	-	-	-	
					<u>112,336</u>	<u>522,479</u>	<u>27.40</u>	<u>35.99</u>

#### Carrying Value as at March 31, 2015

Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'

537,333

(14,854)

### 4.2 Term finance certificates - unlisted

All term finance certificates have a face value of Rs. 5,000 each unless stated otherwise

Name of the investee company	Number of certificates / bonds				Market value as at March 31, 2015	Investment as a percentage of	
	As at July 01, 2014	Purchases during the period	Sales / Matured during the period	As at March 31, 2015		Net assets	Market value of total investments
					Rupees in '000	----- % -----	
<b>Term finance certificates - unlisted</b>							
Bank Alfalah Limited - IV	70,200	-	2,800	67,400	348,097	18.25	23.98
Askari Bank Limited - IV	44	-	-	44	44,481	2.33	3.06
Bank Alfalah Limited - IV FX	11,500	-	11,500	-	-	-	-
Standard Chartered Bank	10,000	-	-	10,000	49,846	2.61	3.43
Pakistan Mobile Communication Limited	14,420	-	14,420	-	-	-	-
Hascol Petroleum limited	-	9,000	9,000	-	-	-	-
					<u>77,444</u>	<u>442,424</u>	

#### Carrying Value as at March 31, 2015

Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'

443,174

(750)

# NAFA FINANCIAL SECTOR INCOME FUND

## 4.3 Government securities

Issue date	Tenor	As at July 01, 2014	Face value			Market Value as at March 31, 2015	Investment as a percentage of	
			Purchases during the period	Sales / matured during the period	As at March 31, 2015		Net assets	Market value of total investments
						Rupees in '000	----- % -----	
<b>Market Treasury Bills</b>								
13-Nov-14	3 Months	-	400,000	400,000	-	-	-	-
8-Jan-15	3 Months	-	90,000	90,000	-	-	-	-
5-Mar-15	12 Months	-	50,000	-	50,000	46,575	2.44	3.21
19-Mar-15	3 Months	-	50,000	-	50,000	49,216	2.58	3.39
						95,791		
<b>Carrying Value as at March 31, 2015</b>						95,806		
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'						(15)		

4.4 The term finance certificates held by the Fund are generally secured against hypothecation of stocks and receivables and mortgage of fixed assets of the issuer.

## 4.5 Pakistan Investment Bond

Issue date	Tenor	As at July 01, 2014	Face value			Market Value as at March 31, 2015	Investment as a percentage of	
			Purchases during the period	Sales / matured during the period	As at March 31, 2015		Net assets	Market value of total investments
						Rupees in '000	----- % -----	
18-Jul-13	3 Years	450,000	-	450,000	-	-	-	-
18-Jul-13	5 Years	40,000	50,000	-	90,000	98,198	5.15	6.76
17-Jul-14	3 Years	-	380,000	105,000	275,000	292,825	15.36	20.17
						365,000		
<b>Carrying Value as at March 31, 2015</b>						357,055		
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'						33,968		

## 5 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at March 31, 2015 (June 2014 : Nil).

## 6 PROVISION FOR WORKERS' WELFARE FUND

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

During the year ended June 30, 2012, the Honourable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008, had declared the said amendments as unlawful and unconstitutional. In March 2013, a larger bench of the Honourable Sindh High Court (SHC) passed an order declaring that the amendments introduced in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 do not suffer from any constitutional or legal infirmity. However, the Honourable High Court of Sindh has not addressed the other amendments made in the WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before the Court. In a recent judgment, the Peshawar High Court (PHC) has also held these amendments to be ultra vires as they lacked the essential mandate to be introduced and passed through the Money Bill under the Constitution. Without prejudice to the above, the Management Company, as a matter of abundant caution, has decided to retain the provision for WWF amounting to Rs 18.419 million (including Rs 3.131 million for the current period) in this condensed interim financial information. Had the same not been made the net asset value per unit of the Fund as at March 31, 2015 would have been higher by Rs 0.1058 per unit.

## 7 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 management intends to distribute at least 90% of the Fund's net accounting income earned by the year end 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.



# NAFA FINANCIAL SECTOR INCOME FUND

## 8. TRANSACTIONS WITH CONNECTED PERSONS

- 8.1 Connected persons include NBP Fullerton Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan (NBP), and Alexandra Fund Management Pte. Limited being the sponsors, NAFA Provident Fund Trust being the employee contribution plan of the Management Company, other collective investment schemes managed by the Management Company and directors and officers of the Management Company.
- 8.2 The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 8.3 Remuneration and front - end load payable to the Management Company and remuneration payable to the Trustee are determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

-----Unaudited-----			
Nine months ended		Quarter ended	
March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
------(Rupees in '000)-----			

### 8.4 Details of the transactions with connected persons are as follows:

#### NBP Fullerton Asset Management Limited - Management Company

Remuneration	22,391	47,609	7,050	10,591
Sindh Sales Tax on Management Company's remuneration	3,896	8,913	1,227	1,965
Federal excise duty on Management Company's remuneration	3,583	7,618	1,128	1,695
Front end load	726	1,734	136	343

#### Alexandra Fund Management Pte. Limited - Sponsor

Bonus of Nil units issued during the period (March 31 2014 :182,969units)	-	-	-	-
Redemption of Nil units (March 31, 2014: 11,735,970 units)	-	122,137	-	-

#### National Bank of Pakistan - Sponsor

Bonus of Nil units issued during the period (March 31 2014 :2,438,416units)	-	-	-	-
Issue of Nil Units during the period (March 31 2014 : Nil units)	-	-	-	-
Redemption of Nil units (March 31, 2014 : 143,056,058 units)	-	1,500,000	-	-
Distributions paid	-	39,612	-	-
Purchase of Pakistan Investment Bonds	-	-	-	-
Purchase of Market Treasury Bills	-	1,358,125	-	-
Placement of Term Deposit Receipts	-	500,000	-	-
Profit on Term Deposit Receipt	-	7,474	-	-

#### Central Depository Company of Pakistan Limited - Trustee

Remuneration of the Trustee	1,907	3,335	609	809
CDS Charges	176	151	64	50

#### CFO / Company Secretary

Bonus of Nil units issued during the period (March 31 2014 :5,417 units)	-	-	-	-
Issue of Nil units (March 31 2014: 181,291 units)	-	1,887	-	-
Redemption of 37,225 units (March 31 2014: 105,023 units)	400	1,110	400	1,000

#### Employees of the Management Company

Bonus Nil units issued during the period (March 31 2014 : 14,017 units)	-	-	-	-
121,2111 Units issued / transferred in during the period (March 31 2014 1,207,751 units)	1,262	12,580	228	2,435
259,210 Units redeemed / transferred out during the period (March 31 2014 1,252,027 units)	2,705	13,059	403	2,761

#### Summit Bank Limited

Bank Profit	-	135	-	-
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#### NAFA Income Opportunity Fund

Sale of Pakistan Investment Bond	234,085	-	26,485	-
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# NAFA FINANCIAL SECTOR INCOME FUND

	-----Unaudited-----			
	Nine months ended		Quarter ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	-----Rupees in '000-----			
<b>NAFA Money Market Fund</b>				
Sale of Treasury Bills	186,275	-	-	-
<b>Byco Oil Pakistan Limited- Employee Provident Fund</b>				
Sale of Treasury Bills	-	994	-	-
<b>CDC Trustee NAFA Savings Plus Fund</b>				
Sale of Treasury Bills	-	63,637	-	-
<b>NAFA Government Securities Liquid Fund</b>				
Sale of Treasury Bills	-	265,235	-	196,556
<b>Habib Metropolitan Bank Limited*</b>				
Redemption of 4,943,630 units (2013: Nil units)	51,324	-	-	-

\*Prior period comparatives have not been presented as the entity was not classified as a related party / connected person in the prior periods.

	(Un-Audited) As at March 31, 2015	(Audited) As at June 30, 2014
	----- Rupees in '000 -----	
<b>8.5 Balances outstanding as at period end</b>		
<b>NBP Fullerton Asset Management Limited - Management Company</b>		
Preliminary expenses and floatation costs paid by the Management Company on behalf of the Fund	17	1,092
Rating fee paid by the Management Company on behalf of the Fund	52	52
Security deposit with Central Depository Company of Pakistan Limited given by the Management Company on behalf of the Fund	100	100
Management remuneration payable	2,410	594
Sindh Sales Tax payable on Management Company's remuneration	420	200
Federal Excise Duty on Management Company's remuneration	11,819	8,236
Sales load and transfer load payable to the Management Company	680	539
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	208	260
Security deposit	100	100
<b>National Bank of Pakistan - Sponsor</b>		
Units held 68,882,766 units (June 30, 2014: 68,882,766 units)	754,576	698,499
Payable against 93,858,593 units redeemed as at June 30, 2014	-	951,764
Bank balance	2,065	1,241
<b>CFO / Company Secretary</b>		
Units held 43,086 units (June 30, 2014: 80,311 units)	472	814
<b>Employees of the Management Company</b>		
Units held 233,148 units (June 30, 2014 : 371,147 units)	2,554	3,764
<b>Summit Bank Limited</b>		
Bank balance	1,039	1,624
<b>Habib Metropolitan Bank Limited</b>		
Units held : 18,617,448 units (2014: 23,561,078 units)	203,945	238,919

# NAFA FINANCIAL SECTOR INCOME FUND

## 9 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on April 21, 2015.

## 10 GENERAL

- 10.1 Figures have been rounded off to the nearest thousand rupees.
- 10.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation. 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

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