

**AM2+**  
Rated by PACRA



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

## **NAFA ISLAMIC ASSET ALLOCATION FUND**

# **QUARTERLY REPORT MARCH 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.

## Contents

FUND'S INFORMATION	03
DIRECTORS' REPORT	05
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES	07
CONDENSED INTERIM INCOME STATEMENT	08
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME	09
CONDENSED INTERIM DISTRIBUTION STATEMENT	10
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND	11
CONDENSED INTERIM CASH FLOW STATEMENT	12
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS	13

# NAFA ISLAMIC ASSET ALLOCATION 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 & COO

Mr. Muhammad Murtaza Ali

### Chief Financial Officer

Mr. Khalid Mehmood

### Audit & Risk Committee

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

### Human Resource and Remuneration 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 Shahra-e-Faisal, Karachi.

### Bankers to the Fund

Al-Baraka Islamic Bank  
Allied Bank Limited  
Askari Bank Limited  
Bank Alfalah Limited  
Bank Islami Pakistan Limited  
Burj 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  
United Bank Limited  
Bank Al-Habib Limited  
Dubai Islamic Bank Pakistan Limited  
Silk Bank Limited  
Summit Bank Limited  
Sindh Bank Limited

# NAFA ISLAMIC ASSET ALLOCATION FUND

## **Auditors**

KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sheikh Sultan Trust Building No.02  
Beaumont Road,  
Karachi - 75530, Pakistan.

## **Legal Advisor**

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

## **Head Office:**

7<sup>th</sup> Floor Clifton Diamond Building, Block No. 4,  
Scheme No. 5, Clifton Karachi.  
UAN: 111-111-NFA (111-111-632)  
Helpline (Toll Free): 0800-20001  
Fax: (021) 35825329

## **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:**

Opposite Gul Haji Plaza, 2nd Floor  
National Bank Building  
University Road Peshawar,  
UAN: 091-111 111 632 (nfa)  
Fax: 091-5703202

## **Multan Office:**

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

# NAFA ISLAMIC ASSET ALLOCATION FUND

## DIRECTORS' REPORT

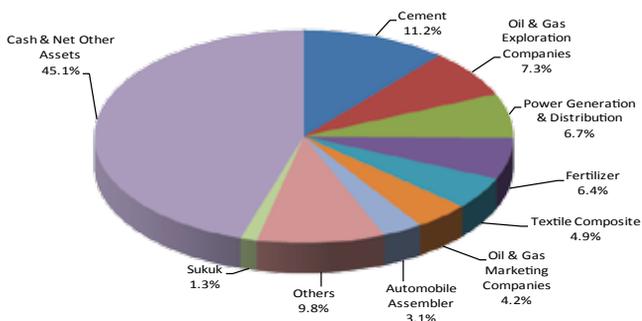
The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the unaudited financial statements of **NAFA Islamic Asset Allocation Fund (NIAAF)** for the period ended March 31, 2016.

### Fund's Performance

The size of NAFA Islamic Asset Allocation Fund has increased from Rs.2,592 million to Rs.4,104 million during the period, i.e. an increase of 58.3%. During the third quarter, the unit price of NAFA Islamic Asset Allocation Fund has increased from Rs. 15.4852 on December 31, 2015 to Rs. 15.9178 on March 31, 2016, thus showing an increase of 2.79%. The Benchmark (Average of (i) average 3-month Islamic banks deposit rate (ii) 6-month KIBOR or its Shariah Compliant equivalent (iii) KMI 30 Index) return during the same period was 2.51%. Thus, the Fund has outperformed its Benchmark by 0.28% during the period under review. For the nine months period ended March 31, 2015, the NAV of the Fund has increased from Rs. 15.1854(Ex-Div) on June 30, 2015 to Rs. 15.9178 on March 31, 2016, thus showing an increase of 4.82%. During the said period, the Benchmark increased by 3.62%, translating into an outperformance of 1.20%. Since inception the NAV of the Fund has increased from Rs.4.6514 (Ex-Div) on October 26, 2007 to Rs.15.9178 on March 31, 2016, thus showing an increase of 242.22%. During the said period, the Benchmark increased by 142.14%, translating into outperformance of 100.08%. This performance is net of management fee and all other expenses.

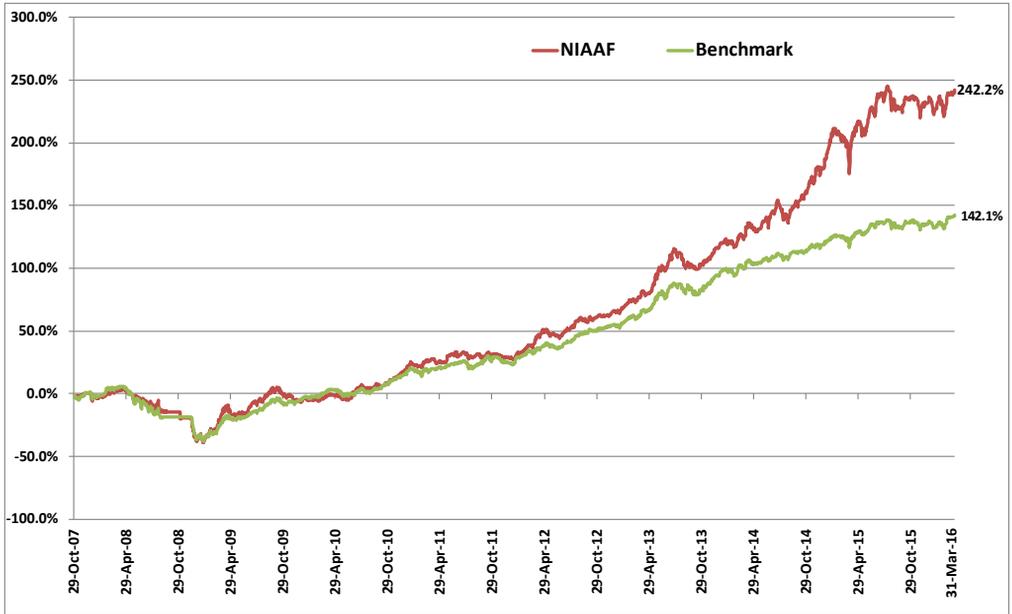
The stock market volatility remained elevated during the 3QFY16. The market started off the quarter on a weak note in January, posting -3.2% returns before taking a breather in February and finally making a strong recovery in March. Overall, the KMI-30 Index increased by 4.7% during the quarter driven by strong performance of the Cement sector on the back of robust volumetric growth, and recovery in Oil & Gas sector due to sharp rebound in international crude prices from their lows. Foreign investors remained large net sellers with net outflows of USD100mn during the quarter, though slowdown in foreign selling was evident as the cumulative selling during the first two months stood at USD 89 million as compared to just USD11 million in the third month. On the local side, NBFs, Individuals, and Companies remained net buyers, absorbing the foreign selling, which was largely concentrated in Banks and Fertilizers sectors. Towards the end of the quarter, MSCI also initiated consultation process for potential reclassification of Pakistan to Emerging Markets which garnered significant investor interest. The Pharmaceuticals and Cement sectors outperformed the market whereas, Chemicals and Fertilizer sectors lagged behind.

During the period under review, the State Bank of Pakistan reduced the discount rate by 50 bps to 6.5%. SBP highlighted: i) benign inflation readings and anchored near-term inflation expectation; ii) high real lending rates; iii) comfortable external account position; and (iv) improving law and order situation; and macroeconomic stability. In the period under review, MoF Conducted auction for a floating rate GOP Ijara Sukuk and accepted Rs.118 billion against the target of Rs.100 billion. Auctions for the Fixed Rental Rate GOP Ijara Sukuk were also conducted where an amount of Rs.196 billion was accepted against the target of Rs.180 billion. Foreign exchange reserves reached a comfortable level of USD 20 billion. Inflation as measured by the CPI clocked-in at 3.9% on a year-on-year basis in March compared with 3.2% in June 2015. The Fund has earned total income of Rs.277.61 million during the period. After deducting expenses of Rs.84.52 million, the net income is Rs.193.09 million. The asset allocation of the Fund as on March 31, 2016 is as follows:



# NAFA ISLAMIC ASSET ALLOCATION FUND

NAFA Performance versus Benchmark (Since Inception)



## 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 29, 2016  
Place: Karachi.

# NAFA ISLAMIC ASSET ALLOCATION FUND

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

	Note	Un-Audited March 31, 2016	Audited June 30, 2015
----- Rupees in '000 -----			
<b>ASSETS</b>			
Balances with banks		1,862,717	977,085
Investments	4	2,249,956	1,818,155
Dividend and profit receivable		51,197	10,280
Receivable against conversion of units		19,686	79,915
Advances, deposits, prepayments and other receivables		2,847	2,633
<b>Total assets</b>		<b>4,186,403</b>	<b>2,888,068</b>
<b>LIABILITIES</b>			
Payable to the Management Company		49,700	31,548
Payable to the Trustee		532	300
Payable to the Securities and Exchange Commission of Pakistan		2,361	1,192
Payable against redemption of units		2,486	134,876
Payable against conversion of units		2,173	112,433
Dividend payable		-	11,618
Accrued expenses and other liabilities		25,131	32,655
<b>Total liabilities</b>		<b>82,383</b>	<b>324,622</b>
<b>NET ASSETS</b>		<b>4,104,020</b>	<b>2,563,446</b>
Unit holders' funds (As per statement attached)		4,104,020	2,563,446
<b>CONTINGENCIES AND COMMITMENTS</b>			
	6	-	-
-----Number of units-----			
<b>NUMBER OF UNITS IN ISSUE</b>		<b>257,826,272</b>	<b>160,306,772</b>
-----Rupees-----			
<b>NET ASSET VALUE PER UNIT</b>		<b>15.9178</b>	<b>15.9909</b>

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

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ISLAMIC ASSET ALLOCATION FUND

## CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE NINE MONTH PERIOD AND QUARTER ENDED MARCH 31, 2016

	Note	Nine months ended		Quarter ended	
		March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
----- Rupees in '000 -----					
<b>INCOME</b>					
Gain on sale of investments - net		4,688	19,641	(9,731)	12,363
Income from sukuk bonds		10,424	9,365	3,332	3,226
Profit on bank deposits		78,593	18,595	27,837	10,431
Dividend income		97,403	30,553	35,303	18,100
Unrealised gain / (loss) on revaluation of investments carried at fair value through profit or loss - net		2,024	22,264	65,917	(68,963)
		<u>193,132</u>	<u>100,418</u>	<u>122,658</u>	<u>(24,843)</u>
<b>EXPENSES</b>					
Remuneration of the Management Company		55,559	16,423	19,274	8,862
Sindh sales tax on Management Fee		9,023	2,858	3,130	1,542
Federal Excise Duty on remuneration to Management Company		8,890	2,628	3,084	1,418
Remuneration of the Trustee		3,529	1,442	1,212	690
Sindh sales tax on remuneration of Trustee		494	-	170	-
Annual fee - Securities and Exchange Commission of Pakistan		2,361	698	819	377
Allocated expenses		1,355	-	963	-
Securities transaction cost		1,713	1,440	258	680
Settlement and bank charges		705	537	224	293
Annual listing fee		30	30	10	15
Auditors' remuneration		365	387	104	59
Stability Rating fee		128	127	42	41
Legal and professional charges		116	38	91	13
(Reversal) of provision against non-performing sukuk bonds classified as 'available for sale' - net		(10,714)	-	(3,571)	-
Other expenses		3	-	3	-
Printing charges		251	-	91	-
<b>Total Expenses</b>		<u>73,808</u>	<u>26,608</u>	<u>25,904</u>	<u>13,990</u>
<b>Net income / (loss) from operating activities</b>		<u>119,324</u>	<u>73,810</u>	<u>96,754</u>	<u>(38,833)</u>
Element of income and capital gains included in prices of units issued less those in units redeemed		73,763	-	16,323	-
Provision for workers' welfare fund	5	-	(1,476)	-	777
<b>Net income / (loss) for the period before taxation</b>		<u>193,087</u>	<u>72,334</u>	<u>113,077</u>	<u>(38,056)</u>
Taxation	7	-	-	-	-
<b>Net income / (loss) for the period after taxation</b>		<u>193,087</u>	<u>72,334</u>	<u>113,077</u>	<u>(38,056)</u>

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

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ISLAMIC ASSET ALLOCATION FUND

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTH PERIOD AND QUARTER ENDED MARCH 31, 2016

	<u>Nine months ended</u>		<u>Quarter ended</u>	
	<u>March 31,</u>	<u>March 31,</u>	<u>March 31,</u>	<u>March 31,</u>
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	----- Rupees in '000 -----			
Net income / (loss) for the period after taxation	193,087	72,334	113,077	(38,056)
Other comprehensive income / (loss)				
Net unrealised appreciation in market value of investments classified as 'available for sale'	3,468	6,765	120	3,304
Reversal of unrealized diminution in the value of investments pertaining to impairment of non-performing assets	-	-	-	-
Total comprehensive income / (loss) for the period	<u>196,555</u>	<u>79,099</u>	<u>113,197</u>	<u>(34,752)</u>

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

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ISLAMIC ASSET ALLOCATION FUND

## CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE NINE MONTH PERIOD AND QUARTER ENDED MARCH 31, 2016

	Nine months ended		Quarter ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	----- Rupees in '000 -----			
Undistributed income brought forward	592,248	119,516	543,670	260,266
Distribution:				
Final distribution for the year ended June 30 2015:				
- 8.365% (30 June 2014: Nil)	(128,689)	-	-	-
Net income / (loss) for the period	193,087	72,334	113,077	(38,056)
Element of income and capital gains included in prices of units issued less those in units redeemed - amount representing income that form part of the unit holders' fund	182	171,128	81	140,768
Undistributed income carried forward	<u>656,828</u>	<u>362,978</u>	<u>656,828</u>	<u>362,978</u>

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

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ISLAMIC ASSET ALLOCATION FUND

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE NINE MONTH PERIOD AND QUARTER ENDED MARCH 31, 2016

	Nine months ended		Quarter ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
----- Rupees in '000 -----				
Net assets at the beginning of the period	2,563,446	556,964	3,910,489	1,101,829
Issue of 339,689,645 units ( 2015: 147,977,067 units)	5,305,925	2,250,233	1,492,368	1,434,627
Redemption of 242,170,145 units ( 2015: 75,937,812 units)	(3,759,454)	(1,142,509)	(1,395,711)	(757,917)
	1,546,471	1,107,724	96,657	676,710
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net				
- amount representing (income) transferred to condensed interim distribution statement	(182)	(171,128)	(81)	(140,768)
- amount representing (income) transferred to condensed interim income statement	(73,763)	-	(16,323)	-
Net unrealised appreciation during the period in the market value of investments classified as 'available for sale'	3,468	6,765	120	3,304
Unrealised gain / (loss) on revaluation of investments carried at fair value through profit or loss - net	2,024	22,264	65,917	(68,963)
Gain on sale of investments - net	4,688	19,641	(9,731)	12,363
Other net income / (loss) for the period after taxation	182,907	23,664	53,423	15,240
	193,087	72,334	113,077	(38,056)
Final distribution for the year ended June 30 2015:				
- Cash Distribution	(128,689)	-	-	-
Element of income and capital gains included in prices of units issued less those in units redeemed - amount representing income that forms part of the unit holders' fund	182	171,128	81	140,768
<b>Net assets as at the end of the period</b>	<u>4,104,020</u>	<u>1,743,787</u>	<u>4,104,020</u>	<u>1,743,787</u>

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

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ISLAMIC ASSET ALLOCATION FUND

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTH PERIOD AND QUARTER ENDED MARCH 31, 2016

	Nine months ended		Quarter ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	----- Rupees in '000 -----			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net income / (loss) for the period before taxation	193,087	72,334	113,077	(38,056)
<b>Adjustments</b>				
Unrealised (gain) / loss on investments at fair value through profit or loss - net	(2,024)	(22,264)	(65,917)	68,963
Capital (gain) / loss on sale of investments - net	(4,688)	(19,641)	9,731	(12,363)
Reversal of provision against non-performing sukuk bonds classified as 'available for sale'	(10,714)	-	(3,571)	-
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	(73,763)	-	(16,323)	-
	<u>101,898</u>	<u>30,429</u>	<u>36,997</u>	<u>18,544</u>
<b>(Increase) / decrease in assets</b>				
Receivable against sale of investments	-	(17,779)	-	(13,130)
Investments	(410,907)	(812,711)	71,826	(473,204)
Dividend and profit receivable	(40,917)	(11,999)	(37,438)	(16,360)
Advances, deposits, prepayments and other receivable	(214)	3,350	10	877
	<u>(452,038)</u>	<u>(839,139)</u>	<u>34,398</u>	<u>(501,817)</u>
<b>Increase / (decrease) in liabilities</b>				
Payable to the Management Company	18,152	17,621	5,569	7,968
Payable to the Trustee	232	168	58	84
Payable to Securities and Exchange Commission of Pakistan	1,169	310	819	377
Payable against purchase of investments	-	-	-	(15,027)
Payable against redemption of units	(132,390)	1,331	(132,390)	1,331
Accrued expenses and other liabilities	(7,524)	2,203	6,428	(224)
	<u>(120,361)</u>	<u>21,633</u>	<u>(119,516)</u>	<u>(5,491)</u>
<b>Net cash (outflow) from operating activities</b>	<u>(470,501)</u>	<u>(787,077)</u>	<u>(48,121)</u>	<u>(488,764)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Receipts from issue of units	5,366,154	2,250,233	1,483,179	1,434,627
Payments on redemption of units	(3,869,714)	(1,142,509)	(1,289,724)	(759,308)
Dividend paid	(140,307)	-	-	-
<b>Net cash (outflow) / inflow on financing activities</b>	<u>1,356,133</u>	<u>1,107,724</u>	<u>193,455</u>	<u>675,319</u>
<b>Net (decrease) / increase in cash and cash equivalents during the period</b>	<u>885,632</u>	<u>320,647</u>	<u>145,334</u>	<u>186,555</u>
Cash and cash equivalents at the beginning of the period	977,085	129,884	1,717,383	263,976
<b>Cash and cash equivalents at the end of the period</b>	<u><u>1,862,717</u></u>	<u><u>450,531</u></u>	<u><u>1,862,717</u></u>	<u><u>450,531</u></u>

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

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ISLAMIC ASSET ALLOCATION FUND

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTH PERIOD AND QUARTER ENDED MARCH 31, 2016

### 1 LEGAL STATUS AND NATURE OF BUSINESS

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

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

The Fund 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 them to the Fund.

The Board of Directors have approved that the Fund should be categorized as "shariah compliant Asset Allocation scheme as per the categories defined by the Securities and Exchange Commission of Pakistan.

The Objective of the Scheme is to generate capital appreciation by investing in Shariah Compliant equity and equity related securities and income by investing in Shariah Compliant bank deposits, debt & money market securities.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of AM2+ to the Management Company. Based on the performance of the Fund, it has assigned performance ranking of Four Star (short term) 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 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, 2015.

In compliance with schedule V of the NBFC Regulations the directors of the Management Company hereby declared that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2016.

### 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, 2015.

# NAFA ISLAMIC ASSET ALLOCATION FUND

	Note	Un-Audited March 31, 2016	Audited June 30, 2015
----- Rupees in '000 -----			
<b>4 INVESTMENTS</b>			
<b>At fair value through profit or loss - held for trading</b>			
Investment in shares of listed company	4.1	2,197,909	1,755,054
Sukuk bonds	4.2	45,968	45,073
<b>Available for sale</b>			
Sukuk bonds	4.3	6,079	18,028
		<u>2,249,956</u>	<u>1,818,155</u>

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

Name of the investee company	As at July 01, 2015	Purchases during the period	Bonus / Right Issues	Sales during the period	As at March 31, 2016	Market value as at March 31, 2016	Investment as a percentage of		
							Net assets	Market value of total investments	Paid-up capital of the investee company held
						Rupees in '000	----- % -----		
<b>Oil and Gas</b>									
Pakistan Oil Fields Limited	104,660	313,300	-	89,500	328,460	84,746	2.06%	3.77%	3.58%
Pakistan Petroleum Limited	285,070	683,800	-	202,800	766,070	98,149	2.39%	4.36%	0.50%
Pakistan State Oil Company Limited	229,796	163,000	-	76,500	316,296	111,096	2.71%	4.94%	4.09%
Attock Petroleum Limited	76,700	-	-	-	76,700	33,045	0.81%	1.47%	3.98%
Shell (Pakistan) Limited	106,100	-	-	-	106,100	28,652	0.70%	1.27%	2.68%
National Refinery Limited	70,400	68,000	-	138,400	-	-	0.00%	0.00%	0.00%
Attock Refinery Limited	68,100	305,500	-	173,600	200,000	46,074	1.12%	2.05%	5.40%
Hascol Petroleum Limited	201,970	-	434	199,800	2,604	365	0.01%	0.02%	0.04%
Mari Petroleum Company Limited	-	186,500	-	21,650	164,850	115,802	2.82%	5.15%	10.50%
<b>Chemicals</b>									
Fauji Fertilizer Company Limited	161,068	-	-	161,000	68	7	0.00%	0.00%	0.00%
Dynea Pakistan Limited	21,500	-	-	-	21,500	828	0.02%	0.04%	0.88%
Engro Fertilizers Limited	585,500	879,000	-	72,000	1,392,500	96,765	2.36%	4.30%	0.73%
Engro Corporation Limited	621,100	276,700	-	376,100	521,700	164,701	4.01%	7.32%	3.14%
Fatima Fertilizer Limited	2,500	-	-	-	2,500	83	0.00%	0.00%	0.00%
Ittehad Chemicals Limited	357,500	-	107,250	-	464,750	12,079	0.29%	0.54%	2.42%
<b>Construction and Materials</b>									
Attock Cement Pakistan Limited	-	220,000	-	-	220,000	44,880	1.09%	1.99%	3.92%
D.G. Khan Cement Company Limited	965,500	60,000	-	476,900	548,600	95,358	2.32%	4.24%	2.18%
Lucky Cement Company Limited	210,000	80,300	-	56,500	233,800	125,810	3.07%	5.59%	3.89%
Akzo Nobel Pakistan Limited	29,900	-	-	-	29,900	5,769	0.14%	0.26%	1.24%
Fauji Cement Company Limited	-	1,412,500	-	-	1,412,500	59,198	1.44%	2.63%	0.44%
Maple Leaf Cement Factory Limited	671,000	201,000	-	340,000	532,000	49,056	1.20%	2.18%	0.93%
Pioneer Cement Limited	354,500	138,000	-	7,000	485,500	48,026	1.17%	2.13%	2.11%
Kohat Cement Limited	82,000	-	-	82,000	-	-	0.00%	0.00%	0.00%
Fecto Cement Limited	290,500	74,500	-	-	365,000	36,361	0.89%	1.62%	7.25%
<b>General Industrials</b>									
Thal Limited	110,197	49,000	-	-	159,197	40,549	0.99%	1.80%	5.00%
<b>Personal Goods</b>									
Nishat Mills Limited	374,200	336,400	-	-	710,600	68,083	1.66%	3.03%	1.94%
Kohinoor Textile Limited	1,565,500	68,500	245,100	-	1,879,100	132,984	3.24%	5.91%	5.42%
Service Industries Limited	-	26,000	-	-	26,000	23,174	0.56%	1.03%	0.94%
<b>Electricity</b>									
The Hub Power Company Limited	1,217,760	94,500	-	261,500	1,050,760	109,846	2.68%	4.88%	0.95%
Kot Addu Power Company Limited	1,477,500	-	-	90,000	1,387,500	107,073	2.61%	4.76%	1.22%
K-Electric Limited	655,000	-	-	-	655,000	4,650	0.11%	0.21%	0.002%
Lalpur Power Limited	924,000	-	-	-	924,000	23,063	0.56%	1.03%	0.61%
Pakgen Power Limited	304,000	775,500	-	-	1,079,500	29,125	0.71%	1.29%	0.78%
<b>Banks</b>									
Meezan Bank Limited	323,781	342,000	-	-	665,781	27,963	0.68%	1.24%	0.28%
<b>Auto/Mobile and Parts</b>									
Ghanshara Nissan Limited	130,500	-	-	130,500	-	-	0.00%	0.00%	-
Honda Atlas Cars (Pakistan) Limited	205,800	30,200	-	236,000	-	-	0.00%	0.00%	-
Pak Suzuki Motor Company Limited	39,200	46,500	-	4,200	81,500	33,558	0.82%	1.49%	4.08%
Sazgar Engineering Works Limited	171,500	-	-	-	171,500	5,286	0.13%	0.23%	2.94%
Baluchistan Wheels Limited	227,000	-	-	-	227,000	18,160	0.44%	0.81%	13.62%
Indus Motor Company Limited	51,000	47,700	-	5,120	93,580	88,643	2.16%	3.94%	49.32%
<b>Industrial Transportation</b>									
Pakistan National Shipping Corporation Limited	63,500	110,700	-	-	174,200	12,412	0.30%	0.55%	0.94%

# NAFA ISLAMIC ASSET ALLOCATION FUND

Name of the investee company	As at July 01, 2015	Purchases during the period	Bonus / Right Issues	Sales during the period	As at March 31, 2016	Market value as at March 31, 2016	Investment as a percentage of		
							Net assets	Market value of total investments	Paid-up capital of the investee company held
Rupees in '000							----- % -----		
Pharma and Bio Tech									
Abbott Laboratories (Pakistan) Limited	30,500	-	-	-	30,500	20,196	0.49%	0.90%	2.06%
Ferozsons Laboratories Limited	8,600	-	-	-	8,600	7,523	0.18%	0.33%	2.49%
The Searle Company Limited	65,100	-	25,823	21,700	69,223	30,423	0.74%	1.35%	3.54%
<b>Industrial Metal and Mining</b>									
Crescent Steel & Allied Products Limited	263,000	-	-	263,000	-	-	-	-	-
<b>Mutiutilities (Gas and Water)</b>									
Sui Northern Gas Pipeline Limited	746,500	1,000,000	-	1,746,500	-	-	-	-	-
<b>Technology Hardware and Equipment</b>									
Avanceon Limited	450,000	660,000	-	80,500	1,029,500	34,704	0.85%	1.54%	3.28%
<b>Engineering</b>									
Mughal Iron & Steel Limited	446,000	296,500	94,125	115,000	721,625	49,381	1.20%	2.19%	3.93%
<b>Household Goods</b>									
Pak Elektron Limited	471,000	630,000	146,500	515,000	732,500	44,294	1.08%	1.97%	1.11%
Tariq Glass Industries Limited	-	222,000	-	-	222,000	12,543	0.31%	0.56%	1.71%
<b>Food Producers</b>									
Al Shaheer Corporation Ltd	-	241,500	84,525	-	326,025	17,426	0.42%	0.77%	1.41%
						<u>20,616,589</u>			
						<u>2,197,909</u>			

Carrying value of investment before fair value adjustment

2,190,918

4.1.1 All shares have a nominal face value of Rs 10 each except for the shares of Thal Limited and K-electric which have a face value of Rs 5 & Rs. 3.5 respectively.

4.1.2 The above investments include securities with market value aggregating to Rs. 83.753 million (30 June 2015: 81.635 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 23 October 2007 issued by SECP.

4.2 Sukuk bonds - at fair value through profit or loss

Name of investee company

Number of bonds				Market value at 31 March 2016	Investment as a percentage of	
As at 01 July 2015	Purchases during the period	Sales during the period	As at 31 March 2016		Market value of net assets	Market value of total investments

K-Electric AZM Sukuk

9,000 - - 9,000 45,968 0.40% 2.04%

(Rupees in '000)

45,968

Carrying value of investment before fair value adjustment

45,073

4.3 Sukuk bonds - available for sale

Name of investee company

Number of bonds				Market value at 31 March 2016	Investment as a percentage of	
As at 01 July 2015	Purchases during the period	Sales/ Matured during the period	As at 31 March 2016		Market value of net assets	Market value of total investments

Eden Housing Limited (Note 7.3.3)

5,000 - - 5,000 - - 0.00%

Maple Leaf Cement Factory Limited - 1st Issue

10,000 - - 10,000 6,079 0.27% 0.27%

Kohat Cement Company Limited

10,000 - - 10,000 - - 0.00%

Pak Elektron Limited (Note 7.3.4)

10,000 - - 10,000 - - -

(Rupees in '000)

6,079

Carrying value of investment before fair value adjustment

14,677

Reversal of provision due to redemption of principal

(12,065)

\* In case of debt securities against which provision has been made, these are carried at amortised cost less provision.

# NAFA ISLAMIC ASSET ALLOCATION FUND

- 4.3.1 All sukuk bonds have a face value of Rs 5,000 each.
- 4.3.2 Fair value of all performing listed term finance certificates classified as investments at fair value through profit or loss is determined using rates notified by the Mutual Funds Association of Pakistan (MUFAP).
- 4.3.3 This represents investment in privately placed sukuk bonds issued with a term of 10 years. On 6 May 2011, these Sukuks have been classified as non performing by MUFAP. The investment has been fully provided. The income suspended on these sukuk bonds up to 31 March 2016 amounted to Rs. 1.181 million (30 June 2015: 0.939 million).
- 4.3.4 This represents investment in privately placed sukuk bonds. On 27 December 2011 i.e. the scheduled redemption date, profit redemption of Rs. 0.8 million was not received by the Fund. The investment has been fully provided. The income suspended on these sukuk bonds up to 31 March 2016 amounted to Rs. 0.0082 million (30 June 2015: 0.0123 million).

## 5 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 15.789 million in these condensed interim financial information. Had the same not been made the net asset value per unit of the Fund as at March 31, 2016 would have been higher by Re 0.0612 per unit.

The Finance Act, 2015 has excluded Collective Investment Schemes (CISs) from the definition of 'industrial establishment' subject to WWF under the WWF Ordinance, 1971. Accordingly, the Management Company has discontinued further provisioning of WWF with effect from 1 July 2015. However, provision made till 30 June 2015 has not been reversed as the above law suit is still pending before the Sindh High Court (SHC).

## 6 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as on March 31, 2016 and June 30, 2015.

## 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 ninety percent of its accounting income for the period, as reduced by capital gains, whether realised or unrealised, is distributed to 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 for taxation has been made in this condensed interim financial information.

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

## 8 TRANSACTIONS WITH CONNECTED PERSONS

Connected persons include NBP Fullerton Asset Management Limited (NAFA) 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.

Remuneration to the Management Company and Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

# NAFA ISLAMIC ASSET ALLOCATION FUND

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

	----- (Un-Audited) -----			
	Nine months ended		Quarter ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	----- Rupees in '000 -----			
<b>NBP Fullerton Asset Management Company Limited</b>				
<b>- Management Company</b>				
Management fee	55,559	6,591	19,274	2,016
Front end load	64,222	3,238	17,144	750
Sindh Sales tax on management fee	9,023	1,234	3,130	374
Federal Excise Duty on Management Fee	8,890	1,055	3,084	323
Allocated expenses	1,355	-	963	-
<b>National Bank of Pakistan - Sponsor</b>				
Cash Dividend Paid	11,618	12,952	-	-
<b>Taurus Securities (Pvt) Ltd</b>				
Brokerage	84	120	2	30
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Trustee fee	3,529	659	2,777	201
Sindh Sales Tax on Trustee remuneration	494	-	170	-
<b>Executive of management Company</b>				
Units Issued ( 1,907,334 units; 2015: 1,776,525 Units)	30,059	25,529	2,912	7,291
Units Redeemed (2,096,161; 2015:12,846,768 units)	33,173	16,722		9,117
<b>Aamir Sattar - Director</b>				
Units Issued ( 3,029 units; 2015: Nil Units)	48	-	-	-
<b>Muhammad Junaid Tayyab</b>				
Units Issued ( 2,754 units; 2015: Nil Units)	45	-	45	-
<b>NAFA Islamic Principal Preservation Fund</b>				
Units Issued ( 24,408,329 units; 2015: 29,561,231 units)	385,575	464,960	156,797	464,960
Units Redeemed (38,712,256 units; 2015: 12,846,768 units)	587,786	197,813	559,840	197,813
		(Un-Audited)	(Audited)	
		As at	As at June 30,	
		March 31,	2015	
		2016		
		----- (Rupees in '000) -----		

## 8.2 Amounts outstanding as at period / year end

<b>NBP Fullerton Asset Management Company Limited - Management Company</b>		
Management Fee payable	6,716	4,270
Sindh Sales tax on management fee	1,091	743
FED Payable on management fee	14,712	5,823
Allocation of expenses	1,355	-
Front end load payable	10,526	12,780
Sales tax payable on sales load	1,711	2,221
FED Payable on sales load	14,943	5,711
<b>National Bank of Pakistan</b>		
Cash dividend payable	-	11,618
Balance in current account	2,472	1,667
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee payable	256	300
Sindh Sales tax Trustte remuneration	227	-
Security deposit	100	100
<b>Taurus Securities (Private) Limited</b>		
Brokerage Payable	-	24
<b>Aamir Sattar - Director</b>		
Units held in the fund: 66,518 units (30 June 2015: Nil units)	1,059	-

# NAFA ISLAMIC ASSET ALLOCATION FUND

	(Un-Audited) As at March 31, 2016 ------(Rupees in '000)-----	(Audited) As at June 30, 2015
<b>Muhammad Junaid Tayyab</b>		
Units held in the fund: 2,754 units (30 June 2015: Nil units)	44	-
<b>NAFA Financial Sector Income Fund</b>		
Net receivable against conversion of units	-	4,079
<b>NAFA Islamic Aggressive Income Fund</b>		
Net receivable against conversion of units	5,039	2,097
<b>NAFA Asset Allocation Fund</b>		
Net receivable against conversion of units	-	42,255
<b>NAFA Savings Plus Fund</b>		
Net receivable against conversion of units	-	6,567
<b>NAFA Money Market Fund</b>		
Net receivable against conversion of units	8,544	14,574
<b>NAFA Islamic Stock Fund</b>		
Payable against conversion of units	35	93,671
<b>NAFA Riba Free Savings Fund</b>		
Payable against conversion of units	171	18,762
Receivable against conversion of units	200	-
<b>NAFA Government Securities Savings Fund</b>		
Receivable against conversion of units	1	251
<b>NAFA Islamic Principle Protected Fund - I</b>		
Receivable against conversion of units	-	1,757
<b>NAFA Islamic Principle Protected Fund - II</b>		
Receivable against conversion of units	-	1,736
<b>NAFA Government Securities Liquid Fund</b>		
Receivable against conversion of units	-	6,378
<b>NAFA Income Fund</b>		
Receivable against conversion of units	-	221
<b>NAFA Income Opportunity Fund</b>		
Payable against conversion of units	2,002	-
Receivable against conversion of units	4,868	-
<b>NAFA Islamic Principal Preservation Fund</b>		
Units held: 8,337,962 units (30 June 2015: 22,641,889 units)	132,722	362,064
<b>Employees of the Management Company</b>		
Units held in the Fund ( 542,481 units; June 30, 2015 : 731,308 units)	8,635	11,694
<b>Summit Bank Limited</b>		
Balance held by the Fund	7,042	2,160

# NAFA ISLAMIC ASSET ALLOCATION 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 29 April 2016 .

## 10 GENERAL

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

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

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](mailto:info@nafafunds.com)

**Website:** [www.nafafunds.com](http://www.nafafunds.com)

 /nafafunds