



NBP Fullerton
Asset Management Ltd.

A Subsidiary of
National Bank of Pakistan

NAFA ISLAMIC AGGRESSIVE INCOME FUND

HALF YEARLY REPORT DECEMBER 31

2014




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.

NAFA ISLAMIC AGGRESSIVE 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. Wah Geok Sum	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. Wah Geok Sum	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
Bank Alfalah Limited
Burj Bank Limited
National Bank of Pakistan
NIB Bank Limited
Dubai Islamic Bank Limited
Meezan Bank Limited
Habib Bank Limited

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:

7th 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:

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

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NAFA ISLAMIC AGGRESSIVE INCOME FUND

DIRECTORS' REPORT

The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the reviewed financial statements of **NAFA Islamic Aggressive Income Fund (NIAIF)** for the half year ended December 31, 2014.

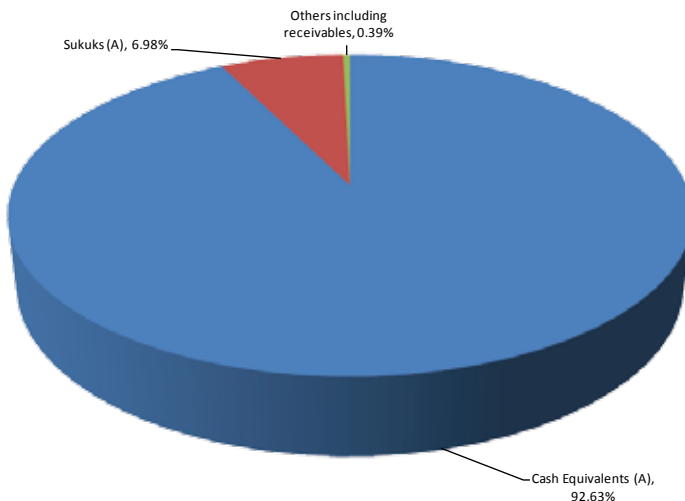
Fund's Performance

The size of NAFA Islamic Aggressive Income Fund has increased from Rs. 431 million to Rs. 736 million during the period, i.e. a growth of 70.7%. During the period, the unit price of the Fund has increased from Rs. 9.3285 on June 30, 2014 to Rs. 9.7590 on December 31, 2014, thus showing annualized return of 9.15% as compared to its Benchmark (Average 3-Month deposit rate of Islamic Banks) annualized return of 6.85% for the same period. The performance of the Fund is net of management fee and other expenses.

NIAIF is categorized as Islamic Aggressive Income Scheme and has been awarded stability rating of A-(f) by PACRA.

On the corporate debt sphere, trading activity in Sukuks remained skewed towards high quality issues, especially those belonging to the financial sector. Hunt for yields and limited primary issuance kept the yield on the high credit quality corporate bonds depressed. Furthermore, we have seen recoveries from many non-performing corporate bonds with pick-up in economic activity and declining interest rate environment. During the period under review, the State Bank of Pakistan reduced the policy rate by 50bps to 9.5% due to sharp decline in inflation and improved external account position. Sovereign securities responded to the beginning of loose monetary policy period with yields on the short term and long term sovereign bonds declining sharply. All 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.30.46 million during the period. After accounting for expenses of Rs.5.71 million, the net income is Rs.24.75 million. The below chart presents the asset allocation and the average credit rating of each of the sub-asset classes of NIAIF:



NAFA ISLAMIC AGGRESSIVE 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: February 17, 2015

Place: Karachi.

NAFA ISLAMIC AGGRESSIVE INCOME FUND

REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

NAFA ISLAMIC AGGRESSIVE INCOME 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 Islamic Aggressive Income 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 period from August 25, 2014 to December 31, 2014 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
Officiating Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 26, 2015

NAFA ISLAMIC AGGRESSIVE INCOME FUND

REPORT OF THE TRUSTEE TO THE UNIT HOLDERS NAFA ISLAMIC AGGRESSIVE INCOME FUND

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

NAFA Islamic Aggressive Income Fund, an open-end Scheme established under a Trust Deed dated August 20, 2007 executed between NBP Fullerton Asset Management Limited, as the Management Company and Central Depository Company of Pakistan Limited (CDC), as the Trustee. The Scheme was authorized by Securities and Exchange Commission of Pakistan (Commission) on September 03, 2007. CDC retired as the Trustee of the Fund and MCB Financial Services Limited (MCBFSL) was appointed as the new trustee with effect from November 22, 2011.

Thereafter, on 25th August 2014. CDC was reappointed as the new trustee of the fund, alter MC13FS1 retired on prior day.

1- NBP Fullerton Asset Management Limited, the Management Company of NAFA Islamic Aggressive Income Fund has in all material respects managed NAFA Islamic Aggressive Income Fund during the period from 1 July 2014 to 24th August 2014 in accordance with the provisions of the following:

- (i) Investment limitations imposed on the Asset Management Company and the Trustee under the trust deed and other applicable laws;
- (ii) the valuation or pricing is carried out in accordance with the deed and any regulatory requirement;
- (iii) the creation and cancellation of units are carried out in accordance with the deed;
- (iv) and any regulatory requirement.

Karachi: February 24, 2015

Khawaja Anwar Hussain
Chief Executive Officer
MCB Financial Services Limited

NAFA ISLAMIC AGGRESSIVE INCOME FUND

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

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **NAFA Islamic Aggressive Income Fund** ("the Fund") as at 31 December 2014 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, condensed interim cash flow statement and notes to the accounts for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this 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 interim financial information based on our review.

Scope of Review

We conducted our review in accordance with 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 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.

Other matter

The figures for the three months period ended 31 December 2014 in the condensed interim financial information have not been reviewed and we do not express a conclusion on them.

Date: February 17, 2015

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Nadeem

NAFA ISLAMIC AGGRESSIVE INCOME FUND

Condensed Interim Statement of Assets and Liabilities As at 31 December 2014

	Note	31 December 2014 (Unaudited)	30 June 2014 (Audited)
(Rupees in '000)			
Assets			
Bank balances	6	681,329	369,986
Investments	7	51,352	53,679
Profit receivable		9,487	11,801
Receivable against sale of units		576	-
Advance, deposits and prepayment		248	354
Total assets		<u>742,992</u>	<u>435,820</u>
Liabilities			
Payable to NBP Fullerton Asset Management Limited - Management Company	8	2,831	993
Payable to Trustee		102	31
Payable to Securities and Exchange Commission of Pakistan		225	149
Payable against redemption of units		641	700
Accrued expenses and other liabilities	9	3,674	2,943
Total liabilities		<u>7,473</u>	<u>4,816</u>
Net assets		<u>735,519</u>	<u>431,004</u>
Unit holders' funds (as per statement attached)		<u>735,519</u>	<u>431,004</u>
Contingencies and commitments	10		
(Number of units)			
Number of units in issue		<u>75,368,089</u>	<u>46,203,116</u>
(Rupees)			
Net assets value per unit		<u>9.7590</u>	<u>9.3285</u>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC AGGRESSIVE INCOME FUND

Condensed Interim Income Statement (Unaudited) For the six and three months period ended 31 December 2014

Note	Six months period ended		Three months period ended	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
----- (Rupees in '000) -----				
Income				
Profit on bank deposits	26,099	3,500	15,856	2,254
Income from sukuk bonds	4,276	6,636	2,106	3,575
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	7.3	82	152	100
Capital gain on sale of investments - net	-	11	-	11
Total income	<u>30,457</u>	<u>10,299</u>	<u>18,062</u>	<u>5,952</u>
Expenses				
Remuneration of NBP Fullerton Asset Management Limited - Management Company	8.1	3,001	1,661	1,789
Sindh Sales Tax on remuneration of Management Company	8.1	522	313	297
Federal Excise Duty on remuneration of Management Company	8.2	480	266	286
Remuneration of Trustees		457	83	304
Annual fee - Securities and Exchange Commission of Pakistan		225	62	134
Listing fee		15	15	8
Settlement and bank charges		57	30	(12)
Auditors' remuneration		300	242	188
Provision against non-performing sukuk bonds classified as 'available for sale' - net	7.5	-	2,953	-
Fund rating fee		121	111	61
Printing charges		-	-	(26)
Other expenses		25	126	25
Total expenses		<u>5,203</u>	<u>5,862</u>	<u>3,054</u>
Net income from operating activities		<u>25,254</u>	<u>4,437</u>	<u>15,008</u>
Provision for Workers' Welfare Fund	9.1	(505)	(89)	(300)
Net income for the period before taxation		<u>24,749</u>	<u>4,348</u>	<u>14,708</u>
Taxation	11	-	-	-
Net income for the period after taxation		<u>24,749</u>	<u>4,348</u>	<u>3,230</u>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC AGGRESSIVE INCOME FUND

Condensed Interim Statement of Comprehensive Income (Unaudited) For the six and three months period ended 31 December 2014

Note	Six months period ended		Three months period ended	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
----- (Rupees in '000) -----				
Net income for the period after taxation	24,749	4,348	14,708	3,230
Other comprehensive income				
Items to be reclassified to income statement in subsequent periods:				
Net unrealised appreciation on re-measurement of investments classified as 'available for sale'	7.4	1,948	1,905	359
				1,266
Total comprehensive income for the period	<u>26,697</u>	<u>6,253</u>	<u>15,067</u>	<u>4,496</u>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC AGGRESSIVE INCOME FUND

Condensed Interim Distribution Statement (Unaudited) For the six and three months period ended 31 December 2014

	Six months period ended		Three months period ended	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
----- (Rupees in '000) -----				
Undistributed income brought forward comprising:				
- Realised income	20,960	1,958	35,384	(3,957)
- Unrealised Income / (Loss)	443	59	(18)	40
	<u>21,403</u>	<u>2,017</u>	<u>35,366</u>	<u>(3,917)</u>
Final distribution for the year ended 30 June 2014: Nil (30 June 2013: 3.911%)				
- Cash Distribution	-	(2,997)	-	-
- Bonus Units	-	(4,075)	-	-
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	5,753	17	1,831	(3)
Net income for the period after taxation	24,749	4,348	14,708	3,230
Undistributed income / (accumulated loss) carried forward	<u>51,905</u>	<u>(690)</u>	<u>51,905</u>	<u>(690)</u>
Undistributed income carried forward comprising:				
- Realised income	51,823	(842)	51,805	(802)
- Unrealised Income / (Loss)	82	152	100	112
	<u>51,905</u>	<u>(690)</u>	<u>51,905</u>	<u>(690)</u>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC AGGRESSIVE INCOME FUND

Condensed Interim Statement of Movement In Unit Holders' Fund (Unaudited) For the six and three months period ended 31 December 2014

Note	Six months period ended		Three months period ended	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
----- (Rupees in '000) -----				
Net assets at beginning of the period [Rs. 9.3285 per unit (2013: Rs. 9.1803)]	431,004	165,611	659,634	164,493
Issue of 67,688,682 units (2013 : 107,301 units)	646,868	962	324,529	-
Redemption of 38,523,710 units (2013 : 112,847 units)	(369,050)	(997)	(263,711)	(157)
Issue of bonus units: Nil (2013: 463,229 units)	-	4,075	-	-
	277,818	4,040	60,818	(157)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	(5,753)	(17)	(1,831)	3
Net unrealised appreciation on re-measurement of investments classified as 'available for sale' 7.4	1,948	1,905	359	1,266
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' 7.3	82	152	100	112
Capital gain on sale of investments - net	-	11	-	11
Other net income for the period	24,667	4,185	14,608	3,107
Total comprehensive income for the period	26,697	6,253	15,067	4,496
Final distribution for the year ended 30 June 2014: Nil (30 June 2013: 3.911%)				
- Cash Distribution	-	(2,997)	-	-
- Bonus Units	-	(4,075)	-	-
	-	(7,072)	-	-
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	5,753	17	1,831	(3)
Net assets at end of the period [Rs. 9.7590 per unit (2013: Rs. 9.1272)]	<u>735,519</u>	<u>168,832</u>	<u>735,519</u>	<u>168,832</u>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC AGGRESSIVE INCOME FUND

Condensed Interim Cash Flow Statement (Unaudited) For the six and three months period ended 31 December 2014

	Six months period ended		Three months period ended	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	----- (Rupees in '000) -----			
CASH FLOW FROM OPERATING ACTIVITIES				
Net income for the period before taxation	24,749	4,348	14,708	3,230
Adjustments:				
Capital (gain) on sale of investments - net	-	(11)	-	(11)
Provision against non-performing sukuk bonds classified as 'available for sale'	-	2,953	-	1,101
Net unrealised (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(82)	(152)	(100)	(112)
	<u>24,667</u>	<u>7,138</u>	<u>14,608</u>	<u>4,208</u>
Decrease / (increase) in assets				
Investments - net	4,357	63,575	3,692	34,797
Profit receivable	2,314	475	3,150	442
Advance, deposits, prepayment and other receivable	(470)	(180)	(508)	(1,211)
	<u>6,201</u>	<u>63,870</u>	<u>6,334</u>	<u>34,028</u>
Increase / (decrease) in liabilities				
Payable to NBP Fullerton Asset Management Limited - Management Company	1,838	244	713	176
Payable to Trustee	71	1	25	1
Payable to Securities and Exchange Commission of Pakistan	76	(71)	134	31
Accrued expenses and other liabilities	731	(11)	270	(104)
	<u>2,716</u>	<u>163</u>	<u>1,142</u>	<u>103</u>
Net cash from operating activities	<u>33,584</u>	<u>71,171</u>	<u>22,084</u>	<u>38,339</u>
CASH FLOW FROM FINANCING ACTIVITIES				
Receipts from issue of units	646,868	962	324,529	-
Payments against redemption of units	(369,109)	(997)	(263,261)	(157)
Distributions paid during the period	-	(2,997)	-	-
Net cash from / (used in) financing activities	<u>277,759</u>	<u>(3,032)</u>	<u>61,268</u>	<u>(157)</u>
Net increase in cash and cash equivalents during the period	<u>311,343</u>	<u>68,139</u>	<u>83,352</u>	<u>38,182</u>
Cash and cash equivalents at beginning of the period	369,986	37,546	597,977	67,503
Cash and cash equivalents at end of the period	<u><u>681,329</u></u>	<u><u>105,685</u></u>	<u><u>681,329</u></u>	<u><u>105,685</u></u>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC AGGRESSIVE INCOME FUND

Notes to and forming part of the Condensed Interim Financial information For the six and three months period ended 31 December 2014

1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Islamic Aggressive Income 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. Central Depository Company of Pakistan Limited (CDC) as the Trustee of the fund and MCB Financial Services Limited (MCBFSL) was appointed as new Trustee with effect from 22 November 2011, the SECP approved the appointment of MCBFSL as the Trustee in place of CDC and further approved the amendments to the Trust Deed vide its letter number SCD/AMCWING/VS/NIF/458/2011 dated 15 November 2011. Accordingly, the Trust Deed of the Fund was revised through a supplemental Trust Deed executed between the Management Company, CDC and MCBFSL. Thereafter, on 25 August 2014, CDC was re-appointed as the new Trustee of the Fund, after MCBFSL retired on prior day.

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. The fund is categorised as Shariah Complaint Aggressive income and 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 core objective of the Fund is to provide preservation of capital and earn a reasonable rate of return. The principal activity of the Fund is to make investments in Shariah compliant securities, having a good credit rating and liquidity subject to the guidelines prescribed by SECP.

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

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information for the six months period ended 31 December 2014 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). In case where requirements differ, the provisions of / or directives issued under the Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

2.2 This condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the financial statements of the Fund as at and for the year ended 30 June 2014.

2.3 This condensed interim financial information is being submitted to the unit holders as required under Regulation 38 (g) of the Non-Banking Finance Companies and notified Entities Regulations, 2008 (NBFC Regulations).

2.4 Functional and presentation currency

This condensed interim financial information is presented in Pak Rupees, which is the Fund's functional and presentation currency. All financial information presented in Pak Rupees has been rounded off to the nearest thousand of rupees except otherwise stated.

NAFA ISLAMIC AGGRESSIVE INCOME FUND

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation followed for the preparation of this interim financial information are the same as those applied in preparing the annual financial statements as at and for the year ended 30 June 2014.

4 ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires management to make judgements, estimates and assumption that affect the application of accounting policies and reported amount of assets and liabilities, income and expenses. Actual result may differ from these estimates.

The significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to annual financial statements as at and for the year ended 30 June 2014.

5 FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with that disclosed in the annual financial statements as at and for the year ended 30 June 2014.

	Note	(Un-Audited) December 31 2014	(Audited) June 30, 2014
(Rupees in '000)			
6 BANK BALANCES			
Current accounts		17,153	5,612
Savings accounts	6.1	<u>664,176</u>	<u>364,374</u>
		<u>681,329</u>	<u>369,986</u>
6.1 These accounts carry profit at rates ranging from 6% to 10% (30 June 2014 : 6.5% to 10%) per annum.			
7 INVESTMENTS			
Available for sale			
Sukuk and Ijara bonds	7.1	35,827	38,236
Financial assets at fair value through profit or loss - held for trading			
Sukuk and Ijara bonds	7.2	<u>15,525</u>	<u>15,443</u>
		<u>51,352</u>	<u>53,679</u>

7.1 Sukuk bonds - available for sale

Name of the investee company	Number of Certificates				Market value/carrying value as at 31 December 2014	Investment as a percentage of		
	As at July 1, 2014	Purchases during the period	Sale / Matured during the period	As at December 31, 2014		Market value as a percentage of net assets	Market value as a percentage of total investments	Percentage of issue size of sukuk held
----- (Number of certificates) -----					(Rupees in '000)			
Engro Fertilizer Limited	4,600	-	-	4,600	23,090	3.14	44.96	0.77
Maple Leaf Cement Factory Limited	5,312	-	-	5,312	12,737	1.73	24.80	0.33
Kohat Cement Company Limited	20,000	-	-	20,000	-	-	-	1.21
New Allied Electronics Industries (Private) Limited -1st issue	352,000	-	-	352,000	-	-	-	18.33
New Allied Electronics Industries (Private) Limited -2nd issue	1,000	-	-	1,000	-	-	-	0.65
Pak Electron Limited	7,000	-	-	7,000	-	-	-	1.25
	<u>389,912</u>	<u>-</u>	<u>-</u>	<u>389,912</u>	<u>35,827</u>			
Carrying value of investments as at 31 December 2014					<u>163,784</u>			
Provision for impairment losses as at 31 December 2014					<u>129,905</u>			

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

NAFA ISLAMIC AGGRESSIVE INCOME FUND

7.1.1 Significant terms and conditions of sukuk bonds outstanding as at 31 December 2014 are as follows:

Sukuk bonds	Remaining principal (per TFC)	Mark-up rate (per annum)	Issue date	Maturity date
Engro Fertilizer Limited	5000	1.5% + 6 Month KIBOR	06 September 2007	06 September 2015
Kohat Cement Company Limited	-	2.5% + 6 Month KIBOR	20 December 2007	20 December 2015
Maple Leaf Cement Factory Limited	3044	1% + 3 Month KIBOR	03 December 2007	03 December 2018
New Allied Electronics Industries (Private) Limited - 1st issue (note 7.1.3 and 7.1.4)	313	2.6% + 6 Month KIBOR	27 July 2007	27 July 2012
New Allied Electronics Industries (Private) Limited - 2nd issue (note 7.1.3 and 7.1.4)	4,905	2.2% + 6 Month KIBOR	03 December 2007	03 December 2012
Pak Elektron Limited (note 7.1.5 and 7.1.6)	2,143	1.75% + 3 Month KIBOR	28 September 2007	28 September 2012

7.1.2 All sukuk bonds have a face value of Rs 5,000 each except sukuk bonds of New Allied Electronics (Private) Limited - 1st issue which have a face value of Rs 312.5.

7.1.3 Fair value of all sukuk certificates is determined using rates notified by the Mutual Funds Association of Pakistan (MUFAP).

7.1.4 Circular no. 7 of 2009 dated 6 March 2009 issued by SECP requires vide circular no. 16 dated 7 July 2010 that rating of any security in the portfolio shall not be lower than investment grade. As of 31 december 2014 ratings of the above mentioned sukuk bonds were below investment grade, however at the time of investment these securities were of the investment grade.

7.1.5 These represent investments in privately placed Term Finance Certificates and Sukuk bonds of the investee company. The investment has been fully provided. The income suspended on these term finance certificate and sukuk up to 31 december 2014 amounted to Rs. 97.450 (30 June 2014: Rs. 90.361 million) and Rs. 4.356 million respectively (30 June 2014: Rs. 5.042 million).

7.1.6 This represents investment in privately placed sukuk bonds. On 27 December 2011 i.e. the scheduled redemption date, profit redemption of Rs. 0.563 million was not received by the Fund. The investment has been fully provided. The income suspended on these sukuk bonds up to 31 December 2014 amounted to Rs. 0.187 million (30 June 2014: Rs. 0.465 million).

7.1.7 The sukuk bonds held by the Fund are generally secured against hypothecation of stocks and receivables and mortgage / pledge of fixed assets of the user.

7.2 Sukuk and Ijara bonds - At fair value through profit or loss - held for trading

Name of the investee company	Number of bonds				Market value as at December 31, 2014	Investment as a percentage of		percentage of issue size of sukuk held
	As at July 1, 2014	Purchases during the period	Sale / Matured during the period	As at December 31, 2014		Market value of net assets	Market value of total investments	
	----- (Number of certificates)-----				(Rupees in '000)			
K Electric - AZM Sukuk	3,000	-	-	3,000	15,525	2.11%	30.23%	0.25
	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>3,000</u>	<u>15,525</u>			
Carrying value of investments as at 31 December 2014					<u>15,443</u>			

7.2.1 Significant terms and conditions of sukuk bond outstanding as at 31 December 2014 are as follows:

Sukuk bonds	Remaining principal (per TFC)	Mark-up rate (per annum)	Issue date	Maturity date
K-Electric Limited - AZM Sukuk	5000	2.25% + 3 month KIBOR	19 March 2014	19 March 2017

NAFA ISLAMIC AGGRESSIVE INCOME FUND

	Note	December 31, 2014	December 31, 2013
(Rupees in '000)			
7.3	Net unrealised appreciation on remeasurement of classified as fair value through profit or loss		
Market value of investments	7.2	15,525	18,183
Carrying value of investments		(15,443)	(18,031)
		82	152
7.4	Net unrealised appreciation on remeasurement of investments classified as 'available for sale'		
Market value of investments	7.1	35,827	36,926
Carrying value of investments		(163,784)	(178,438)
		(127,957)	(141,512)
Provision against non-performing sukus			
Balance as at 1 July		129,905	140,464
Provision made during the period		-	3,750
Reversal of provision due to redemption of principal		-	(797)
Balance as at 31 December	7.5	129,905	143,417
		1,948	1,905
7.5	Movement in provision against non-performing sukus		
Balance as at 1 July		129,905	140,464
Provision made during the period		-	3,750
Reversal of provision due to redemption of principal		-	(797)
		-	2,953
Balance as at 31 December		129,905	143,417
8	PAYABLE TO NBP FULLERTON ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY	December 31, 2013	June 30, 2013
		(Un-audited)	(Audited)
(Rupees in '000)			
Management remuneration	8.1	599	59
Sindh Sales Tax	8.1	100	10
Federal Excise Duty	8.2	897	417
Sindh Sales Tax and Federal Excise Duty on sales load		312	127
Front end load		923	380
		2,831	993
8.1	Under the provisions of the NBFC Regulations, 2008, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such assets of the Fund. Currently, Management fee is being calculated at the rate of one percent per annum of the average annual net assets of the Fund. The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 16% on the remuneration of the Management Company and sales through Sindh Sales Tax on Services Act, 2011, effective from 1 July 2011; however the rate has been changed to 15% effective from 1 July 2014.		
8.2	As per the requirement of Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective 13 June 2013. The Management Company is of the view that since the remuneration is already subject to provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law. The matter has been taken up collectively by the Mutual Fund Association of Pakistan where various options are being considered. The High Court of Sindh in its order dated 09 September 2013 granted stay to the various funds for the recovery of FED. As a matter of abundant caution, the Management Company has made a provision with effect from 13 June 2013, aggregating to Rs. 0.967 million out of which Rs. 0.07 million have been paid to the Management Company. Had the provision not been made, the net assets value (NAV) per unit of the fund as at 31 December 2014 would have been higher by Rs. 0.01283 per unit.		

NAFA ISLAMIC AGGRESSIVE INCOME FUND

	Note	(Un-Audited) December 31, 2014	(Audited) June 30, 2014
----- Rupees in '000 -----			
9 ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Workers' Welfare Fund	9.1	2,519	2,014
Auditors' remuneration		620	320
Legal fee		75	50
Printing charges		50	100
Bank charges		23	36
Brokerage		22	22
Others		365	401
		<u>3,674</u>	<u>2,943</u>

9.1 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 Honorable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

During the year ended 30 June 2011, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However, on 14 December 2010, the Ministry filed its response against the constitutional petition requesting the Court to dismiss the petition. According to the legal counsel who is handling the case there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in Court.

During the year ended 30 June 2012, the Honorable 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 Sindh High Court (SHC) passed an order declaring that the amendments introduced in the WWF Ordinance, 1971 through the Finance Act 2006 and 2008 respectively 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. The decisions of SHC (in against) and LHC (in favour) are pending before Supreme Court. However, the Management Company, as a matter of abundant caution, has decided to continue to maintain the provision for WWF amounting to Rs. 2.519 million (including Rs. 0.505 million for the current period). Had the same not been made the net assets value per unit of the Fund would have been higher by Rs 0.0334 per unit.

10 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 31 December 2014.

11 TAXATION

The Fund's income 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 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealized capital gains / loss to the unit holders. The Fund has not recorded any tax liability in respect of income relating to the current period as the Management Company intends to distribute at least 90 percent of the Fund's accounting income for the year ending 30 June 2015 as reduced by capital gains (whether realised or unrealised) to its unit holders.

NAFA ISLAMIC AGGRESSIVE INCOME FUND

12 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

12.1 Connected persons include NBP Fullerton Asset Management Limited (NAFA) being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, MCB Financial Services Limited being Ex-Trustee, National Bank of Pakistan (NBP) and Alexandra Fund Management Pte. Limited being the sponsors, NAFA Provident Fund Trust, other collective investment schemes managed by the Management Company, directors, officers of the Management Company, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund and directors and officers of the Management Company and unit holders holding 10 percent or more units of the Fund.

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

12.3 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.

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

12.5 Transactions during the period

	Six months period ended		Three months period ended	
	31 December	31 December	31 December	31 December
	2014	2013	2014	2013
	----- (Unaudited) -----			
	----- (Rupees in '000) -----			

NBP Fullerton Asset Management Company

Limited - Management Company

Management fee expense for the period	3,001	1,661	1,789	836
Front end load for the period	543	7	202	-
Sindh Sales Tax on Management fee	522	313	297	181
FED on Management Fee	480	266	286	134

National Bank of Pakistan - Sponsor

Cash Dividend	-	2,933	-	-
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Alexandra Fund Management Pte.

Limited - Sponsor

Bonus units issued : Nil (31 Dec, 2013 428,370 units)	-	-	-	-
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MCB Financial Services Limited - Ex-Trustee

Trustee fee for the period	67	83	-	42
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Central Depository Company of Pakistan

Limited - Trustee

Trustee fee for the period	390		304	
CDS charges	19	16	(31)	7

Employees of Management Company

Units issued / transferred in (1,772,173 units)	16,994		9,176	
Units redeemed / transferred out (1,616,075 units)	15,498	-	10,140	-

AKHUWAT

Payment received from sale of GOP	-	20,501	-	20,501
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NAFA ISLAMIC AGGRESSIVE INCOME FUND

12.6 Balances outstanding as at period / year end	As at 31 December 2014 (Unaudited)	As at 30 June 2014 (Audited)
	(Rupees in '000)	
NBP Fullerton Asset Management Company Limited - Management Company		
Management fee payable	599	59
Sindh Sales Tax payable on Management Fee	100	10
FED Payable on Management Fee	897	417
Sindh Sales Tax and Federal Excise Duty on sales load	312	127
Front end load	923	380
MCB Financial Services Limited - Ex-Trustee		
Remuneration payable	-	31
Security deposits	100	100
Central Depository Company of Pakistan Limited -Trustee		
Remuneration payable	102	-
CDS Charges	19	50
Security deposits	100	100
National Bank of Pakistan - Sponsor		
Investment held by the Sponsor in the Fund		
8,031,156 units (30 June 2014: 8,031,156 units)	78,376	74,919
Balance in current account	817	268
Alexandra Fund Management Pte. Limited - Sponsor		
Investment held by the Sponsor in the Fund		
5,111,818 units (30 June 2014: 5,111,818 units)	49,886	47,686
Employees of Management Company		
Investment held 2,593,794 units (30 June 2014: 1,527,354 units)	25,313	14,248

13 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on February 17, 2015.

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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