


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

(FORMERLY NAFA ISLAMIC INCOME FUND)

FUND'S INFORMATION

Management Company

NBP Fullerton Asset Management Limited – Management Company

Board of Directors of the Management Company

Mr. Shahid Anwar Khan	Chairman
Mr. Amir Shehzad	Director
Mr. Wah Geok Sum	Director
Mr. Patrick Pang Chin Hwang	Director
Mr. Shehryar Faruque	Director
Mr. Kamal Amir Chinoy	Director
Dr. Asif A. Brohi	Director
Dr. Amjad Waheed	Chief Executive Officer

Company Secretary & CFO of the Management Company

Mr. Muhammad Murtaza Ali

Audit & Risk Committee

Mr. Patrick Pang Chin Hwang	Chairman
Mr. Shehryar Faruque	Member
Mr. Amir Shehzad	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

Al-Baraka Islamic Bank
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Islami Pakistan Limited
Dawood Islamic Bank
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
The Bank of Khyber

NAFA ISLAMIC AGGRESSIVE INCOME FUND

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Auditors

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

Legal Advisor

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

Head Office:

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

Lahore Office:

House # 10 - A, Block -S, Gulberg - II, Lahore.
UAN: (+92-42) 111-111-NFA (632)
Fax No: (+92-42) 35760373

Islamabad Office:

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

Peshawar Office:

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

Multan Office:

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

NAFA ISLAMIC AGGRESSIVE INCOME FUND

(FORMERLY NAFA ISLAMIC INCOME FUND)

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NAFA ISLAMIC AGGRESSIVE INCOME FUND

(FORMERLY NAFA ISLAMIC INCOME FUND)

DIRECTORS' REPORT

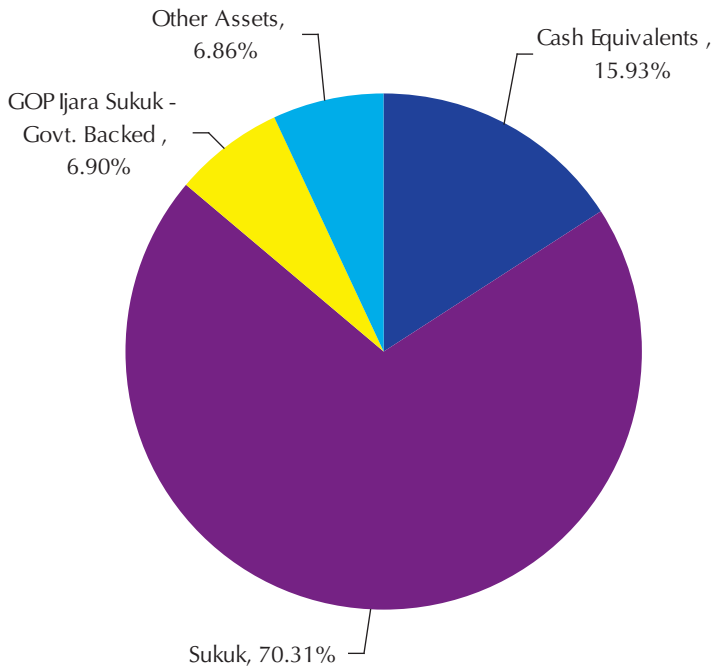
The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the unaudited financial statements of NAFA Islamic Aggressive Income Fund (formerly; NAFA Islamic Income Fund) for the quarter ended September 30, 2011.

Fund's Performance

The size of NAFA Islamic Aggressive Income Fund (Formerly; NAFA Islamic Income Fund) has reduced from Rs. 178 million to Rs. 172 million during the period, i.e. a decline of 3.37%. During the said period, the unit price of the Fund has increased from Rs. 7.2189 (Ex – Div) on June 30, 2011 to Rs.7.2852 on September 30, 2011, thus showing an annualized return of 3.69% as compared to its Benchmark (Average 3-Month deposit rate of Islamic Banks) annualized return of 7.80% for the same period.

The coupon rates of all Sukuks in your Fund are floating and linked to KIBOR, which depicted a falling trend during the quarter.

The Fund has earned total income of Rs.3.34 million during the period. After deducting expenses of Rs.11.39 million, the net loss is Rs.8.05 million. After taking into account the unrealized appreciation on available for sale investments, per unit income is Rs.0.0663. The asset allocation of the Fund as on September 30, 2011 is as follows:



NAFA ISLAMIC AGGRESSIVE INCOME FUND

(FORMERLY NAFA ISLAMIC 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: October 27, 2011
Place: Karachi.

NAFA ISLAMIC AGGRESSIVE INCOME FUND

(FORMERLY NAFA ISLAMIC INCOME FUND)

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2011

		(Un-audited) September 30, 2011	(Audited) June 30, 2011
-----Rupees in '000-----			
ASSETS	Note		
Balances with banks		27,345	26,141
Investments	4	132,646	139,904
Profit receivable	5	11,247	11,668
Advances, deposits, prepayments and other receivables		2,655	2,633
Preliminary expenses and floatation costs		534	660
Total assets		174,427	181,006
LIABILITIES			
Payable to Management Company		329	333
Payable to Trustee		74	71
Payable to Securities and Exchange Commission of Pakistan		33	140
Accrued expenses and other liabilities	6	2,192	2,026
Total liabilities		2,628	2,570
Net Assets		171,799	178,436
Unit Holders' Funds (as per statement attached)		171,799	178,436
Commitments	11	-	-
		Number of units	
Number of units in issue		23,581,762	21,639,887
		Rupees	
Net asset value per unit		7.2852	8.2457

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC AGGRESSIVE INCOME FUND

(FORMERLY NAFA ISLAMIC INCOME FUND)

CONDENSED INTERIM INCOME STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2011 (UN-AUDITED)

		Quarter ended September 30, 2011	Quarter ended September 30, 2010
	Note	Rupees in '000	
INCOME			
Gain on sale of investments - net		10	-
Income from sukuk bonds		2,729	9,363
Profit on bank deposits		593	241
Net unrealised appreciation in the value of investments carried 'at fair value through profit or loss'		7	-
Total Income		<u>3,339</u>	<u>9,604</u>
EXPENSES			
Remuneration of the Management Company		869	968
Remuneration of the Trustee		151	176
Annual fee - Securities and Exchange Commission of Pakistan		33	37
Securities transaction cost		1	-
Settlement and bank charges		5	4
Annual listing fee		8	8
Auditors' remuneration		120	96
Amortisation of preliminary expenses and floatation costs		126	126
Printing and related cost		-	5
Others expenses		189	25
Impairment loss on sukuk bonds classified as investments 'available for sale'		9,890	(7,260)
Total Expenses		<u>11,392</u>	<u>(5,815)</u>
		<u>(8,053)</u>	<u>15,419</u>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed		-	(343)
Provision for workers' welfare fund		-	(302)
Net (loss) / income for the period before taxation		<u>(8,053)</u>	<u>14,774</u>
Taxation	10	-	-
Net (loss) / income for the period after taxation		<u>(8,053)</u>	<u>14,774</u>
Earnings per unit	9		

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC AGGRESSIVE INCOME FUND

(FORMERLY NAFA ISLAMIC INCOME FUND)

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED SEPTEMBER 30, 2011 (UN-AUDITED)

	Quarter ended September 30, 2011	Quarter ended September 30, 2010
	Rupees in '000	
Net (loss) / income for the period after taxation	(8,053)	14,774
Other comprehensive income / (loss)		
Net unrealised appreciation / (diminution) during the year / period in the market value of investments classified as 'available for sale'	9,625	(6,317)
Total comprehensive income / (loss) for the period	<u>1,572</u>	<u>8,457</u>

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For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC AGGRESSIVE INCOME FUND

(FORMERLY NAFA ISLAMIC INCOME FUND)

CONDENSED INTERIM DISTRIBUTION STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2011 (UN-AUDITED)

	Quarter ended September 30, 2011	Quarter ended September 30, 2010
	Rupees in '000	
Undistributed income brought forward	23,356	15,303
Distribution:		
Final distribution for the period ended June 30, 2011: 10.268% (June 30, 2010: 11.994%) declared on July 04, 2011 (June 30, 2011:declared on July 05, 2010)		
- Bonus units	(14,495)	(16,294)
- Cash Distribution	(7,724)	(10,819)
Net (loss) / income for the period	(8,053)	14,774
Element of loss and capital losses included in prices of units issued less those in units redeemed - amount representing losses that form part of the unit holders' fund	(8)	1,523
Undistributed (loss) / income carried forward	<u>(6,924)</u>	<u>4,487</u>

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC AGGRESSIVE INCOME FUND

(FORMERLY NAFA ISLAMIC INCOME FUND)

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE QUARTER ENDED SEPTEMBER 30, 2011 (UN-AUDITED)

	Quarter ended September 30, 2011	Quarter ended September 30, 2010
Rupees in '000		
Net assets at the beginning of the period	178,436	202,310
Issue of 2,008,311 units including 2,007,977 bonus units (September 30, 2010:2,301,671 units)	2	1,545
Redemption of 66,436 units (September 30, 2010: 726,451 units)	(487) (485)	(5,754) (4,209)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed		
- amount representing (income) / loss and capital (gains) / losses - transferred to Income Statement	-	343
- amount representing loss and capital losses that form part of unit holders' fund - transferred to Distribution Statement	8 8	(1,523) (1,180)
Net unrealised appreciation / (diminution) during the year / period in the market value of investments classified as 'available for sale'	9,625	(6,317)
Gain / (loss) on sale of investments	10	-
Other income (net of expenses)	(8,063)	14,774
Distribution:		
Final distribution for the period ended June 30, 2011: 10.268% (June 30, 2010: 11.994%) declared on July 04, 2011 (June 30, 2011:declared on July 05, 2010)		
- Bonus units	(14,495)	(16,294)
- Cash Distribution	(7,724)	(10,822)
	(30,272)	(12,342)
Add: bonus distribution	14,495	16,294
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing income / (losses) that form part of the unit holders' fund	(8)	1,523
Net assets as at the end of the period	171,799	196,079

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For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC AGGRESSIVE INCOME FUND

(FORMERLY NAFA ISLAMIC INCOME FUND)

CONDENSED INTERIM CASH FLOW STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2011 (UN-AUDITED)

	Quarter ended September 30, 2011	Quarter ended September 30, 2010
	Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES		
Net (loss) / income for the period	(8,053)	14,774
Adjustments		
Amortisation of preliminary expenses and floatation costs	126	126
Gain on sale of investments	(10)	-
Impairment loss on sukuk bonds classified as investments 'available for sale'	9,890	(7,260)
Net unrealised appreciation in the value of investments carried 'at fair value through profit or loss'	(7)	-
Element of loss and capital losses included in prices of units issued less those in units redeemed	-	343
	<u>1,946</u>	<u>7,983</u>
(Increase) / decrease in assets		
Investments	7,010	7
Profit receivable	421	(3,498)
Deposits, prepayments and other receivables	(22)	63
	<u>7,409</u>	<u>(3,428)</u>
Increase / (decrease) in liabilities		
Payable to Management Company	(4)	108
Payable to Trustee	3	(2)
Payable to Securities and Exchange Commission of Pakistan	(107)	(175)
Accrued expenses and other liabilities	166	206
	<u>58</u>	<u>137</u>
Net cash inflow / (outflow) from operating activities	<u>9,413</u>	<u>4,692</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Receipts from issue of units	2	1,545
Payments on redemption of units	(487)	(5,754)
Distributions paid	(7,724)	(10,822)
Net cash (outflow) / inflow from financing activities	<u>(8,209)</u>	<u>(15,031)</u>
Net increase / (decrease) in cash and cash equivalents during the period	<u>1,204</u>	<u>(10,339)</u>
Cash and cash equivalents at the beginning of the period	26,141	23,983
Cash and cash equivalents at the end of the period	<u><u>27,345</u></u>	<u><u>13,644</u></u>

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC AGGRESSIVE INCOME FUND

(FORMERLY NAFA ISLAMIC INCOME FUND)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2011 (UN-AUDITED)

1 LEGAL STATUS AND NATURE OF BUSINESS

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

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

The Fund is an open-ended mutual fund and offers units for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering to the Fund. The Fund is listed on the Lahore Stock Exchange.

The Fund is categorised as an Open-End Shariah Compliant (Islamic) Aggressive Income Scheme as per criteria laid down by the Securities and Exchange Commission of Pakistan for categorisation of Collective Investment Schemes (CIS).

The core objective of the Fund is to provide preservation of capital and earn a reasonable rate of return by investing in Shariah compliant investments. The Fund comprises of investments of various investment horizons, with a significant amount invested in short term investments for the purpose of maintaining liquidity.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of AM2- (Positive outlook) to the Management Company. Based on the performance of the Fund for the year ended June 30, 2010, it has assigned stability rating of 'BBB(f)' for short term (tailoring 12 months) to the Fund.

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

The name of the Fund has been changed from NAFA Islamic Income Fund to NAFA Islamic Aggressive Income Fund with effect from December 14, 2010.

2 STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprises of such International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by Securities and Exchange Commission of Pakistan (SECP).

NAFA ISLAMIC AGGRESSIVE INCOME FUND

(FORMERLY NAFA ISLAMIC INCOME FUND)

Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by SECP prevail. The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34, Interim Financial Reporting.

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

3 SUMMARY OF ACCOUNTING POLICIES

The principal accounting policies adopted for the preparation of the financial statements for the quarter ended September 30, 2011 are same as those applied in the preparation of annual audited financial statements for the year ended June 30, 2011 except following change in accounting policy of recognition of element of income.

3.1 Change in Accounting Policy on Recognition of Element of Income

Based on the proposal by MUFAP on the change in the treatment of "Element of Income and Capital Gains included in the prices of units issued less those on units redeemed" and subsequent correspondence by SECP and opinion by ICAP in this regard, the accounting treatment of recognition of element of income has been changed with effect from July 1, 2011. Accordingly, instead of following previous policy of recognizing element of income, the net balance of element of income is recognized in the Distribution Statement directly.

	Note	Un-audited September 30, 2011	Audited June 30, 2011
Rupees in '000			
4 INVESTMENTS			
Available for sale Sukuk and Ijara bonds	4.1	130,634	137,899
At fair value through profit or loss - held for trading Sukuk and Ijara bonds	4.2	2,012	2,005
		<u>132,646</u>	<u>139,904</u>

NAFA ISLAMIC AGGRESSIVE INCOME FUND

(FORMERLY NAFA ISLAMIC INCOME FUND)

4.1 Sukuk and Ijara bonds - available for sale

Name of the investee company	Number of bonds				Market value as at September 30, 2011	Investment as a percentage of		
	As at July 1, 2011	Purchases during the year	Sales / matured during the year	As at September 30, 2011		Net assets	Market value of total investments	Issue size
					(Rupees in '000)	-----%		
Engro Fertilizer Limited	5,400	-	400	5,000	25,000	14.55	18.85	0.83
Kohat Cement Company Limited	20,000	-	-	20,000	64,531	37.56	48.65	4.00
Maple Leaf Cement Factory Limited (note 4.1.2.4)	5,312	-	-	5,312	16,636	9.68	12.54	0.33
Maple Leaf Cement Factory Limited - Sukuk II (note 4.1.2.1)	199	-	-	199	-	-	-	-
New Allied Electronics Industries (Private) Limited-1st issue (note 4.1.2.2)	352,000	-	-	352,000	-	-	-	18.33
New Allied Electronics Industries (Private) Limited-2nd issue (note 4.1.2.3)	1,000	-	-	1,000	-	-	-	0.67
Pak Electron Limited	7,000	-	-	7,000	14,628	8.51	11.03	2.92
GOP Ijara Sukuk - issue date 26.09.2008	50	-	50	-	-	-	-	-
GOP Ijara Sukuk - issue date 15.11.2010	1,960	-	-	1,960	9,839	5.73	7.42	0.02
	392,921	-	450	392,471	130,634	76.04	98.48	27.10
Cost of investments as at September 30, 2011					246,800			
Impairment losses / (gains)					125,791			

4.1.1 All sukuk bonds have a face value of Rs 5,000 each except sukuk bonds of New Allied Electronics (Private) Limited - 1st issue and Government of Pakistan Ijara bond (issue date 26.09.2008) which have a face value of Rs 312.5 and Rs 100,000 each respectively.

4.1.2 As at September 30, 2011, the Fund had not received redemption of principal and / or profit amounts on some of his investments, the details of which are as follows:

4.1.2.1 This represents 2nd issue of sukuk by Maple Leaf Cement Factory Limited under a restructuring agreement with a face value of Rs 995 thousand. As this issue represents overdue mark-up, the management has fully provided the amount of issue and has suspended income of Rs 37 thousand of this issue.

4.1.2.2 New Allied Electronics Industries (Private) Limited defaulted on the amount of principal and mark-up due on the scheduled redemption dates [i.e. October 25, 2008 (only principal), January 25, 2009, April 25, 2009, July 25, 2009 and October 25, 2009]. Hence, the Fund has provided for the amount of the Investment by 100% in accordance with the provisioning policy approved by the Board of Directors of the Management Company and Circular 1 of 2009. The income suspended on these sukuk amounted to Rs. 30,541 thousand.

4.1.2.3 This represents investment in privately placed sukuk bonds. On December 3, 2008, June 3, 2009, December 3, 2009, June 3, 2010, December 3, 2010 and June 3, 2011 i.e. the scheduled redemption date, principal redemptions of Rs. 2,500 thousand and profit redemption of Rs. 1,855 thousand were not received by the Fund. Therefore, as a matter of prudence, the management has suspended income amounting to Rs. 1,980 thousand and has recognised impairment losses amounting to Rs 4,905 thousand till September 30, 2011.

4.1.2.4 This represents investment in privately placed sukuk bonds issue with a term of six years. On September 03, 2011 i.e. the scheduled redemption date, profit redemption were not received by the Fund. The Management has recognised provision for impairment amounting to Rs. 9,891 thousand till September 30, 2011. The income suspended on these sukuk bonds amounted to Rs. 3,816 thousand.

NAFA ISLAMIC AGGRESSIVE INCOME FUND

(FORMERLY NAFA ISLAMIC INCOME FUND)

4.2 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 September 30, 2011	Investment as a percentage of		
	As at July 1, 2011	Purchases during the year	Sales / matured during the year	As at September 30, 2011		Net assets	Market value of total investments	Issue size
					(Rupees in '000)	-----%		
GOP Ijara Sukuk - issue date 07.03.2011	400	-	-	400	2,012	1.17	1.52	-
Total - September 30, 2011	400	-	-	400	2,012	1.17	1.52	
Carrying value of investments as at September 30, 2011					<u>2,005</u>			

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

Un-audited
September 30,
2011
Rupees in '000

Audited
June 30,
2011

5 PROFIT RECEIVABLE

Profit on savings deposits	569	577
Income accrued on sukuk bonds	47,052	42,380
Less: Suspended Income	(36,374)	(31,289)
	<u>10,678</u>	<u>11,091</u>
	<u><u>11,247</u></u>	<u><u>11,668</u></u>

6 ACCRUED EXPENSES AND OTHER LIABILITIES

Auditors' remuneration	372	252
Withholding tax payable	2	-
Bank charges payable	30	36
Payable to brokers	22	22
Charity payable	1	1
Provision for Workers' Welfare Fund	1,221	1,221
Printing charges payable	198	198
Rating fee payable	50	-
Others	296	296
	<u>2,192</u>	<u>2,026</u>

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

The Securities and Exchange Commission of Pakistan (SECP) vide circular no. 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the circular. The Management Company classified NAFA Islamic Aggressive Income Fund (the Fund) (Formerly NAFA Islamic Income Fund) as 'Shariah Compliant (Islamic) Scheme' and 'Aggressive Fixed Income Scheme' in accordance with the said circular. As at September 30, 2011, the Fund is compliant with all the requirements of the said circular except for clause 5(ii) which requires that rating of any security in the portfolio shall not be lower than investment grade.

NAFA ISLAMIC AGGRESSIVE INCOME FUND

(FORMERLY NAFA ISLAMIC INCOME FUND)

Name of non-compliant investment	Type of investment	Value of investment before provision	Provision held, if any	Value of investment after provision	Percentage of net assets	Percentage of gross assets
		Rupees in '000			%	
i) Investment in debt securities	a) New Allied Electronics - Sukuk - 1st issue	110,000	110,000	-	-	-
	b) New Allied Electronics - Sukuk - 2nd issue	4,905	4,905	-	-	-
	c) Maple Leaf Cement Factory Limited - Sukuk I	26,527	9,891	16,636	9.68	9.54
	d) Maple Leaf Cement Factory Limited - Sukuk II	995	995	-	-	-
	e) Kohat Cement Company Limited - Sukuk*	64,531	-	64,531	37.56	37.00
ii) Excess exposure	Kohat Cement Company Limited - Sukuk	64,531	-	64,531	37.56	37.00
	Construction and Material	92,053	10,886	81,167	47.25	46.53

* Performing but below investment grade

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

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 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.

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

Quarter Ended September 30, 2011	Quarter Ended September 30, 2010
----------------------------------------	----------------------------------------

Rupees in '000

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

NBP Fullerton Asset Management Limited - Management Company

Management fee expense for the period	869	968
Front end load for the period	-	5

National Bank of Pakistan - Sponsor

Cash Dividend	7,701	8,996
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Alexandra Fund Management Pte. Limited - Sponsor

Bonus units issued (1,805,634 units: September 30, 2010: 1,660,396 units)	-	-
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Central Depository Company of Pakistan Limited - Trustee

Trustee fee for the period	151	176
CDS charges	4	-

Employees of the Management Company

Units redeemed (Nil units: September 30, 2010: 439 units)	-	3
Bonus units issued (1,403 units: September 30, 2010: 1,536 units)	-	-

NAFA ISLAMIC AGGRESSIVE INCOME FUND

(FORMERLY NAFA ISLAMIC INCOME FUND)

	Un-audited September 30, 2011	Audited June 30, 2011
	Rupees in '000	
8.2 Amounts outstanding as at quarter end		
NBP Fullerton Asset Management Limited - Management Company		
Management fee payable	284	294
Others	45	39
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	49	49
CDS Charges	25	22
Security deposits	100	100
National Bank of Pakistan - Sponsor		
Investment held by the Sponsor in the Fund (7,500,000 units; June 30, 2011: 7,500,000 units)	54,639	61,843
Balance in current account	5	5
Alexandra Fund Management Pte. Limited - Sponsor		
Investment held by the Sponsor in the Fund (14,500,109 units; June 30, 2011: 12,694,476 units)	105,636	104,675
Employees of Management Company		
Investment held by the executives in the Fund (11,263 units; June 30, 2011: 9,860 units)	82	81

9 EARNING PER UNIT

Earning per unit (EPU) for the quarter ended September 30, 2011 has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

10. TAXATION

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

11. COMMITMENTS

There were no commitments as on September 30, 2011 and June 30, 2011.

12 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on October 27, 2011.

GENERAL

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

13.1 The bifurcation of undistributed income into realised and unrealised income at the beginning and end of the year as
13.2 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