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

NAFA INCOME OPPORTUNITY 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.

NAFA INCOME OPPORTUNITY FUND

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NAFA INCOME OPPORTUNITY 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

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
KASB Bank Limited
MCB Bank Limited
National Bank of Pakistan
NIB Bank Limited
SILK Bank Limited
Soneri Bank Limited
The Bank of Panjab
Summit Bank Limited
United Bank Limited
Samba Bank Limited
Burj Bank Limited
Al Baraka Bank Limited
Meezan Bank Limited
Sindh Bank Limited
Dubai Islamic Bank Pakistan Limited
Khushhali Bank Limited

NAFA INCOME OPPORTUNITY FUND

Auditors

Deloitte Yousuf Adil
Chartered Accountants
Cavish Court,
A-35, Block 7 & 8,
KCHSU, Sharae Faisal
Karachi-75350 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: 111-111NFA (111-111-632),
(Toll Free): 0800-20001,
Fax: (021) 35825329
Website: www.nafafunds.com

Lahore Office:

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

Islamabad Office:

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

Peshawar Office:

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 INCOME OPPORTUNITY FUND

DIRECTORS' REPORT

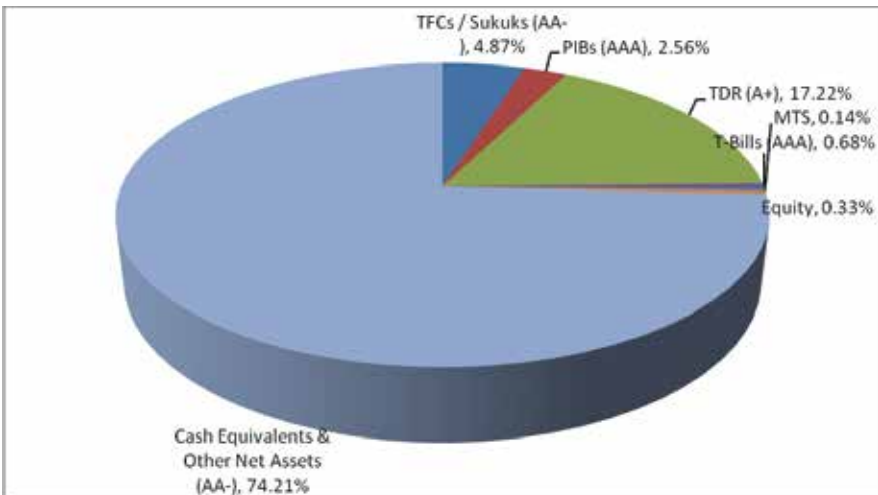
The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the unaudited financial statements of **NAFA Income Opportunity Fund (NIOF)** for the period ended March 31, 2016.

Fund's Performance

The size of NAFA Income Opportunity Fund has increased from Rs. 5,243 million to Rs. 10,744 million during the period, i.e. an increase of 104.9%. During the period, the unit price of the Fund has increased from Rs. 10.6960 (Ex - Div) on June 30, 2015 to Rs. 11.334 on March 31, 2016, thus showing a return of 7.91% as compared to the benchmark (6-Month KIBOR) return of 6.62% for the same period. The performance of the Fund is net of management fee and all other expenses.

NIOF is categorized as an Income Scheme and has been awarded stability rating of 'A(f)' by PACRA. 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. Sovereign securities responded to the loose monetary policy stance. The T-Bills yield declined by around 78 bps and PIB yield declined by 142 bps, 183 bps and 141 bps for 3year, 5 year 10 Year maturity respectively. On the corporate debt sphere, trading activity in TFCs remained depressed. Dearth of high credit quality corporate bonds issuance further depressed already paltry yields on the secondary market bonds. 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 to 3.2% in June 2015.

The Fund has earned total income of Rs.698.29 million during the period. After deducting expenses of Rs.142.54 million, the net income is Rs.555.75 million. The chart below presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NIOF.



NAFA INCOME OPPORTUNITY FUND

Acknowledgement

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

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

On behalf of the Board of
NBP Fullerton Asset Management Limited

Chief Executive

Director

Date: April 29, 2016
Place: Karachi.

NAFA INCOME OPPORTUNITY FUND

Condensed Interim Statement of Assets and Liabilities (Un-audited) As at 31 March 2016

	Note	Un-Audited March 31, 2016	Audited June 30, 2015
------(Rupees in '000)-----			
ASSETS			
Balances with banks		7,997,516	2,218,579
Receivable against Marginal Trading System		14,763	645,319
Investments	4	2,756,332	1,225,444
Deposits, prepayments and other receivables		483,748	465,269
Profit receivable		68,237	78,541
Receivable against conversion of units		2,201	1,216,046
Total assets		11,322,797	5,849,198
LIABILITIES			
Payable to Management Company		49,012	32,572
Payable to Central Depository Company of Pakistan Limited - Trustee		859	562
Payable to Securities and Exchange Commission of Pakistan		4,947	4,288
Dividend Payable	1	-	1,166
Payable against redemption of units		459,765	490,598
Accrued expenses and other liabilities		64,282	77,475
Total liabilities		578,865	606,661
Net assets		10,743,932	5,242,537
Unit holders' funds (as per statement attached)		10,743,932	5,242,537
Contingencies and commitments	5	(Number of units)	
Number of units in issue		947,980,160	453,547,333
Net asset value per unit		11.3335	11.5590

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA INCOME OPPORTUNITY FUND

Condensed Interim Income Statement (Un-audited) For the nine months and quarter ended 31 March 2016

Note	Nine Months Ended		Quarter Ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	------(Rupees in '000)-----			
INCOME				
Gain on sale of investments - net	10,905	13,657	(3,561)	1,821
Income from Marginal Trading system	29,437	19,105	3,239	18,903
Profit on bank deposits and term deposit receipts	344,180	122,304	162,091	54,640
Income from term finance certificates, sukuk bonds	85,788	121,111	26,579	34,771
Income from government securities	78,430	159,430	7,412	67,222
Income from money market placements	-	2,116	-	-
Net unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets at 'fair value through profit or loss'	19,972	103,493	9,636	36,439
Unrealized diminution on equity securities - listed (spread transactions)	-	-	25	-
Total income	568,712	541,216	205,421	213,796
EXPENSES				
Remuneration of Management Company	92,665	57,268	31,978	24,830
Sindh sales tax on management fee	15,049	9,965	5,194	4,321
Federal Excise Duty on remuneration to Management Company	14,826	9,163	5,117	3,973
Remuneration of Central Depository Company of Pakistan Limited - Trustee	5,818	3,819	2,120	1,553
Sales Tax on remuneration of Trustee	814	-	296	-
Allocated expenses	3,469	-	2,460	-
Annual fee - Securities and Exchange Commission of Pakistan	4,947	2,863	1,845	1,241
Annual listing fee	30	30	10	10
Brokerage and other transaction costs	205	300	30	40
Settlement charges and bank charges	4,005	2,068	693	1,623
Auditors' remuneration	394	631	109	228
(Reversal) / Impairment loss on investments classified as 'available for sale & held for trading'	(28,704)	45,717	(9,509)	(4,853)
Stability rating fee	190	133	28	-
Legal and professional charges	-	25	-	-
Other expenses	131	325	28	-
Total expenses	113,839	132,307	40,399	32,966
Net income from operating activities	454,873	408,909	165,022	180,830
Element of loss and capital losses included in prices of units issued less those in units redeemed- net	100,876	-	51,533	-
Provision for Workers' Welfare Fund	6	(8,178)	-	(3,616)
Net income for the period before taxation	555,749	400,731	216,555	177,214
Taxation	7	-	-	-
Net income for the period after taxation	555,749	400,731	216,555	177,214

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA INCOME OPPORTUNITY FUND

Condensed Interim Statement of Comprehensive Income (Un-audited) For the nine months and quarter ended 31 March 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 for the period after taxation	555,749	400,731	216,555	177,214
Net unrealised appreciation on re-measurement of investments classified as 'available for sale'	31,701	77,072	2,504	26,443
Total comprehensive income for the period	587,450	477,803	219,059	203,657

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA INCOME OPPORTUNITY FUND

Condensed Interim Distribution Statement (Un-audited) For the nine months and quarter ended 31 March 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	744,150	329,325	861,804	617,153
Final distribution for the year ended				
June 30, 2015 Rs.0.8675 (2014: Nil)	-	-	-	-
- Cash distribution	(237,655)	-	-	-
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' funds	21,076	212,092	4,961	147,781
Net income for the period after taxation	555,749	400,731	216,555	177,214
Undistributed income carried forward	<u>1,083,320</u>	<u>942,148</u>	<u>1,083,320</u>	<u>942,148</u>

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA INCOME OPPORTUNITY FUND

Condensed Interim Statement of Movement in Unit Holder's Fund (Un-audited) For the nine months and quarter ended 31 March 2016

	Nine Months Ended		Quarter Ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	------(Rupees in '000)-----			
Net assets at beginning of the period	5,242,537	4,352,570	9,476,226	5,419,122
Issue of 1,429,107,699 units including Nil bonus units (2015: 560,526,406 units including Nil bonus units)	15,783,598	6,271,120	4,288,948	3,829,501
Redemption of 934,674,872 units (2014: 320,963,743 units)	(10,531,122)	(3,551,354)	(3,188,768)	(1,902,141)
	5,252,476	2,719,766	1,100,180	1,927,360
Net element of income and capital gains included in prices of units -issued less those in units redeemed transferred Income Statement	(100,876)	-	(51,533)	-
Net element of income and capital gains included in prices of units -issued less those in units redeemed transferred to distribution Statement	(21,076)	(212,092)	(4,961)	(147,781)
	(21,076)	(212,092)	(4,961)	(147,781)
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'available for sale'	31,701	77,072	2,504	26,443
Net unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets at 'fair value through profit or loss'	19,972	103,493	9,636	36,439
Gain on sale of investments - net	10,905	13,657	(3,561)	1,821
Other operating income	524,872	283,581	210,480	138,954
Net income for the period after taxation	555,749	400,731	216,555	177,214
Distributions:				
Final distribution for the year ended June 30, 2015 Rs.0.8675 (2014: Nil)				
- Cash distribution	(237,655)	-	-	-
	(237,655)	-	-	-
Element of income and capital gains included in prices of units issued less those in units redeemed	21,076	212,092	4,961	147,781
Net assets as at end of the period	10,743,932	7,550,139	10,743,932	7,550,139

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA INCOME OPPORTUNITY FUND

Condensed Interim Cash Flow Statement (Un-audited) For the nine months and quarter ended 31 March 2016

	Nine Months Ended		Quarter Ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
------(Rupees in '000)-----				
CASH FLOW FROM OPERATING ACTIVITIES				
Net income for the period before taxation	555,749	400,731	216,555	177,214
Adjustments:				
Net unrealised (appreciation) / diminution in the fair value of investments classified as financial assets at 'fair value through profit or loss' - net	(19,972)	(103,493)	(9,636)	(36,439)
Gain on sale of investments - net	(10,905)	(13,657)	3,561	(1,821)
Impairment loss on investments classified as 'available for sale'	(28,704)	45,717	(9,509)	(4,853)
Unrealized diminution on equity securities - listed (spread transactions)	-	-	(25)	-
Element of loss and capital losses included in prices of units issued less those in units redeemed- net	(100,876)	-	(51,533)	-
	<u>395,292</u>	<u>329,298</u>	<u>149,413</u>	<u>134,101</u>
(Increase) / decrease in assets				
Receivable against Marginal Trading System	630,556	(493,922)	358,978	(256,227)
Investments - net	(1,439,606)	(1,385,475)	(498,878)	(1,667,773)
Deposits, prepayments and other receivables	(18,479)	(4,209)	(996)	(3,575)
Profit receivable	10,304	71,235	9,678	54,804
	<u>(817,225)</u>	<u>(1,812,371)</u>	<u>(131,218)</u>	<u>(1,872,771)</u>
Increase / (decrease) in liabilities				
Payable to Management Company	16,440	20,669	4,500	8,712
Payable to Central Depository Company of Pakistan Limited Trustee	297	222	30	160
Payable to Securities and Exchange Commission of Pakistan	659	1,046	1,845	1,241
Accrued expenses and other liabilities	(13,193)	(13,343)	(1,228)	(17,870)
	<u>4,203</u>	<u>8,594</u>	<u>5,147</u>	<u>(7,757)</u>
Net cash inflow from operating activities	<u>(417,730)</u>	<u>(1,474,479)</u>	<u>23,342</u>	<u>(1,746,427)</u>
CASH FLOW FROM FINANCING ACTIVITIES				
Net receipts against issue of units	16,997,443	6,271,120	4,286,747	3,829,501
Net payments against redemption of units	(10,561,955)	(3,198,570)	(3,170,567)	(1,536,500)
Distributions paid during the period	(238,821)	-	-	-
Net cash outflow from financing activities	<u>6,196,667</u>	<u>3,072,550</u>	<u>1,116,180</u>	<u>2,293,001</u>
Net decrease in cash and cash equivalents during the period	<u>5,778,937</u>	<u>1,598,071</u>	<u>1,139,522</u>	<u>546,574</u>
Cash and cash equivalents at beginning of the period	2,218,579	1,407,789	6,857,994	2,459,286
	<u>7,997,516</u>	<u>3,005,860</u>	<u>7,997,516</u>	<u>3,005,860</u>

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA INCOME OPPORTUNITY FUND

Notes to and forming part of the Condensed Interim Financial information (Unaudited) For the nine months and quarter ended 31 March 2016

1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Income Opportunity 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 11 February 2006 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 30 January 2006 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. The Trust Deed was amended through first supplemental trust deed executed for the change of name and categorisation of the Fund as an Income Scheme as per the criteria for categorisation of open end collective investment scheme as specified by Securities and Exchange Commission of Pakistan (SECP) and other allied matters.

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

The Fund is an open-ended mutual fund and is listed on the Lahore Stock Exchange. Units 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 seek maximum preservation of capital and a reasonable rate of return. The principal activity of the Fund is to make investments in money market and debt securities having a good credit rating and liquidity subject to the guidelines prescribed by SECP. Other avenues of investments include ready future arbitrage in listed securities and transactions under Continuous Funding System.

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 funds.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information for the nine months period ended 31 March 2016 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.

The disclosures made in this condensed interim financial information have been limited based on the requirements of International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published financial statements of the Fund for the year ended June 30, 2015.

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

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements for the year ended June 30, 2015.

NAFA INCOME OPPORTUNITY FUND

Note	(Un-audited)	(Audited)
	March 31, 2016	June 30, 2015
(Rupees in '000)		
INVESTMENTS		
Financial assets 'at fair value through profit or loss' - held for trading		
	275,463	147,343
	73,088	120,620
	-	-
	474,074	480,843
	<u>822,625</u>	<u>748,806</u>
Available for sale		
	35,068	31,109
	-	65,400
	-	235,907
	48,639	144,222
	<u>83,707</u>	<u>476,638</u>
Loans and receivable		
	-	-
	<u>1,850,000</u>	<u>-</u>
	<u>1,850,000</u>	<u>-</u>
	<u>2,756,332</u>	<u>1,225,444</u>

4.1 Equity securities - listed

Name of the investee company	Number of shares				Market value / Carrying value as at March 31, 2016	Investment as a percentage of	
	As at July 01, 2015	Purchases during the period	Sales during the period	As at March 31, 2016		Market value of net assets	Market value of total investments
SHARES OF LISTED COMPANIES - Fully paid ordinary shares of Rs.10 each unless stated otherwise						Rupees in '000	
Fully paid ordinary shares of Rs 10 each						-----%-----	
Textile composite							
Azgard Nine Limited - Non-voting	308	-	-	308	-	-	-
Cost of investment before fair value adjustment as at 31 March 2016						13	
Impairment loss						13	

4.2.1 Equity securities - listed (spread transactions) - at fair value through profit or loss - held for trading

The movement in equity securities represent spread transactions entered into by the Fund. The Fund purchases equity securities in ready market and sells them in future market on the same day, resulting in spread income due to difference in ready and future stock prices. This way the Fund has no open exposure to the stock market.

Name of the investee company	Number of shares				Market value as at March 31, 2016	Investment as a percentage of		
	As at July 01, 2015	Purchases during the period	Sales during the period	As at March 31, 2016		Net assets	Market value of total investments	Paid up capital of the investee company
SHARES OF LISTED COMPANIES - Fully paid ordinary shares of Rs.10 each unless stated otherwise						Rupees in '000		
All the holding are in shares of Rs. 10/- each unless otherwise stated						-----%-----		
Construction & Materials	-	19,500	19,500	-	-	0.00%	0.00%	0.00%
D.G Khan Cement Company Limited	-	82,500	82,500	-	-	0.00%	0.00%	0.00%
Maple Leaf Cement Factory Limited	-	1,500	1,500	-	-	0.00%	0.00%	0.00%
Pioneer Cement Limited	-	17,500	17,500	-	-	0.00%	0.00%	0.00%
Lucky Cement	-	71,000	71,000	-	-	0.00%	0.00%	0.00%
Fauji Cement Company Ltd.	-	-	-	-	-	0.00%	0.00%	0.00%
Bank								
United Bank Limited	-	2,000	2,000	-	-	0.00%	0.00%	0.00%
Chemicals								
Engro Fertilizers Limited	-	83,000	83,000	-	-	0.00%	0.00%	0.00%
Engro Corporation Limited	-	10,000	10,000	-	-	0.00%	0.00%	0.00%
Fauji Fertilizer Company Limited	-	43,000	43,000	-	-	0.00%	0.00%	0.00%
Oil & Gas								
Oil & Gas Development Company Limited	-	17,500	17,500	-	-	0.00%	0.00%	0.00%
Pakistan Petroleum Limited	-	38,500	38,500	-	-	0.00%	0.00%	0.00%
Pakistan State Oil Company Limited	-	36,000	36,000	-	-	0.00%	0.00%	0.00%
Personal goods								
Nishat Mills Limited	-	40,000	40,000	-	-	0.00%	0.00%	0.00%
Unrealized loss on future contracts						-		
Net market value						-		
Cost of investments as at March 31, 2016						-		

NAFA INCOME OPPORTUNITY FUND

4.2 Government Securities

Name of the investee company	Tenor	Face value				Market value as at March 31, 2016	Investment as a percentage of	
		As at July 01, 2015	Purchases during the period	Sales during the period	As at March 31, 2016		Market value of total investments	Paid up capital of the investee company
SHARES OF LISTED COMPANIES - Fully paid ordinary shares of Rs.10 each unless stated otherwise						Rupees in '000	-----%-----	
Market Treasury Bills								
08 July 2015	12 Months	125,000	-	125,000	-	-	-	-
05 March 2015	6 Months	-	50,000	50,000	-	-	-	-
16 April 2015	6 Months	-	1,000,000	1,000,000	-	-	-	-
28 May 2015	3 Months	-	168,000	168,000	-	-	-	-
06 August 2015	3 Months	-	150,000	150,000	-	-	-	-
06 August 2015	6 Months	-	100,000	100,000	-	-	-	-
06 August 2015	12 Months	-	900,000	900,000	-	-	-	-
14 May 2015	6 Months	-	100,000	100,000	-	-	-	-
20 August 2015	12 Months	-	3,345,000	3,345,000	-	-	-	-
03 September 2015	12 Months	-	2,628,000	2,553,000	75,000	73,088	0.68%	2.65%
20 August 2015	6 Months	-	5,500	5,500	-	-	-	-
						73,088	0.68%	2.65%
Cost of investment before fair value adjustment as at 31 March 2016						73,069		
Pakistan Investment Bonds (PIB)								
22 July 2010	10 years	100,000	-	-	100,000	118,675	1.10%	4.31%
19 July 2010	3 years	35,000	-	35,000	-	-	0.00%	0.00%
26 March 2015	3 years	-	400,000	250,000	150,000	156,788	1.46%	5.69%
						275,463	2.56%	9.99%
Cost of investment before fair value adjustment as at 31 March 2016						264,994		

4.3 Term finance certificates & Sukuk Bonds - At fair value through profit or loss - held for trading

4.3.1 All term finance certificates have a face value of Rs 5,000 each.

Name of the investee company	Number of certificates				Market value / Carrying value as at 31 March 2016	Investment as a percentage of		
	As at July 01, 2015	Purchases during the period	Sales during the period	As at March 31, 2016		Market value of total investments	Paid up capital of the investee company	
Term finance certificates								
Bank Alfalah Limited - V	32,550	-	-	32,550	166,415	1.55%	6.04%	
Jahangir Siddiqui and Company Limited II	18,400	-	-	18,400	22,723	0.21%	0.82%	
Jahangir Siddiqui and Company Limited III	15,000	-	-	15,000	64,700	0.60%	2.35%	
Pace (Pakistan) Limited (note 4.3.4)	30,000	-	-	30,000	-	0.00%	0.00%	
Saudi Pak Leasing Company Limited (note 4.3.3)	15,000	-	-	15,000	-	0.00%	0.00%	
K-Electric Azm Sukuk	43,120	-	-	43,120	220,235	2.05%	7.99%	
						474,074		
Carrying value as at 31 March 2016						655,731		
Provision for impairment losses as at 31 March 2016						191,141		

4.3.2 Fair value of 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) as at 31 March 2016.

4.3.3 This represents investment in term finance certificates with original term of nine years. On October 13, 2011 the investee company defaulted on its obligation on account of principal and profit payment. The investee company rescheduled its term on December 26, 2011 with a new maturity in March 2017. The said TFCs complied with repayment terms since it was rescheduled and had been reclassified as performing as per criteria defined in circular no. 1 of 2009. However, the investee company again defaulted on its obligation on account of principal and profit payment for the month of April 2014 and was therefore declared as Non-performing Asset (NPA) since April 30, 2014. The amount of provision as per circular no. 1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circular.

4.3.4 This represents investment in listed term finance certificates with a term of five years. The investee company had defaulted on its obligation on account of principal and profit payment and accordingly has been classified as NPA by MUFAP since September 5, 2011. The amount of provision as per circular 1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circular.

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4.4 Equity Securities - available for sale

Equity securities - listed

Name of the investee company	Number of shares				Market value as at March 31, 2016	Investment as a percentage of		
	As at July 01, 2015	Purchases during the period	Sales during the period	As at March 31, 2016		Market value of net assets	Market value of total investments	Paid up capital of the investee company
Rupees in '000						-----%-----		
Fully paid ordinary shares of Rs 10 each Chemicals								
Agritech Limited (note 4.5.3)	4,040,090	-	-	4,040,090	35,068	0.33%	1.27%	1.03%
					<u>35,068</u>			
Carrying value as at 31 March 2016					<u>49,693</u>			
Provision for impairment losses as at 31 March 2016					<u>18,584</u>			

4.4.1 This represents shares received in partial settlement against TFC of Azgard Nine limited as explained in note 4.5.3. These shares have been marked to market at prevailing market price as of 31 March 2013 after obtaining approval from Securities and Exchange Commission of Pakistan.

4.5 Term finance certificates and sukuk bonds - Available for sale

Name of the investee company	Number of certificates				Market value / Carrying value as at 31 March 2016	Investment as a percentage of	
	As at July 01, 2015	Purchases during the period	Sales during the period	As at March 31, 2016		Market value of total investments	Paid up capital of the investee company
Rupees in '000						-----%-----	
Term finance certificate - listed							
Worldcall Telecom Limited (note 4.5.2)	45,000	-	-	45,000	-	-	-
Allied Bank Limited	13,400	-	13,400	-	-	-	-
				<u>45,000</u>	-	-	-
Term finance certificate - unlisted							
Azgard Nine Limited III (note 4.5.3.1)	50,000	-	-	50,000	-	-	-
Azgard Nine Limited V (note 4.5.3.1)	16,436	-	-	16,436	-	-	-
Dewan Cement Limited (note 4.5.4)	30,000	-	-	30,000	-	-	-
New Allied Electronics Industries (Private) Limited (note 4.5.7)	15,000	-	-	15,000	-	-	-
Engro Chemical Pakistan Limited - PRP I	46,370	-	46,370	-	-	-	-
Agritech Limited I (note 4.5.5)	30,000	-	-	30,000	-	-	-
Agritech Limited V (note 4.5.6)	6,464	-	-	6,464	-	-	-
				<u>147,900</u>	-	-	-
Sukuk bonds							
New Allied Electronics Industries (Private) Limited (note 4.5.7)	9,000	-	-	9,000	-	-	-
Eden Housing Limited (note 4.5.8)	9,200	-	-	9,200	-	-	-
Kohat Cement Company Limited (note 4.6.1)	50,000	-	-	50,000	-	-	-
Maple Leaf Cement Factory Limited	80,000	-	-	80,000	48,639	0.45%	1.76%
Pak Elektron Limited (note 4.5.9)	24,000	-	-	24,000	-	-	-
BRR Guardian Modaraba (note 4.6)	10,000	-	-	10,000	-	-	-
				<u>182,200</u>	<u>48,639</u>		
Carrying value as at 31 March 2016					<u>48,639</u>		
Provision for impairment losses as at 31 Marh 2016					<u>760,707</u>		
					<u>739,810</u>		

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

4.5.1.1 Fair value of all performing listed term finance certificates classified as available for sale is determined using rates notified by the Mutual Funds Association of Pakistan (MUFAP) as at 31 March 2015.

4.5.2 This represents investment in listed term finance certificates of Worldcall Telecom Limited. On April 07, 2012, the investee company defaulted on its obligation on account of principal and profit payment. The amount of provision required as per SECP circular no. 1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circular.

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- 4.5.3 On 12 April 2012, a share transfer and debt swap agreement was entered into between the Financial Institutions and Azgard Nine Limited (the issuer), whereby the issuer agreed to transfer its entire holding in Agritech Limited to the existing lenders / creditors, including the Term Finance Certificate (TFC) holders at the agreed settlement price, in partial settlement of the outstanding principal / redemption obligations. As part of the above arrangement, the Fund settled its investment in TFC of Azgard Nine Limited amounted to Rs. 141,403,150 in consideration of 4,040,090 ordinary shares of Agritech Limited against the partial settlement of its outstanding exposure. The fair value of an ordinary share was Rs. 12.30 at settlement date i.e. 31 October 2012.
- 4.5.3.1 These zero coupon privately placed term finance certificates (PPTFCs) were issued against the interest receivable on TFCs of Azgard Nine Limited (disclosed in note 6.5.3) under an agreement dated 28 June 2012 between the Management Company of the Company and Azgard Nine Limited. These PPTFCs are issued against the non performing securities, therefore the management, as a matter of prudence has recognised the above PPTFCs at nil value. The principal outstanding against these PPTFCs is to be redeemed in seven equal semi-annual instalments starting from 31 March 2014 and will mature on 31 March 2017. These PPTFCs have been classified as Non Performing Asset by MUFAP on 07 December 2012.
- 4.5.4 The Fund had advanced an amount of Rs 150 million in respect of Pre-IPO placement of Dewan Cement Limited (DCL) under an agreement, which required public offering to be completed within 270 days of the date of agreement (which was 09 January 2008). DCL failed to complete the public offering within the said time period and has also defaulted in payment of principal and profit. The investment has been fully provided.
- 4.5.5 Agritech Limited defaulted in payment of principal and mark-up due on 30 May 2010. The investment has been fully provided.
- 4.5.6 This represents investment in privately placed term finance certificates of Agritech V received against due markup of Agritech I. The management has classified these PPTFC's as non-performing. The investment has been fully provided.
- 4.5.7 These represent investments in privately placed term finance certificate (Term: 4 years) and sukuk bond (Term: 5 years) of the investee company. The investee company had defaulted on its obligation on account of principal and profit payment and accordingly has been classified as NPA by MUFAP. The amount of provision as per circular 1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circular.
- 4.5.8 This represents investment in privately placed sukuk bonds issue with a term of five years. On 6 May 2011, these Sukuks were classified as non-performing by MUFAP. Accordingly he Fund has valued these sukuks at the price lower than the last price quoted by MUFAP. Although the Fund has received all installments due as per restructured term with certain delays, accrual of profit has been suspended and all income has been recognised on receipt basis.
- 4.5.9 This represents investment in privately placed sukuk bonds. The issuer defaulted on payment of principal and profit to certain sukuk holders due to which it was rated as 'Defaulter' by the MUFAP. The amount of provision as per circular no 1 of 2009 and circular 33 of 2012 has been maintained by valuing the investment in terms of the said circular.
- 4.6 This represents investment in privately placed sukuk bonds. On September 30, 2014 i.e. the scheduled redemption date, principal and redemption amount were not received by the Fund. The investment has been fully provided.
- 4.6.1 This represent investment in sukuk bonds with original term of five years from December 20, 2007 to December 20, 2012, the tenor of the sukuk bond was extended by 2.5 years, by virtue of the agreement between Kohat Cement Company Limited and National Bank of Pakistan acting as trustee for the certificate holders, and a schedule of rental payment was agreed, however the issuer defaulted on rental payment that was due on September 20, 2011 as per the schedule. A new agreement dated December 16, 2011 was signed, which restructured the rental payment plan, the certificate has been matured however the rentals are being received as per the revised rental payment schedule.

5 CONTINGENCY AND COMMITMENT

There were no contingencies and commitments outstanding as at 31 March 2016.

6 PROVISION FOR WORKERS' WELFARE FUND

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

During the year ended June 30, 2012, the Honourable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008, had declared the said amendments as unlawful and unconstitutional. In March 2013, a larger bench of the Honourable Sindh High Court (SHC) passed an order declaring that the amendments introduced in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 do not suffer from any constitutional or legal infirmity. However, the Honourable High Court of Sindh has not addressed the other amendments made in the WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before the Court. In a recent judgment, the Peshawar High Court (PHC) has also held these amendments to be ultra vires as they lacked the essential mandate to be introduced and passed through the Money Bill under the Constitution. Without prejudice to the above, the Management Company, as a matter of abundant caution, has decided to retain the provision for WWF amounting to Rs 31.218 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 Rs. 0.0328 per unit.

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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 31 March 2016 has not been reversed as the above law suit is still pending before the Sindh High Court (SHC).

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 atleast 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 DETAILS OF NON-COMPLIANT INVESTMENT WITH THE INVESTMENT CRITERIA AS SPECIFIED BY THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

The Securities and Exchange Commission of Pakistan vide circular no. 7 of 2009 dated 6 March 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the circular. The Board has approved the category of the Fund as 'Income Fund'.

In accordance with clause (iii) of the investment criteria laid down for 'Income Schemes', the Fund is required to invest atleast 25% of the net assets in cash and near cash instruments which include cash in bank accounts (excluding TDRs), treasury bills not exceeding 90 days maturity. Clause (v) of the categorization criteria requires that the ratings of any security in the portfolio of the Fund shall not be lower than investment grade. However, as at 31 March 2015, the Fund is in non-compliance with the above-mentioned requirement in respect of the following:

Type of Investment	Name of non-compliant 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	-----%-----	
Investment in Debt securities and Sukuks**	Azgard Nine Limited III	108,377	108,377	-	-	-
	Azgard Nine Limited V	82,180	82,180	-	-	-
	Agritech Limited I	149,860	149,860	-	-	-
	Agritech Limited V	32,320	32,320	-	-	-
	Saudi Pak Leasing Company Limited** *	41,321	41,321	-	-	-
	New Allied Electronics Industries (Private) Limited - TFC	31,707	31,707	-	-	-
	New Allied Electronics Industries (Private) Limited - Sukuk	44,149	44,149	-	-	-
	Dewan Cement Limited - TFC	150,000	150,000	-	-	-
	Pace Pakistan Limited	149,820	149,820	-	-	-
	Eden Housing - Sukuk II	9,056	9,056	-	-	-
	BRR Guardian Modaraba - Sukuk ***	26,563	26,563	-	-	-
	Pak Elektron Limited	17,143	17,143	-	-	-
	Worldcall Telecom Limited	88,456	88,456	-	-	-
Equity Exposure	Azgard Nine Ltd. (Non-voting Ord.Sahres)	13	13	-	-	-
	Agritech Limited	49,693	19,392	30,301	0.28	0.27

** At the time of purchase, the TFCs and Sukuks were in compliance with the aforementioned circular. However, they subsequently defaulted or were downgraded to non investment grade.

*** Performing but below investment grade.

9 TRANSACTIONS WITH CONNECTED PERSONS

9.1 Connected persons include NBP Fullerton Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan 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.

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

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

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

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9.5 Transactions during the period

	----- (Un-audited) -----			
	Nine Month Ended		Quarter Ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
----- (Rupees in '000) -----				
NBP Fullerton Asset Management Ltd.				
(Management Company)				
Remuneration expense for the period	92,665	57,268	31,978	24,830
Sindh Sales Tax on management remuneration	15,049	9,965	5,194	4,321
Federal Excise Duty on management remuneration	14,826	9,163	5,117	3,973
Front-end load	3,636	2,064	909	1,370
Sindh Sales Tax on Front-end load	576	-	576	-
Federal Excise Duty on front-end load	566	-	566	-
National Bank of Pakistan - Sponsor				
Cash dividend	1,166	-	-	-
Purchase of T-Bill	244,350	244,350	244,350	-
NBP Employees Pension Fund				
Units issued 5,485,295 units	59,127	-	-	-
NBP Employees Benevolent Fund Trust				
Dividend re-invest 189 units (2015: Nil units)	2	-	-	-
Summit Bank Limited				
Term deposit receipts	1,964	-	1,964	-
Central Depository Company of Pakistan Limited				
Remuneration expense for the period	5,818	3,819	2,120	1,553
Sales Tax on remuneration of the Trustee	814	-	296	-
CDS Charges	540	374	91	212
Employees of NAFA				
Units Issued 7,093,537 units (2015:3,717,537 units)	78,001	41,123	18,860	16,962
Units Redeemed 7,383,393 units (2015: 2,850,380 units)	83,345	31,594	18,662	13,233
Dividend re-invest 22,582 units (2015: Nil units)	243	-	-	-
CDC Trustee NAFA Income Fund				
Purchase of Market Treasury Bill	45,738	-	-	-
CDC Trustee NAFA Government Securities Liquid Fund				
Purchase of T-Bill	4,780	-	-	-
Sale of T-Bill	-	239,491	-	239,491
CDC Trustee NAFA Financial Sector Income Fund				
Purchase of T-Bill	94,338	26,485	-	26,485
Cherat Cement Company Ltd.				
Units issued / transferred in: 14,550,860 units (2015: 22,593,968 units)	164,672	250,000	-	-
Units redeemed / transferred out: 14,550,860 units (2015: 4,483,903 units)	165,230	50,000	-	-

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9.6 Balances outstanding as at period / year end

	As at Mar 31, 2016 Un-Audited	As at June 30, 2015 Audited
	------(Rupees in '000)-----	
NBP Fullerton Asset Management Limited.		
Remuneration payable to management company	11,506	9,304
Sind sales tax on management fee	1,867	1,619
Federal excise duty on management fee	34,004	19,178
Sales Load payable	270	1,469
Sales Tax on sales load	52	256
FED on sales load	1,313	746
Allocated expenses payable	3,469	1,415
National Bank of Pakistan - Sponsor		
Cash dividend payable	-	1,166
Payable against redemption of units	-	46,478
Balances in account	3,196	6,326
Employees of NAFA		
Investment held in the Fund: 2,818,527 units (June 30, 2015: 3,085,800)	31,944	35,669
Central Depository Company of Pakistan Limited		
Remuneration payable	753	562
Sales Tax on remuneration of the Trustee	106	-
CDC charges payable	47	56
Security deposit	100	100
NBP Employees Pension Fund		
Investment held in the Fund: 73,642,693 units (June 30, 2015: 68,157,398 units)	834,629	787,831
Cash dividend payable	-	19,282
NBP Employees Benevolent Fund Trust		
Investment held in the Fund: 2,537 units (June 30, 2015: 2,348 units)	-	28
Cash dividend payable	-	1
Summit Bank Limited		
Balances in account	20,519	7,196
Cash dividend payable	-	297
NAFA Asset Allocation fund		
Net receivable against conversion of units	-	3,404
NAFA Financial Sector Income Fund		
Net receivable against conversion of units	-	297,013
NAFA Government Securities Liquid Fund		
Net payable against conversion of units	-	1,531
NAFA Islamic Aggressive Income Fund		
Payable against conversion of units	-	544
NAFA Islamic Stock Fund		
Net receivable against conversion of units	-	733
NAFA Multi Asset Fund		
Payable against conversion of units	-	1,136
NAFA Money Market Fund		
Net receivable against conversion of units	-	824,969
NAFA Riba Free Savings Fund		
Receivable against conversion of units	-	1,794
NAFA Income Fund		
Net receivable against conversion of units	-	30,000
NAFA Savings Plus Fund		
Net receivable against conversion of units	-	58,133

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10 DATE OF AUTHORISATION FOR ISSUE

- 10.1 These condensed interim financial statements were authorised for issue on April 29, 2016 by the Board of directors of the Management Company.
- 10.2 The bifurcation of undistributed income into realised and unrealised income at the beginning and end of the year 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

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