



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

## NAFA INCOME OPPORTUNITY FUND

**QUARTERLY  
REPORT**  
**March  
31 2017**




*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

## Contents

FUND'S INFORMATION	03
DIRECTORS' REPORT	05
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES	09
CONDENSED INTERIM INCOME STATEMENT	10
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME	11
CONDENSED INTERIM DISTRIBUTION STATEMENT	12
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND	13
CONDENSED INTERIM CASH FLOW STATEMENT	14
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS	15

# 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. Amir Sattar	Director
Mr. Abdul Hadi Palekar	Director
Mr. Foo Chiah Shiung (Kelvin Foo)	Director
Mr. Lui Mang Yin (Martin Lui)	Director
Mr. Kamal Amir Chinoy	Director
Mr. Shehryar Faruque	Director
Mr. Humayun Bashir	Director

### Company Secretary & COO

Mr. Muhammad Murtaza Ali

### Chief Financial Officer

Mr. Khalid Mehmood

### Audit & Risk Committee

Mr. Shehryar Faruque	Chairman
Mr. Foo Chiah Shiung (Kelvin Foo)	Member
Mr. Amir Sattar	Member

### Human Resource and Remuneration Committee

Mr. Kamal Amir Chinoy	Chairman
Mr. Lui Mang Yin (Martin Lui)	Member
Mr. Abdul Hadi Palekar	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  
Al Baraka Islamic Bank Limited  
Al Baraka Bank Limited  
Meezan Bank Limited  
Sindh Bank Limited  
Dubai Islamic Bank Pakistan Limited  
Khushhali Bank Limited  
Bankislami Pakistan Limited  
Zarai Taraqiat Bank Limited  
Tameer Micro Finance 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, 2017.

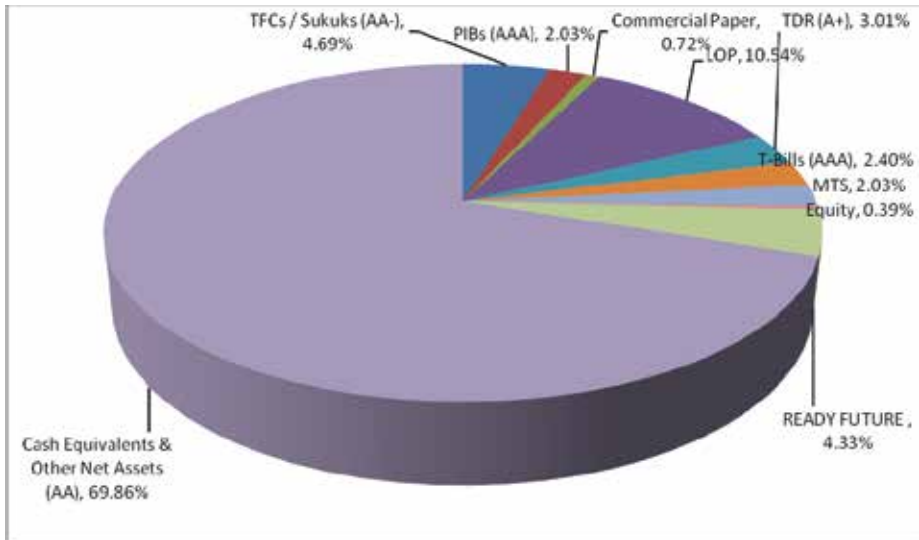
### Fund's Performance

The size of NAFA Income Opportunity Fund has increased from Rs. 6,274 million to Rs. 14,349 million during the period (i.e. an extraordinary growth of 129%). During the period, the unit price of the Fund has increased from Rs. 10.7016 on June 30, 2016 to Rs. 11.2327 on March 31, 2017, thus showing a return of 6.6% as compared to the benchmark return of 6.1% 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, State Bank of Pakistan (SBP) maintained the discount rate and policy rate at 6.25% and 5.75% respectively. The improved interbank liquidity conditions (due to net government retirement and increase in bank deposits) were well calibrated through the open market operations – keeping the weighted average overnight repo rate close to the policy rate. However, long-term sovereign yields witnessed an average increase of around 60 basis points, indicating investors' demand for higher term premium. CPI on year-on-year basis was recorded at 4.01% in 9MFY17 as compared to 2.64% in corresponding period last year.

Overall trading activity in corporate debt securities was recorded at Rs. 7.8 billion. The trades were primarily concentrated in Banking sector TFCs.

The Fund has earned total income of Rs.840.593 million during the period. After deducting expenses of Rs.189.265 million, the net income is Rs.651.328 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 28, 2017  
Place: Karachi.

# NAFA INCOME OPPORTUNITY FUND

## ڈائریکٹرز رپورٹ

NBP فلٹرن ایسیٹ منجھٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز صدر مسرت 31 مارچ 2017ء کو ختم ہونے والی مدت کے لیے NAFA انکم آپرچونٹی فنڈ (NIOF) کے غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

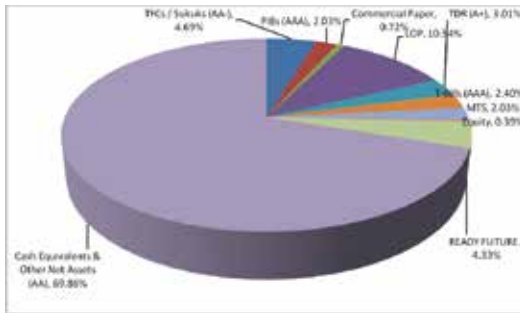
### فنڈ کی کارکردگی

NAFA انکم آپرچونٹی فنڈ (NIOF) کا فنڈ سائز اس مدت کے دوران 6,274 ملین روپے سے بڑھ کر 14,349 ملین روپے ہو گیا ہے یعنی 129% کا غیر معمولی اضافہ۔ اس مدت کے دوران فنڈ کے یونٹ کی قیمت 30 جون 2016ء کو 10.7016 روپے سے بڑھ کر 31 مارچ 2017ء کو 11.2327 روپے ہو چکی ہے اور اس طرح اپنے بیچ مارک منافع کے 6.1% منافع کے مقابلے میں 6.6% اضافہ دکھایا ہے۔ فنڈ کی کارکردگی منجھٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

NIOF کی درجہ بندی بطور ایک انکم اسکیم کی گئی ہے اور اسے PACRA کی طرف سے A-(f) کی اسٹیٹیلیٹی ریٹنگ دی گئی ہے۔ زیر جائزہ مدت میں اسٹیٹ بینک آف پاکستان (SBP) نے ڈسکاؤنٹ ریٹ اور پالیسی ریٹ بالترتیب 6.25% اور 5.75% کی شرح پر برقرار رکھا۔ بہتر انٹریٹ سیالیت کی صورتحال (نیٹ گورنمنٹ ریٹائرمنٹ اور بینک ڈپازٹس میں اضافہ کے سبب) کی قدر و قیمت کا اوپن مارکیٹ آپریشنز کے ذریعہ بہتر تعین کیا گیا۔ جبکہ ریپو کے ریٹ کی شرح کی قدر کو پالیسی ریٹ سے قریب تر رکھا گیا۔ تاہم طویل المعیاد بہترین نتائج میں تقریباً 60 بنیادی پوزیشنز کا اوسط اضافہ ہوا، جس سے سرمایہ کاروں کی زیادہ مدت کے پیمائش کی طلب کا مظاہرہ ہوا۔ مالی سال 2017ء کے نو ماہ میں سال بہ سال بنیاد پر CPI 4.01% ریکارڈ کیا گیا جو گزشتہ سال اسی مدت میں 2.64% تھا۔

مجموعی طور پر کارپوریٹ ڈیٹ سیکورٹیز کی تجارتی سرگرمیاں 7.8 بلین روپے رہیں۔ تجارت میں ابتدائی توجہ بینکنگ کے شعبے TFCs پر رہی۔

فنڈ نے اس مدت کے دوران 840.593 ملین روپے کی مجموعی منافع دیا۔ 189.265 ملین روپے اخراجات منہا کرنے کے بعد خالص منافع 651.328 ملین روپے ہے۔ درج ذیل چارٹ NIOF کی ایسیٹ ایلوکیشن اور اس کے ذیلی اثاثوں کے تمام درجوں کی پیمائش شدہ اوسط کریڈٹ ریٹنگ پیش کرتا ہے۔





# NAFA INCOME OPPORTUNITY FUND

## اظہارِ تشکر

بورڈ اس موقع کا فائدہ اٹھاتے ہوئے منجمنٹ کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابلِ قدر یونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان سے بھی ان کی سرپرستی اور رہنمائی کے لیے پُر خلوص اظہارِ تشکر کرتا ہے۔ بورڈ اپنے اسٹاف اور ڈسٹری بیوٹرز کی طرف سے محنت، لگن اور عزم کے مظاہرے پر اپنا خراجِ تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

NBP فلٹرن ایسیٹ منجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

بتاریخ

28 اپریل 2017ء

مقام: کراچی

# NAFA INCOME OPPORTUNITY FUND

## Condensed Interim Statement of Assets and Liabilities As at 31 March 2017

	Note	31 March 2017 (Un-audited)	30 June 2016 (Audited)
(Rupees in '000)			
<b>ASSETS</b>			
Balances with banks		9,283,248	7,112,317
Receivable against Marginal Trading System		269,922	109,868
Investments	4	3,734,758	1,726,628
Deposits, prepayments and other receivables		12,684	484,545
Dividend and profit receivable		72,387	66,079
Receivable against sale of investment		1,083,753	-
Receivable against sale of units		4,840	-
<b>Total assets</b>		<b>14,461,592</b>	<b>9,499,437</b>
<b>LIABILITIES</b>			
Payable to Management Company		69,270	58,866
Payable to Central Depository Company of Pakistan Limited - Trustee		1,713	741
Payable to Securities and Exchange Commission of Pakistan		6,987	6,836
Payable against redemption of units		3,241	-
Accrued expenses and other liabilities		31,227	3,158,771
<b>Total liabilities</b>		<b>112,438</b>	<b>3,225,214</b>
<b>Net assets</b>		<b>14,349,154</b>	<b>6,274,223</b>
<b>Unit holders' funds (as per statement attached)</b>		<b>14,349,154</b>	<b>6,274,223</b>
<b>Contingencies and commitments</b>	8	(Number of units)	
<b>Number of units in issue</b>		<b>1,277,445,157</b>	<b>586,288,408</b>
<b>Net asset value per unit</b>		<b>11.2327</b>	<b>10.7016</b>

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 period and quarter ended 31 March 2017

Note	Nine Month Ended		Quarter ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
----- Rupees in '000 -----				
<b>INCOME</b>				
	423	10,905	423	(3,561)
Gain on sale of investments - net	37,822	29,437	12,198	3,239
Income from Marginal Trading system	512,299	344,180	165,524	162,091
Profit on bank deposits and term deposit receipts	44,858	85,788	15,573	26,579
Income from term finance certificates, sukuk bonds	43,112	78,430	22,466	7,412
Income from government securities	57,889	-	16,879	-
Dividend income on spread transactions	5,510	-	5,510	-
Income from money market placements	13,750	-	34,435	-
Income from spread transactions				
Net unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets at 'fair value through profit or loss'	(1,750)	19,972	(1,355)	9,661
Reversal of provision for Workers' Welfare Fund	31,218	-	31,218	-
<b>Total income</b>	<b>745,131</b>	<b>568,712</b>	<b>302,871</b>	<b>205,421</b>
<b>EXPENSES</b>				
	121,101	92,665	45,217	31,978
Remuneration of Management Company	15,743	15,049	5,878	5,194
Sindh sales tax on management fee	-	14,826	-	5,117
Federal Excise Duty on remuneration to Management Company				
Remuneration of Central Depository Company of Pakistan Limited - Trustee	7,722	5,818	2,829	2,120
Sales Tax on remuneration of Trustee	1,004	814	368	296
Accounting and operational charges to management company	9,315	3,469	3,478	2,460
Annual fee - Securities and Exchange Commission of Pakistan	6,986	4,947	2,608	1,845
Annual listing fee	41	30	13	10
Brokerage and other transaction costs	12,115	205	8,498	30
Settlement charges and bank charges	7,071	4,005	2,709	693
Printing charges	75	-	25	-
Auditors' remuneration	423	394	50	109
(Reversal) / Impairment loss on investments classified as 'available for sale & held for trading'	(10,422)	(28,704)	(1,948)	(9,509)
Stability rating fee	261	190	90	28
Legal and professional charges	6	-	6	-
Other expenses	-	131	-	28
Provision for Sindh Workers' Welfare Fund- previous years	4,532	-	4,532	-
<b>Total expenses</b>	<b>175,973</b>	<b>113,839</b>	<b>74,353</b>	<b>40,399</b>
<b>Net income from operating activities</b>	<b>569,158</b>	<b>454,873</b>	<b>228,518</b>	<b>165,022</b>
Element of income and capital gains included in prices of units issued less those in units redeemed- net	95,462	100,876	43,633	51,533
Provision for Sindh workers' welfare fund	(13,292)	-	(13,292)	-
<b>Net income for the period before taxation</b>	<b>651,328</b>	<b>555,749</b>	<b>258,859</b>	<b>216,555</b>
<b>Taxation</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net income for the period after taxation</b>	<b>651,328</b>	<b>555,749</b>	<b>258,859</b>	<b>216,555</b>

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 period and quarter ended 31 March 2017

	<u>Nine Month Ended</u>		<u>Quarter ended</u>	
	<u>March 31, 2017</u>	<u>March 31, 2016</u>	<u>March 31, 2017</u>	<u>March 31, 2016</u>
	<u>----- Rupees in '000 -----</u>			
Net income for the period after taxation	651,328	555,749	258,859	216,555
Net unrealised appreciation on re-measurement of investments classified as 'available for sale'	16,484	31,701	(40)	2,504
Total comprehensive income for the period	<u>667,812</u>	<u>587,450</u>	<u>258,819</u>	<u>219,059</u>

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

Chief Executive

For NBP Fullerton Asset Management Limited  
(Management Company)

Director

# NAFA INCOME OPPORTUNITY FUND

## Condensed Interim Distribution Statement (Un-audited) For the nine months period and quarter ended 31 March 2017

	Nine Month Ended		Quarter ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	----- Rupees in '000 -----			
Undistributed income brought forward	482,952	744,150	883,041	861,804
<b>Final distribution for the year ended</b>				
Final distribution for the year ended June 30, 2015:				
- 'cash distribution @ Rs. 0.8675 per unit declared on July 16, 2015	-	(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	10,636	21,076	3,016	4,961
Net income for the period after taxation	651,328	555,749	258,859	216,555
<b>Undistributed income carried forward</b>	<u>1,144,916</u>	<u>1,083,320</u>	<u>1,144,916</u>	<u>1,083,320</u>

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

Chief Executive

For NBP Fullerton Asset Management Limited  
(Management Company)

Director

# NAFA INCOME OPPORTUNITY FUND

## Condensed Interim Statement of Movement in Unit Holder's Fund (Un-audited) For the nine months period and quarter ended 31 March 2017

	Nine Month Ended		Quarter ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	----- Rupees in '000 -----			
Net assets at beginning of the period	6,274,223	5,242,537	12,908,012	9,476,226
Issue of 1,539,279,648 units (2016: 1,429,107,699 units)	16,854,030	15,783,598	4,241,334	4,288,948
Redemption of 848,122,899 units (2016: 934,674,872 units)	(9,351,449)	(10,531,122)	(3,015,378)	(3,188,768)
	7,502,581	5,252,476	1,225,956	1,100,180
Net element of income and capital gains included in prices of units -issued less those in units redeemed transferred Income Statement	(95,462)	(100,876)	(43,633)	(51,533)
Net element of income and capital gains included in prices of units -issued less those in units redeemed transferred to distribution Statement	(10,636)	(21,076)	(10,636)	(4,961)
	(10,636)	(21,076)	(10,636)	(4,961)
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'available for sale'	16,484	31,701	(40)	2,504
Net unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets at 'fair value through profit or loss'	(1,750)	19,972	(2,145)	9,636
Gain on sale of investments - net	14,173	10,905	34,858	(3,561)
Other operating income	638,905	524,872	226,146	210,480
<b>Net income for the period after taxation</b>	<b>651,328</b>	<b>555,749</b>	<b>258,859</b>	<b>216,555</b>
<b>Final distribution for the year ended June 30, 2014</b>				
Final distribution for the year ended June 30, 2015:				
- Cash distribution	-	(237,655)	-	-
	-	(237,655)	-	-
Element of income and capital gains included in prices of units issued less those in units redeemed	10,636	21,076	10,636	4,961
<b>Net assets as at end of the period</b>	<b>14,349,154</b>	<b>10,743,932</b>	<b>14,349,154</b>	<b>10,743,932</b>

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 period and quarter ended 31 March 2017

	Nine Month Ended		Quarter ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
----- Rupees in '000 -----				
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net income for the period before taxation	651,328	555,749	258,859	216,555
<b>Adjustments:</b>				
Net unrealised diminution / (appreciation) in the fair value of investments classified as financial assets at 'fair value through profit or loss' - net	1,750	(19,972)	1,355	(9,661)
Gain on sale of investments - net	(14,173)	(10,905)	(14,173)	3,561
Impairment loss on investments classified as 'available for sale'	(10,422)	(28,704)	(1,948)	(9,509)
Element of (income) and capital (gains) included in prices of units issued less those in units redeemed- net	(95,462)	(100,876)	(43,633)	(51,533)
	533,021	395,292	200,460	149,413
<b>Decrease / (increase) in assets</b>				
Receivable against Marginal Trading System	(160,054)	630,556	1,309,462	358,978
Investments - net	(1,968,801)	(1,439,606)	370,432	(498,878)
Receivable against sale of investments	(1,083,753)	-	(131,244)	-
Deposits, prepayments and other receivables	471,861	(18,479)	686,075	(996)
Dividend and profit receivable	(6,308)	10,304	16,999	9,678
	(2,747,055)	(817,225)	2,251,724	(131,218)
<b>(Decrease) / increase in liabilities</b>				
Payable to Management Company	10,404	16,440	5,909	4,500
Payable to Central Depository Company of Pakistan Limited Trustee	972	297	681	30
Payable to Securities and Exchange Commission of Pakistan	151	659	2,609	1,845
Accrued expenses and other liabilities	(3,127,544)	(13,193)	(3,109,897)	(1,228)
	(3,116,017)	4,203	(3,100,698)	5,147
<b>Net cash used in operating activities</b>	(5,330,051)	(417,730)	(648,514)	23,342
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Net receipts against issue of units	16,849,190	16,997,443	13,144,807	4,286,747
Net payments against redemption of units	(9,348,208)	(10,561,955)	(9,348,208)	(3,170,567)
Distributions paid during the period	-	(238,821)	-	-
<b>Net cash generated from financing activities</b>	7,500,982	6,196,667	3,796,599	1,116,180
<b>Net increase in cash and cash equivalents during the period</b>	2,170,931	5,778,937	3,148,085	1,139,522
Cash and cash equivalents at beginning of the period	7,112,317	2,218,579	6,135,163	6,857,994
<b>Cash and cash equivalents at end of the period</b>	<u>9,283,248</u>	<u>7,997,516</u>	<u>9,283,248</u>	<u>7,997,516</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 period and quarter ended 31 March 2017

### 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 Pakistan 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 AM1 w.e.f April 21, 2017 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 2017 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, 2016.

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, 2017

### 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, 2016.



# NAFA INCOME OPPORTUNITY FUND

4 INVESTMENTS	Note	(Un-audited)	(Audited)
		31 March 2017	30 June 2016
(Rupees in '000)			
<b>Financial assets 'at fair value through profit or loss' - held for trading</b>			
Equity securities - listed	4.1	-	-
Equity securities - listed (spread transactions)	4.2	575,742	-
Government securities	4.3	588,037	350,875
Term finance certificates - listed	4.4.1	623,692	225,875
Term finance certificates - unlisted		-	100,000
Sukuks		-	215,174
		<u>1,787,471</u>	<u>891,924</u>
<b>Available for sale</b>			
Equity securities - listed	4.5	51,188	34,704
Term finance certificates - listed	4.5.2	-	-
		<u>51,188</u>	<u>34,704</u>
<b>Loans and receivable</b>			
Term deposit receipts	4.6	400,000	800,000
Letter of Placement	4.6.1	1,400,000	
Commercial paper	4.6.2	96,099	
		<u>1,896,099</u>	<u>800,000</u>
		<u>3,734,758</u>	<u>1,726,628</u>

## 4.1 Equity securities - listed

Name of the investee company	Number of shares				Market value /Carrying value as at 31 March 2017	Investment as a %age of	
	As at 1 July 2016	Purchases during the period	Sales during the period	As at 31 March 2017		Market value of net assets	Market value of total investment

(Rupees in '000)

Fully paid ordinary shares of Rs 10 each

### Textile composite

Azgard Nine Limited - Non-voting	308	-	-	308	-	-	-
					<u>-</u>	<u>-</u>	<u>-</u>
					<u>13</u>	<u>13</u>	<u>13</u>
					<u>13</u>	<u>13</u>	<u>13</u>

Cost of investment before fair value adjustment as at 31 March 2017

Impairment loss

## 4.2 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, 2017	Investment as a percentage of		
	As at July 01, 2016	Purchased during the period	Sold / matured during the period	As at March 31, 2017		Net assets	Market value of total investment	Issue size

Rupees in '000

------%-----

All the holding are in shares of Rs. 10/- each unless otherwise stated  
CEMENT

D.G. Khan Cement Company Limited	-	4,218,000	3,928,000	290,000	67,396	0.47	1.80	1.54
Fauji Cement Company Limited	-	5,262,000	5,061,500	200,500	8,557	0.06	0.23	0.06
Maple Leaf Cement Factory Limited	-	1,762,000	1,750,000	12,000	1,489	0.01	0.04	0.03
Pioneer Cement Limited	-	195,000	195,000	-	-	-	-	-

# NAFA INCOME OPPORTUNITY FUND

Name of the investee company	Number of shares				Market value as at March 31, 2017	Investment as a percentage of		
	As at July 01, 2016	Purchased during the period	Sold / matured during the period	As at March 31, 2017		Net assets	Market value of total investment	Issue size
<b>COMMERCIAL BANKS</b>						Rupees in '000	-----%-----	
Askari Bank Limited	-	11,940,000	11,580,000	360,000	7,268	0.05	0.19	0.06
Bank Al-Falah Limited	-	992,000	992,000	-	-	-	-	-
Faysal Bank Limited	-	10,000	-	10,000	200	-	0.01	-
Habib Bank Limited	-	140,500	139,000	1,500	405	-	0.01	-
MCB Bank Limited	-	589,500	580,000	9,500	2,160	0.02	0.06	0.02
United Bank Limited	-	64,000	64,000	-	-	-	-	-
<b>FERTILIZER</b>								
Engro Fertilizers Limited	-	12,739,000	12,379,500	359,500	22,526	0.16	0.60	0.17
Engro Corporation Limited	-	2,923,500	2,902,000	21,500	7,912	0.06	0.21	0.15
Fatima Fertilizer Company Limited	-	4,440,500	4,434,000	6,500	254	-	0.01	-
Fauji Fertilizer Bin Qasim Limited	-	2,348,500	2,225,000	123,500	6,451	0.04	0.17	0.07
Fauji Fertilizer Company Limited	-	3,950,000	3,715,500	234,500	24,294	0.17	0.65	0.19
<b>FOOD AND PERSONAL CARE PRODUCTS</b>								
Engro Foods Limited	-	3,790,500	3,602,500	188,000	30,539	0.21	0.82	0.40
<b>OIL AND GAS EXPLORATION COMPANIES</b>								
Oil and Gas Development Company Limited	-	4,003,500	3,914,500	89,000	13,200	0.09	0.35	0.03
Pakistan Oilfields Limited	-	229,000	229,000	-	-	-	-	-
Pakistan Petroleum Limited	-	200,000	200,000	-	-	-	-	-
<b>OIL AND GAS MARKETING COMPANIES</b>								
Pakistan State Oil Company Limited	-	1,296,500	1,080,500	216,000	91,480	0.64	2.45	3.37
<b>POWER GENERATION AND DISTRIBUTION</b>								
The Hub Power Company Limited	-	89,500	89,500	-	-	-	-	-
K-Electric Limited	-	36,410,500	33,857,000	2,553,500	20,888	0.15	0.56	0.02
<b>REFINERY</b>								
Attock Refinery Limited	-	2,558,000	2,327,000	231,000	103,675	0.72	2.78	12.16
<b>TECHNOLOGY AND COMMUNICATION</b>								
Pakistan Telecommunication Company Limited	-	2,816,500	2,816,500	-	-	-	-	-
<b>TEXTILE COMPOSITE</b>								
Nishat Mills Limited	-	4,310,000	4,052,500	257,500	11,872	0.08	0.32	0.34
Nishat (Chunian) Limited	-	7,649,000	7,453,000	196,000	42,539	0.30	1.14	1.77
<b>CABLE AND ELECTRICAL GOODS</b>								
Pak Elektron Limited	-	14,677,000	13,454,000	1,223,000	112,637	0.78	3.02	2.26
					575,742			
					Unrealized loss on future contracts			
					Net market value			
					575,742			
					Cost of investments as at March 31, 2017			
					578,335			

### 4.3 Government Securities

Issue Date	Tenor	Face value				Market value as at December 31, 2016	Investment as a percentage of	
		As at July 01, 2016	Purchased during the period	Sold / matured during the period	As at December 31, 2016		Net assets	Market value of total investments
<b>Market Treasury Bills</b>						Rupees in '000	-----%-----	
21 January 2016	12 Months	-	70,000	70,000	-	-	-	-
12 May 2016	6 Months	-	750,000	750,000	-	-	-	-
11 July 2016	3 Months	-	125,000	125,000	-	-	-	-
18 August 2016	3 Months	-	75,000	75,000	-	-	-	-
27 October 2016	3 Months	-	250,000	250,000	-	-	-	-
10 November 2016	3 Months	-	320,000	320,000	-	-	-	-
02 February 2017	3 Months	-	320,000	-	320,000	318,603	0.02	0.09
01 September 2016	6 Months	-	320,000	-	320,000	-	-	-
03 September 2015	12 Months	75,000	-	75,000	-	-	-	-
17 March 2016	12 Months	-	4,402,000	4,402,000	-	-	-	-
						318,603	0.02	0.09
Cost of investment before fair value adjustment as at 31 March 2017						318,663		
<b>Pakistan Investment Bonds (PIB)</b>								
22 July 2010	10 Years	100,000	-	-	100,000	115,585	0.81%	3.09%
26 March 2015	03 Years	150,000	-	-	150,000	153,849	1.07%	4.12%
						269,434	1.88%	7.21%
Cost of investment before fair value adjustment as at 31 March 2017						276,629		

# NAFA INCOME OPPORTUNITY FUND

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

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

Name of the investee company	Number of certificates				Market value as at March 31, 2017	Investment as a percentage of	
	As at July 01, 2016	Purchased during the period	Sold / matured during the period	As at March 31, 2017		Market value of net assets	Market value of total investment
					Rupees in '000	-----%-----	
<b>Term finance certificates</b>							
Bank Alfalah Limited - V	32,550	-	-	32,550	166,609	1.16%	4.46%
Jahangir Siddiqui and Company Limited (Apr 08, 2014)	15,000	-	-	15,000	52,666	0.37%	1.41%
Jahangir Siddiqui and Company Limited (June 24, 2016)	20,000	-	-	20,000	102,601	0.72%	2.75%
Pace (Pakistan) Limited (4.4.3)	30,000	-	-	30,000	-	-	-
Saudi Pak Leasing Company Limited (4.4.4)	15,000	-	-	15,000	-	-	-
JS Bank Limited ( Dec 14, 2016)	-	60,000	-	60,000	301,815	-	-
					<u>623,692</u>		
					<u>809,450</u>		
Carrying value as at 31 March 2017					<u>191,141</u>		
Provision for impairment losses as at 31 March 2017							

4.4.2 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 2013.

4.4.3 This represents investment in privately placed term finance certificates. On 18 July 2009, the scheduled redemption date, principal redemption of Rs. 5 thousands and profit redemption of Rs. 2.291 million were not received by the Fund. The amount of provision required as per SECP circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circular. The said investment has been sold during the period.

4.4.4 This represents investment in listed term finance certificates with a term of five years. On 15 August 2011, the scheduled profit payment date, principal redemption of Rs. 30 thousands and profit redemption of Rs. 11.806 million were not received by the Fund. As at 31 March 2014, the investment has been fully provided as required by SECP circular no. 33 of 2012.

## 4.5 Equity Securities - available for sale

### Equity securities - listed

Name of the investee company	Number of shares				Market value / Carrying value as at 31 March 2017	Investment as a percentage of		
	As at July 01, 2016	Purchased during the period	Sold during the period	As at March 31, 2017		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								
<b>Chemicals</b>								
Agritech Limited (note 4.4.1)	4,040,090	-	-	4,040,090	51,188	0.36%	1.37%	1.03%
					<u>51,188</u>			
Carrying value as at 31 March 2017					<u>34,704</u>			
Provision for impairment losses as at 31 March 2017					<u>18,584</u>			

4.5.1 This represents shares received in partial settlement against TFC of Azgard Nine limited as explained in note 4.5.5. 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.

# NAFA INCOME OPPORTUNITY FUND

## 4.5.2 Term finance certificates and sukuk bonds - Available for sale

Name of the investee company	Number of shares			Market value / Carrying value as at 31 March 2017	Investment as a percentage of	
	As at July 01, 2016	Purchased during the period	Sold during the period		Market value of net assets	Market value of total investments
				Rupees in '000	------%-----	
<b>Term finance certificate - listed</b>						
Worldcall Telecom Limited (note 4.5.4)	45,000			45,000	-	-
				<u>45,000</u>	<u>-</u>	<u>-</u>
<b>Term finance certificate - unlisted</b>						
Azgard Nine Limited III (note 4.5.5)	50,000	-	-	50,000	-	-
Azgard Nine Limited V (note 4.5.6)	16,436	-	-	16,436	-	-
Dewan Cement Limited (note 4.5.7)	30,000	-	-	30,000	-	-
New Allied Electronics Industries (Private) Limited (note 4.5.10)	15,000	-	-	15,000	-	-
Agritech Limited I (note 4.5.8)	30,000	-	-	30,000	-	-
Agritech Limited V (note 4.5.9)	6,464	-	-	6,464	-	-
				<u>147,900</u>	<u>-</u>	<u>-</u>
<b>Sukuk bonds</b>						
New Allied Electronics Industries (Private) Limited (note 4.5.10)	9,000	-	-	9,000	-	-
K-Electric Azm Sukuk	43,120	-	43,120	-	-	-
Eden Housing Limited (note 4.5.11)	9,200	-	-	9,200	-	-
BRR Guardian Modaraba (note 4.5.12)	10,000	-	-	10,000	-	-
				<u>28,200</u>	<u>-</u>	<u>-</u>
				<u>-</u>	<u>-</u>	<u>-</u>
<b>Carrying value as at 31 March 2017</b>				<u><u>712,245</u></u>		
<b>Provision for impairment losses as at 31 Marh 2017</b>				<u><u>712,245</u></u>		

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

4.5.3 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 2017.

4.5.4 MUFAP, on 8 November 2012 classified the TFCs as non-performing due to non payment during extended period. Subsequently, on 26 DEC 2012 a restructure agreement was approved by TFCs holders. In accordance with the terms of restructuring with the terms of restructuring, repayment period has been extended by two years and the principal amount is to be settled in three equal installments starting from 7 Oct, 2014. The investment has been fully provided.

4.5.5 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.

4.5.6 These zero coupon privately placed term finance certificates (PPTFCs) were issued against the interest receivable on TFCs of Azgard Nine Limited 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.

4.5.7 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.

4.5.8 Agritech Limited defaulted in payment of principal and mark-up due on 30 May 2010. The investment has been fully provided.

4.5.9 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.

# NAFA INCOME OPPORTUNITY FUND

- 4.5.10 These represent investments in privately placed Term Finance Certificates and Sukuk bonds of the investee company. These investments have been fully provided.
- 4.5.11 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 the 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.
- 4.5.12 This represents investment in privately placed sukuk bonds. On 27 December 2011 i.e. the scheduled redemption date, profit redemption of Rs. 1.93 million was not received by the Fund. The investment has been fully provided.
- 4.6 This represent term deposits having original maturity period of more than three months. These carry mark-up rate of 8.35% per annum (June 30, 2016: 10.00% per annum).
- 4.6.1 This represent letter of placement with Pak brunei investment company limited having original maturity period of more than three months. These carry mark-up rate of 6.35% per annum (June 30, 2016: nil).
- 4.6.2 This represent commercial paper with Pak Elektron limited having original maturity period of more than three months. These carry mark-up rate of 6.2% per annum (June 30, 2016: nil).

## 5 PROVISION FOR SINDH WORKERS' WELFARE FUND

The Finance Act, 2008 introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Peshawar High Court. The Honourable Supreme Court of Pakistan vide its judgment dated November 10, 2016, has upheld the view of Lahore High Court and decided that WWF is not a tax and hence the amendments introduced through Finance Act, 2008 are ultra-vires to the Constitution. The Federal Board of Revenue has filed Civil Review Petitions in respect of above judgment with the prayer that the judgment dated November 10, 2016 passed in the Civil Appeal may kindly be reviewed in the interest of justice.

Furthermore, the Sindh Revenue Board (SRB) had written to few mutual funds in January 2016 to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after December 31, 2013. The MUFAP reviewed the issue and based on an opinion decided that SWWF is not applicable on mutual funds as they are not financial institutions as required by SWWF Act, 2014. The MUFAP wrote to SRB that mutual funds are not establishments and are pass through vehicles hence, they do not have any worker and no SWWF is payable by them. The SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, therefore SWWF is applicable on mutual funds. The MUFAP has taken up this matter before the Sindh Finance Ministry to exclude mutual funds from SWWF.

In view of the above developments regarding the applicability of Federal and Sindh WWF on Mutual Funds, the MUFAP has recommended the following to all its members on January 12, 2017:

- based on legal opinion, the entire provision against the Federal WWF held by the CISs till June 30, 2015, has reversed on January 12, 2017; and
- the provision in respect of Sindh WWF should be made on a prudent basis on January 12, 2017 with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e. starting from May 21, 2015).

Accordingly, the provision for SWWF is being made on a daily basis going forward.

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on January 12, 2017 and the SECP vide its letter dated February 1, 2017 has advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs/ mutual funds. Accordingly, the Fund has recorded these adjustments in its books on January 12, 2017.

The scheme has maintained provision against Sindh Workers' Welfare Fund's liability to the tune of Rs 17.611 million if the same were not been made, the NAV per unit of the scheme would have been higher by Rs 0.0138.

# NAFA INCOME OPPORTUNITY FUND

## 6 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.

## 7 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 2017, 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 ***	16,140	16,140	-	-	-
	Worldcall Telecom Limited	88,456	88,456	-	-	-
	Azgard Nine Ltd. (Non-voting Ord.Sahres)	13	13	-	-	-
	Equity Exposure	Agritech Limited	51,188	18,584	32,604	0.23

\*\* 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.

# NAFA INCOME OPPORTUNITY FUND

<b>8</b>	<b>CONTINGENCIES AND COMMITMENTS</b>	(Un-audited) March 31, 2017	(Audited) June 30, 2016
		(Rupees in '000)	
<b>8.1</b>	<b>Contingencies</b>		
	There are no contingencies as at March 31, 2017 and June 30, 2016.	-	-
<b>8.1</b>	<b>Commitments</b>		
	Margin trading system transactions entered into by the Fund in respect of which the purchase transactions have not been settled	2,351	-
	Margin trading system transactions entered into by the Fund in respect of which the release transactions have not been settled	63,160	22,530

## 9 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses incurred during the period divided by average net assets for the period) is 2.14% per annum including 0.44% representing government levies on collective investment scheme such as sales tax and Securities and Exchange Commission of Pakistan fee for the period.

## 10 TRANSACTIONS WITH CONNECTED PERSONS

- 10.1** 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.
- 10.2** The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 10.3** Remuneration to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 10.4** Remuneration payable to the Trustee is determined in accordance with the provisions of the Trust Deed.
- 10.5** Transactions during the period

	Nine month ended		Quarter ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
-----Rupees in '000-----				
<b>NBP Fullerton Asset Management Ltd.</b>				
(Management Company)				
Remuneration expense for the period	121,101	92,665	45,217	31,978
Sindh Sales Tax on management remuneration	15,743	15,049	5,878	5,194
Federal Excise Duty on management remuneration	-	14,826	-	5,117
Reimbursement of operational expenses to the Management Company	9,315	3,469	3,478	2,460
Front-end load	1,666	3,636	302	909
Sindh Sales Tax on front-end load	233	576	233	576
Federal Excise Duty on front-end load	90	566	90	566
<b>National Bank of Pakistan - Sponsor</b>				
Cash dividend	-	1,166	-	-
Purchase of T-Bill	4,373,594	244,350	4,373,594	244,350
<b>NBP Employees Pension Fund</b>				
Units issued nil units (2016: 5,485,295)	-	59,127	-	-
<b>NBP Employees Benevolent Fund Trust</b>				
Dividend re-invest nil units (2016: 189 units)	-	2	-	-

# NAFA INCOME OPPORTUNITY FUND

	Nine month ended		Quarter ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	-----Rupees in '000-----			

## Summit Bank Limited

Term deposit receipts	-	1,964	-	1,964
Mark-up on saving accounts	49	-	11	-
Balance in current accounts	12,198	-	1,002	-
Balance in saving accounts	2,120	-	21	-
Units issued / transferred in 905,674 units (2016: Nil)	10,000	-	-	-
Units redeemed / transferred out 2,124,849 units (2016: Nil)	23,465	-	-	-

## Central Depository Company of Pakistan Limited

Remuneration expense for the period	7,722	5,818	2,829	2,120
Sales Tax on remuneration of the Trustee	1,004	814	368	296
CDS Charges	1,391	540	873	91

## Employees of NAFA

Units Issued 9,695,514 units (2016:7,093,537 units)	106,322	78,001	27,496	18,860
Units Redeemed 8,505,893 units (2016: 7,383,393 units)	93,131	83,345	8,768	18,662
Dividend re-invest nil units (2016: 22,582 units)		243	-	-

## CDC Trustee NAFA Income Fund

Purchase of Market Treasury Bill	-	45,738	-	-
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## CDC Trustee NAFA Government Saving Fund

Sale of T-Bill	68,308	-	68,308	-
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## CDC Trustee NAFA Government Securities Liquid Fund

Purchase of T-Bill	-	4,780	-	-
Sale of T-Bill	324,495	-	-	-

## CDC Trustee NAFA Financial Sector Income Fund

Purchase of T-Bill	-	94,338	-	-
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## Cherat Cement Company Ltd.

Units issued / transferred in: 4,567,252 units (2016: 14,550,860 units)	50,000	-	-	-
Units redeemed / transferred out: 4,567,252 units (2016: 14,550,860 units)	50,262	-	-	-

## Pakistan Mobile Communication limited provident fund

Units redeemed / transferred out: 2,378,061 units (2016: Nil units)	26,227	-	26,227	-
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## AL-Shifa trust

Units issued / transferred in: 7,765,180 units (2016: Nil units)	85,000	-	85,000	-
Units redeemed / transferred out: 7,765,180 units (2016: Nil units)	85,807	-	85,807	-

## Telenor Employees Gratuity Fund

Units issued / transferred in: 14,727,143 units (2016: Nil units)	164,000	-	164,000	-
Units redeemed / transferred out: 646,621 units (2016: Nil units)	7,219	-	7,219	-



# NAFA INCOME OPPORTUNITY FUND

	31 March 2017 Unaudited	30 June 2016 Audited
	----- (Rupees in '000) -----	
<b>10.6 Balances outstanding as at period / year end</b>		
<b>NBP Fullerton Asset Management Limited.</b>		
Remuneration payable to management company	16,318	9,679
Sind sales tax on management fee	2,120	1,570
Federal excise duty on management fee	39,240	39,241
Sales Load payable	727	2,390
Contingent load	-	23,161
Sales tax & FED on sales load	1,550	-
Allocated expenses payable	9,315	5,986
<b>National Bank of Pakistan - Sponsor</b>		
Balances in account	10,614	2,220
<b>Employees of NAFA</b>		
Investment held in the Fund: 3,131,638 units (June 30, 2016: 1,942,017)	35,177	20,783
<b>Central Depository Company of Pakistan Limited</b>		
Remuneration payable	907	650
Sales Tax on remuneration of the Trustee	238	91
CDC charges payable	568	112
Security deposit	100	100
<b>NBP Employees Pension Fund</b>		
Investment held in the Fund: 79,127,909 units (June 30, 2016: 79,127,910 units)	888,820	846,795
<b>NBP Employees Benevolent Fund Trust</b>		
Investment held in the Fund: 2,727 units (June 30, 2016: 2,726 units)	31	29
<b>Summit Bank Limited</b>		
Investment held in fund: 361 units (June 2016: 1,219,535)	4	13,051
Balances in account	2,120	20,630
<b>NAFA Financial Sector Income Fund</b>		
Net payable against conversion of units	-	(423,934)
<b>NAFA Islamic Aggressive Income Fund</b>		
Payable against conversion of units	-	(51,671)
<b>NAFA Islamic Stock Fund</b>		
Net payable against conversion of units	-	(1,653)
<b>NAFA Islamic Asset Allocation Fund</b>		
Net payable against conversion of units	-	(35,775)
<b>NAFA Islamic Asset Allocation Fund Plan II</b>		
Net receivable against conversion of units	-	760
<b>NAFA Multi Asset Fund</b>		
Payable against conversion of units	-	(655)
<b>NAFA Money Market Fund</b>		
Net payable against conversion of units	-	(2,070,745)
<b>NAFA Stock Fund</b>		
Payable against conversion of units	-	(8,501)
<b>NAFA Savings Plus Fund</b>		
Net payable against conversion of units	-	(1,529)
<b>Telenor Employees Gratuity Fund</b>		
Investment held in the Fund: 14,080,522 units (June 30, 2016: nil units)	158,162	-

# NAFA INCOME OPPORTUNITY FUND

## 11 DATE OF AUTHORISATION FOR ISSUE

- 11.1 These condensed interim financial statements were authorised for issue on April 28, 2017 by the Board of directors of the Management Company.
- 11.1 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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