

**AM2++**  
TIME TO GROW



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

## NAFA INCOME OPPORTUNITY FUND

**QUARTERLY  
REPORT**  
**September  
30 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. Amir Sattar	Director
Mr. Abdul Hadi Palekar	Director
Mr. Koh Boon San	Director
Mr. Lui Mang Yin (Martin Lui)	Director
Mr. Kamal Amir Chinoy	Director
Mr. Shehryar Faruque	Director
Mr. Saiyed Hashim Ishaque	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. 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 Shakra-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  
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 Vuilding, 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

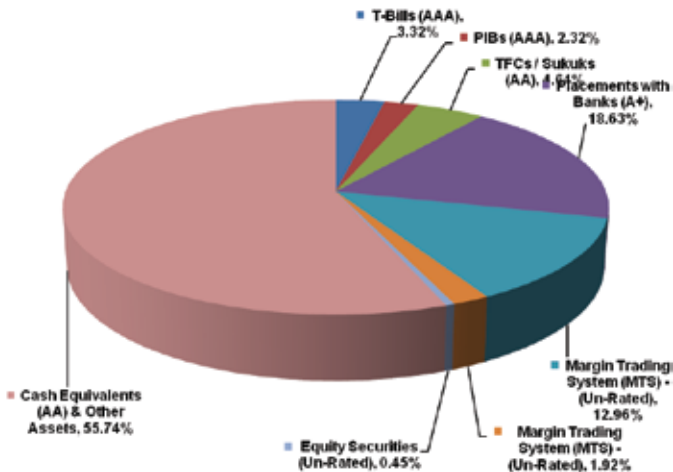
The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the unaudited financial statements of **NAFA Income Opportunity Fund (NIOF)** for the quarter ended September 30, 2016.

### Fund's Performance

The size of NAFA Income Opportunity Fund has increased from Rs. 6,274 million to Rs. 11,786 million during the quarter, i.e. a growth of 88%. During the period under review, the unit price of the Fund has increased from Rs. 10.7016 on June 30, 2016 to Rs. 10.9116 on September 30, 2016, thus posting a return of 7.79% as compared to its Benchmark (6-Month KIBOR) return of 6.03%. 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. On the corporate debt sphere, trading activity in TFCs/Sukuks remained skewed towards high quality issues with total traded value recorded at around Rs 1.5 billion during the quarter. The trades were mainly concentrated in the Banking sector, making up 64% share. State Bank of Pakistan (SBP) in its bi-monthly monetary policy announcements in July and September 2016 maintained the policy rate at 5.75% citing positives such as comfortable liquidity conditions coupled with record-high foreign exchange reserves and CPEC related projects gathering momentum being balanced against uncertain global oil prices, challenged exports outlook, and heavy scheduled foreign loan payments during FY17, and beyond. We see modest pickup in inflation to 5.0% by the year-end due to partial recovery in commodity prices, expected devaluation, and uptick in private sector borrowing.

The Fund has earned total income of Rs.242.61 million during the period. After deducting expenses of Rs.40.89 million, the net income is Rs.201.72 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: October 28, 2016  
Place: Karachi.

# NAFA INCOME OPPORTUNITY FUND

## ڈائریکٹرز رپورٹ

NBP فلٹرن ایسٹ منجمنٹ لمیٹڈ، بورڈ آف ڈائریکٹرز بصد مسرت 30 ستمبر 2016ء کو ختم ہونے والی سہ ماہی کے لیے NAFA انکم آپرچونٹی فنڈ (NIOF) کے غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرتا ہے۔

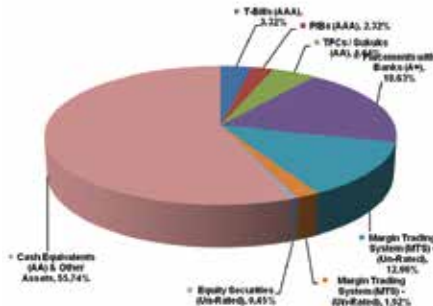
### فنڈ کی کارکردگی

NAFA انکم آپرچونٹی فنڈ (NIOF) کا فنڈ سائز، اس سہ ماہی کے دوران 6,274 ملین روپے سے بڑھ کر 11,786 ملین روپے ہو گیا ہے یعنی 88% اضافہ۔ زیر جائزہ مدت کے دوران فنڈ کے پونٹ کی قیمت 30 جون 2016 کو 10.7016 روپے سے بڑھ کر 30 ستمبر 2016 کو 10.9116 روپے ہو چکی ہے اور اس طرح اپنے بیچ مارک (6 ماہہ KIBOR) کے 6.03% منافع کے مقابلے میں 7.79% اضافہ دکھایا ہے۔ فنڈ کی یہ کارکردگی منجمنٹ 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 اسٹیٹیبیلیٹی ریٹنگ دی گئی ہے۔ کاروباری قرض کے حلقے میں صلوک میں تجارتی سرگرمیوں کا اعلیٰ کوالٹی اجرائی کارروائیوں کی طرف جھکاؤ رہا، جن کے لین دین کی مجموعی مالیت اس سہ ماہی کے دوران لگ بھگ 1.5 ارب روپے ریکارڈ کی گئی۔ لین دین کا اصل ارتکاز بینکاری کے شعبے میں رہا جس کا حصہ 64% بنتا ہے۔ اسٹیٹ بینک آف پاکستان نے اپنے جولائی اور ستمبر 2016 کے دو ماہی مالیاتی پالیسی بیانات میں پالیسی ریٹ 5.75% برقرار رکھا، لیکوئیڈٹی کی باسہولت صورت حال کے ساتھ زرمبادلہ کے ریکارڈ بلند ذخائر اور سی بیک سے متعلق منصوبوں کی رفتار میں اضافے کے مثبت پہلوؤں کی بدولت تیل کی غیر یقینی عالمی قیمتوں، برآمدات سے متعلق چیلنج آئیز امکانات اور مالی سال 2017 میں اور اس کے بعد شیڈیول غیر ملکی قرضوں کی بھاری واپسی کے اثرات پبلنس میں رہنے کی توقع ہے۔ اہم اشیائے صرف کی قیمتوں میں جزوی بحالی، روپے کی قدر میں نیچے تلی متوقع کمی اور نجی شعبے کی طرف سے قرضوں میں اضافے کی وجہ سے سال کے اختتام تک افراط زر میں 5% تک اضافہ دیکھ رہے ہیں۔

فنڈ نے اس مدت کے دوران 242.61 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 40.89 ملین روپے اخراجات منہا کرنے کے بعد خالص آمدنی 201.72 ملین روپے ہے۔

درج ذیل چارٹ NIOF کی ایسٹ 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 ٹرسٹی 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 ایسٹ منجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

بتاریخ

28 اکتوبر 2016

مقام: کراچی

# NAFA INCOME OPPORTUNITY FUND

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2016

	Note	Un-Audited September 30, 2016	Audited June 30, 2016
(Rupees in '000)			
<b>Assets</b>			
Balances with banks	4	7,082,935	7,112,317
Investments	5	2,542,845	1,726,628
Receivable against Margin Trading System		1,527,532	109,868
Mark-up and dividend receivable	6	93,223	66,079
Receivable against sale of investments		751,619	-
Advances, deposits, prepayments and other receivables		469,840	484,545
<b>Total assets</b>		<u>12,467,994</u>	<u>9,499,437</u>
<b>Liabilities</b>			
Payable to the NBP Fullerton Asset Management Limited - Management Company		64,653	58,866
Payable to the Central Depository Company of Pakistan Limited - Trustee		923	741
Payable to the Securities and Exchange Commission of Pakistan		1,944	6,836
Accrued expenses and other liabilities	7	614,953	3,158,771
<b>Total liabilities</b>		<u>682,473</u>	<u>3,225,214</u>
<b>Net Assets</b>		<u>11,785,521</u>	<u>6,274,223</u>
<b>Unit Holders' Funds (As per statement attached)</b>		<u>11,785,521</u>	<u>6,274,223</u>
<b>Contingencies and Commitments</b>	8		
(Number of units)			
<b>Number of units in issue</b>		<u>1,080,092,869</u>	<u>586,288,408</u>
(Rupees)			
<b>Net asset value per unit</b>		<u>10.9116</u>	<u>10.7016</u>

The annexed notes 1 to 16 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA INCOME OPPORTUNITY FUND

## CONDENSED INTERIM INCOME STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2016 (Un-audited)

	Note	Quarter Ended September 30, 2016	Quarter Ended September 30, 2015
(Rupees in '000)			
<b>INCOME</b>			
Return / mark-up on:			
- bank balances and term deposits		154,082	70,425
- term finance certificates and sukuk		17,326	31,178
- government securities		9,108	33,538
Dividend Income		19,099	-
Income from Margin Trading System		13,195	19,227
Income from spread transactions		1,020	-
Net (loss) / gain on sale of investments		(11,179)	12,501
Net unrealised appreciation on re-measurement of investments at fair value through profit or loss - held for trading		3,616	7,090
<b>Total income</b>		<b>206,267</b>	<b>173,959</b>
<b>EXPENSES</b>			
Remuneration of the NBP Fullerton Asset Management Limited - Management Company		33,686	27,167
Sindh sales tax on remuneration of the Management Company		4,379	4,412
Federal Excise Duty on remuneration of the Management Company		-	4,347
Accounting and operational charges to the Management Company		2,591	-
Remuneration of the Central Depository Company of Pakistan Limited - Trustee		2,217	1,668
Sindh Sales Tax on remuneration of the Trustee		288	234
Annual fee to the Securities and Exchange Commission of Pakistan		1,943	1,358
Securities transaction cost		1,426	97
Settlement and bank charges		2,014	2,143
Auditors' remuneration		230	214
Fund rating fee		46	68
Annual listing fee		14	10
Printing and other charges		46	-
(Reversal) of impairment loss on non-performing term finance certificates and sukuk		(7,987)	(10,623)
<b>Total expenses</b>		<b>40,893</b>	<b>31,095</b>
<b>Net income from operating activities</b>		<b>165,374</b>	<b>142,864</b>
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed		36,348	(129,801)
Provision for Workers' Welfare Fund	9	-	-
<b>Net income for the period before taxation</b>		<b>201,722</b>	<b>13,063</b>
Taxation	10	-	-
<b>Net income for the period after taxation</b>		<b>201,722</b>	<b>13,063</b>
<b>Earning per unit</b>	11		

The annexed notes 1 to 16 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA INCOME OPPORTUNITY FUND

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED SEPTEMBER 30, 2016 (Un-audited)

	Quarter Ended September 30, 2016	Quarter Ended September 30, 2015
	(Rupees in '000)	
Net income for the period after taxation	201,722	13,063
Other comprehensive income		
Net unrealised appreciation on re-measurement of investments classified as 'available for sale'	18,786	12,419
Total comprehensive income for the period	<u>220,508</u>	<u>25,482</u>

The annexed notes 1 to 16 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA INCOME OPPORTUNITY FUND

## CONDENSED INTERIM DISTRIBUTION STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2016 (Un-audited)

	Quarter Ended September 30, 2016	Quarter Ended September 30, 2015
	(Rupees in '000)	
<b>Undistributed income brought forward</b>		
- Realized income	464,419	743,075
- Unrealized income	<u>18,533</u>	<u>1,075</u>
	482,952	744,150
Final distribution for the year ended June 30, 2016: Nil (2015: Rs. 0.8675 per unit)		
- Cash Dividend	-	(237,655)
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing income that form part of the unit holders' funds	6,293	12,133
Net income for the period	201,722	13,063
Undistributed income carried forward	<u>690,967</u>	<u>531,691</u>
<b>Undistributed income carried forward comprising:</b>		
- Realized income	687,351	524,601
- Unrealized income	<u>3,616</u>	<u>7,090</u>
	690,967	531,691

The annexed notes 1 to 16 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA INCOME OPPORTUNITY FUND

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE QUARTER ENDED SEPTEMBER 30, 2016 (Un-audited)

	Quarter Ended September 30, 2016	Quarter Ended September 30, 2015
	(Rupees in '000)	
Net assets at the beginning of the period	6,274,223	5,242,537
Issue of 661,648,832 units (2015: 732,536,270 units )	7,143,852	8,014,302
Redemption of 167,844,371 units (2015: 427,270,445 units)	(1,816,714)	(4,868,128)
	5,327,138	3,146,174
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed		
- transferred to Condensed Interim Income Statement	(36,348)	129,801
- transferred to Condensed Interim Distribution Statement	(6,293)	(12,133)
	(42,641)	117,668
Total comprehensive income for the period	220,508	25,482
Final distribution for the year ended June 30, 2016: Nil (2015: Rs. 0.8675 per unit) - Cash Dividend	-	(237,655)
Net 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	6,293	12,133
<b>Net assets at the end of the period</b>	<u>11,785,521</u>	<u>8,306,339</u>

The annexed notes 1 to 16 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA INCOME OPPORTUNITY FUND

## CONDENSED INTERIM CASH FLOW STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2016 (Un-audited)

	Note	Quarter Ended September 30, 2016	Quarter Ended September 30, 2015
(Rupees in '000)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income for the period		201,722	13,063
<b>Adjustments</b>			
Net unrealised (appreciation) / diminution on re-measurement of investments at fair value through profit or loss - held for trading		(3,616)	(7,090)
(Reversal) of impairment loss on non-performing term finance certificates and sukus		(7,987)	(10,623)
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed		(36,348)	129,801
		<u>153,771</u>	<u>125,151</u>
<b>(Increase) / decrease in assets</b>			
Investments		(785,828)	(19,725)
Loans and receivables		-	(500,000)
Receivable against Margin Trading System		(1,417,664)	20,799
Mark-up and dividend receivable		(27,144)	(15,865)
Receivable against sale of investments		(751,619)	-
Advances, deposits, prepayments and other receivables		14,705	38
		<u>(2,967,550)</u>	<u>(514,753)</u>
<b>Increase / (decrease) in liabilities</b>			
Payable to Management Company		5,787	4,320
Payable to the Central Depository Company of Pakistan Limited - Trustee		182	127
Payable to the Securities and Exchange Commission of Pakistan		(4,892)	(2,930)
Accrued expenses and other liabilities		(2,543,818)	(17,730)
		<u>(2,542,741)</u>	<u>(16,213)</u>
<b>Net cash (outflow) from operating activities</b>		<u>(5,356,520)</u>	<u>(405,815)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Receipts from issue of units		7,143,852	9,229,349
Payments on redemption of units		(1,816,714)	(4,915,055)
Distributions paid		-	(238,821)
<b>Net cash inflow from financing activities</b>		<u>5,327,138</u>	<u>4,075,473</u>
<b>Net (decrease) / increase in cash and cash equivalents during the period</b>		<u>(29,382)</u>	<u>3,669,658</u>
Cash and cash equivalents at the beginning of the period		7,112,317	2,218,579
<b>Cash and cash equivalents at the end of the period</b>	4	<u><u>7,082,935</u></u>	<u><u>5,888,237</u></u>

The annexed notes 1 to 16 form an integral part of these financial statements.

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 STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2016 (Un-audited)

### 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 February 11, 2006 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on January 30, 2006 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). 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 categorization of open end collective investment scheme as specified by 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 SECP. The registered office of the Management Company is situated at 7th Floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi. Due to the fire incident at the registered office of the Management Company in the month of June 2016, its office has been temporarily shifted to 2nd floor, Ex - NDFC Building, Tariq Road, Karachi. The Management Company is a member of the Mutual Fund Association Of Pakistan (MUFAP).

The Fund is an open-ended mutual fund classified as an 'income scheme' by the Management Company and is listed on the Pakistan Stock Exchange (formerly 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 margin trading 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 CDC as a trustee of the Fund.

### 2 STATEMENT OF COMPLIANCE

This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of IFRSs, the requirements of the NBFC Rules, the NBFC Regulations or the directives issued by the SECP shall prevail. The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'.

The directors of the asset management company declare that condensed interim financial statements give a true and fair view of the Fund.

### 3 ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the financial statements for the quarter ended September 30, 2016 are same as those applied in the preparation of annual audited financial statements for the year ended June 30, 2016.



# NAFA INCOME OPPORTUNITY FUND

	Note	(Un-audited) September 30, 2016	(Audited) June 30, 2016
(Rupees in '000)			
<b>4 BALANCES WITH BANKS</b>			
Current accounts		15,505	17,866
Saving accounts	4.1	5,921,541	5,989,525
Term deposits	4.2	<u>1,145,889</u>	<u>1,104,926</u>
		<u>7,082,935</u>	<u>7,112,317</u>

4.1 These saving accounts carry mark-up at the rates ranging from 4% to 8% per annum (30 June 2016: 4.5% to 9% per annum).

4.2 These represents short term deposits having original maturity period of less than three months. These carry mark-up rate of 7.30% per annum (30 June 2016: 7.35% to 11.10%).

	Note	(Un-audited) September 30, 2016	(Audited) June 30, 2016
(Rupees in '000)			
<b>5 INVESTMENTS</b>			

## At fair value through profit or loss - held for trading

Equity securities - listed	5.1	-	-
Equity securities - listed (spread transactions)	5.2	226,683	-
Government securities	5.3	665,622	350,875
Term finance certificates - listed	5.4	224,997	225,875
Term finance certificates - unlisted	5.5	103,313	100,000
Sukuks	5.6	218,739	215,174
		<u>1,439,354</u>	<u>891,924</u>

## Available for sale

Equity securities - listed	5.7	53,491	34,704
Term finance certificates - listed	5.8	-	-
Term finance certificates - unlisted	5.9	-	-
Sukuks	5.10	-	-
		<u>53,491</u>	<u>34,704</u>

## Loans and receivables

Term deposits	5.12	1,050,000	800,000
		<u>2,542,845</u>	<u>1,726,628</u>

## 5.1 Equity securities - listed - at fair value through profit or loss - held for trading

Name of the investee company	Number of shares				Market value as at September 30, 2016	Investment as a percentage of		
	As at July 01, 2016	Purchases during the period	Sales during the period	As at September 30, 2016		Net assets	Market value of total investmen	Paid-up capital of investee company

Rupees in '000

-----%-----

All shares have a nominal face value of Rs 10 each.

### Textile composite

Azgard Nine Limited (Non-voting)	308	-	-	308	-	-	-
Carrying value before mark to market as at September 30, 2016					<u>13</u>		
Accumulated impairment					<u>13</u>		

# NAFA INCOME OPPORTUNITY FUND

## 5.2 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 September 30, 2016	Investment as a percentage of		
	As at July 01, 2016	Purchases during the period	Sales during the period	As at September 30, 2016		Net assets	Market value of total investments	Paid up capital of the investee company
					Rupees in '000		-----%-----	
<b>Oil and Gas</b>								
Oil and Gas Development Company Limited	-	94,500	4,000	90,500	12,781	0.11	0.50	0.30
Pakistan Oilfields Limited	-	138,000	136,500	1,500	602	0.01	0.02	0.25
Pakistan Petroleum Limited	-	4,000	4,000	-	-	-	-	-
Pakistan State Oil Company Limited	-	139,500	108,500	31,000	12,838	0.11	0.50	4.73
Attock Refinery Limited	-	471,000	440,500	30,500	9,939	0.08	0.39	11.65
Hascol Petroleum Limited	-	500	500	-	-	-	-	-
Mari Petroleum Company Limited	-	-	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	-	128,000	128,000	-	-	-	-	-
Sui Southern Gas Company Limited	-	212,500	212,500	-	-	-	-	-
<b>Commercial banks</b>								
Askari Bank Limited	-	15,500	15,500	-	-	-	-	-
Faysal Bank Limited	-	2,500	2,500	-	-	-	-	-
Habib Bank Limited	-	5,000	5,000	-	-	-	-	-
MCB Bank Limited	-	117,500	97,500	20,000	4,416	0.04	0.17	0.40
United Bank Limited	-	11,000	11,000	-	-	-	-	-
<b>Chemicals</b>								
Engro Fertilizers Limited	-	2,668,500	2,526,000	142,500	8,787	0.07	0.35	0.66
Engro Corporation Limited	-	744,000	723,000	21,000	6,116	0.05	0.24	1.17
Fatima Fertilizer Company Limited	-	2,088,000	399,500	1,688,500	58,524	0.50	2.30	2.79
Fauji Fertilizer Company Limited	-	155,000	133,000	22,000	2,288	0.02	0.09	0.18
Fauji Fertilizer Bin Qasim Limited	-	53,000	3,000	50,000	2,569	0.02	0.10	0.28
<b>Construction and Materials</b>								
D.G. Khan Cement Company Limited	-	262,500	65,500	197,000	36,618	0.31	1.44	8.36
Fauji Cement Company Limited	-	100,500	100,500	100,500	3,545	0.03	0.14	0.26
Maple Leaf Cement Factory Limited	-	183,000	7,500	175,500	16,813	0.14	0.66	3.19
Pioneer Cement Limited	-	14,000	4,000	10,000	1,057	0.01	0.04	0.47
<b>Personal Goods</b>								
Nishat Mills Limited	-	119,000	108,500	10,500	1,479	0.01	0.06	0.42
Nishat Chunian Limited	-	1,268,000	401,500	866,500	39,738	0.34	1.56	16.54
<b>Technology &amp; Communication</b>								
Pakistan Telecommunication Company Limited	-	103,500	-	103,500	1,892	0.02	0.07	0.05
<b>Household Goods</b>								
Pak Elektron Limited	-	3,105,000	3,011,500	93,500	6,617	0.06	0.26	1.33
<b>Food Producers</b>								
Engro Foods Limited	-	121,500	121,500	-	-	-	-	-
<b>Power Generation</b>								
K-Electric Limited	-	2,683,500	2,676,500	7,000	64	-	-	-
Hub Power Company Limited	-	5,000	5,000	-	-	-	-	-
<b>Pharma</b>								
The Searle Company Limited	-	500	500	-	-	-	-	-
		<b>15,014,000</b>	<b>11,352,500</b>	<b>3,661,500</b>	<b>226,683</b>			

Carrying value before mark to market as at September 30, 2016

226,370

## 5.3 Government securities - at fair value through profit or loss - held for trading

Issue Date	Tenor	Face value				Market value as at September 30, 2016	Investment as a percentage of	
		As at July 01, 2016	Purchased during the period	Sold / matured during the period	As at September 30, 2016		Net assets	Market value of total investments
							-----%-----	
						Rupees in '000		
<b>Market Treasury Bills</b>								
September 3, 2015	12 Months	75,000	-	75,000	-	-	-	-
January 21, 2016	12 Months	-	70,000	-	70,000	68,766	0.58	2.70
May 12, 2016	6 Months	-	250,000	-	250,000	248,359	2.11	9.77
July 11, 2016	3 Months	-	125,000	125,000	-	-	-	-
August 18, 2016	3 Months	-	75,000	-	75,000	74,508	0.63	2.93
<b>Pakistan Investment Bonds</b>								
July 22, 2010	10 Years	100,000	-	-	100,000	118,241	1.00	4.65
March 26, 2015	03 Years	150,000	-	-	150,000	155,748	1.32	6.12
						<b>665,622</b>		
Carrying value as at September 30, 2016						<b>668,353</b>		

# NAFA INCOME OPPORTUNITY FUND

## 5.4 Term finance certificates - listed - at fair value through profit or loss - held for trading

Name of the investee company	Number of certificates				Market value as at September 30, 2016	Investment as a percentage of		
	As at July 01, 2016	Purchased during the period	Sold / matured during the period	As at September 30, 2016		Net assets	Market value of total investment	Issue size
					Rupees in '000		-----%-----	
All term finance certificates have a face value of Rs 5,000 each unless stated otherwise.								
Bank Alfalah Limited - V	32,550	-	-	32,550	165,018	1.40	6.49	3.26
Jahangir Siddiqui and Company Limited (April 08, 2014)	15,000	-	-	15,000	59,979	0.51	2.36	10.00
Pace (Pakistan) Limited (note 5.4.1)	30,000	-	-	30,000	-	-	-	10.00
Saudi Pak Leasing Company Limited (note 5.4.2)	15,000	-	-	15,000	-	-	-	10.00
					<u>224,997</u>			
Carrying value before mark to market as at September 30, 2016					<u>417,016</u>			
Accumulated impairment					<u>191,141</u>			

5.4.1 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 a non performing asset by Mutual Funds Association of Pakistan (MUFAP) since September 5, 2011. 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.

5.4.2 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 term finance certificates 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 by MUFAP 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.

## 5.5 Term finance certificates - unlisted - at fair value through profit or loss - held for trading

Name of the investee company	Number of certificates				Market value as at September 30, 2016	Investment as a percentage of		
	As at July 01, 2016	Purchased during the period	Sold / matured during the period	As at September 30, 2016		Net assets	Market value of total investment	Issue size
					Rupees in '000		-----%-----	
All term finance certificates have a face value of Rs 5,000 each unless stated otherwise.								
Jahangir Siddiqui and Company Limited (May 16, 2016)	20,000	-	-	20,000	103,313	0.88	4.06	10.00
Carrying value before mark to market as at September 30, 2016					<u>100,000</u>			

## 5.6 Sukuks - at fair value through profit or loss - held for trading

Name of the investee company	Number of certificates				Market value as at September 30, 2016	Investment as a percentage of		
	As at July 01, 2016	Purchased during the period	Sold / matured during the period	As at September 30, 2016		Net assets	Market value of total investment	Issue size
					Rupees in '000		-----%-----	
All term finance certificates have a face value of Rs 5,000 each unless stated otherwise.								
K-Electric Azm Sukuk	43,120	-	-	43,120	218,739	1.86	8.60	5.75
Carrying value before mark to market as at September 30, 2016					<u>215,174</u>			

# NAFA INCOME OPPORTUNITY FUND

## 5.7 Equity securities - listed - available for sale

Name of the investee company	Number of shares				Market value as at September 30, 2016	Investment as a percentage of		
	As at July 01, 2016	Purchased during the period	Sold during the period	As at September 30, 2016		Net assets	Market value of total investments	Paid up capital of the investee company

Rupees in '000

-----%-----

All shares have a nominal face value of Rs 10 each.

### CHEMICALS

Agritech Limited (note 5.7.1)	4,040,090	-	-	4,040,090	53,491	0.45	2.10	1.03
Carrying cost as at September 30, 2016					49,693			
Accumulated impairment					18,584			

5.7.1 On April 12, 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 at the value of Rs. 35 per share of Agritech Limited against the partial settlement of its outstanding exposure. The fair value of an ordinary share was Rs. 12.30 at transaction date i.e. October 31, 2012. Accordingly, the same have been recorded at fair value and the resultant effect recorded through income statement as recovery on partial settlement of investment.

As per the terms of the Share Transfer and Debt Swap Agreement, Agritech Limited shares shall be held by the respective trustees for the TFC issues in their name for and on behalf of the TFC holders who shall be the beneficial owners of the subjected shares in proportion to their holdings. Accordingly, the trustees for the TFC issue pursuant to shareholders investors agreement hold the said ordinary shares for and on behalf of TFC holders for a period of five years from the date of transfer. During the lock in period of five years, shares can be sold to an outside buyer subject to a prior written approval of the investors, however, no such approval is required for inter financier sale.

## 5.8 Term finance certificate - listed - available for sale

Name of the investee company	Number of shares				Market value as at September 30, 2016	Investment as a percentage of		
	As at July 01, 2016	Purchased during the period	Sold / matured during the period	As at September 30, 2016		Net assets	Market value of total investments	Paid up capital of the investee company

Rupees in '000

-----%-----

Worldcall Telecom Limited (note 5.8.1)	-	-	-	45,000	-	-	-	5.63
Carrying value before mark to market as at September 30, 2016					88,456			
Accumulated impairment					88,456			

5.8.1 This represents investment in listed term finance certificates with a term of 5 years. On April 07, 2012, the investee company defaulted on its obligation on account of principal and profit payment and accordingly has been classified as a non performing asset by MUFAP since November 8, 2012. 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.

## 5.9 Term finance certificate - unlisted - available for sale

Name of the investee company	Number of certificates				Market value as at September 30, 2016	Investment as a percentage of		
	As at July 01, 2016	Purchased during the period	Sold / matured during the period	As at September 30, 2016		Net assets	Market value of total investment	Issue size

Rupees in '000

-----%-----

Azgard Nine Limited III (note 5.9.1)	50,000	-	-	50,000	-	-	-	10.00
Azgard Nine Limited V (note 5.9.1)	16,436	-	-	16,436	-	-	-	2.35
Dewan Cement Limited (note 5.9.2)	30,000	-	-	30,000	-	-	-	7.50
New Allied Electronics Industries (Private) Limited (note 5.9.3)	15,000	-	-	15,000	-	-	-	8.33
Agritech Limited I (note 5.9.4)	30,000	-	-	30,000	-	-	-	10.00
Agritech Limited V (note 5.9.5)	6,464	-	-	6,464	-	-	-	10.00
Carrying value as at September 30, 2016					554,444			
Accumulated impairment					554,444			

# NAFA INCOME OPPORTUNITY FUND

- 5.9.1 These zero coupon privately placed term finance certificates were issued against the interest receivable on TFCs of Azgard Nine Limited (disclosed in note 5.7.1) under an agreement dated June 28, 2012 between the Management Company of the Fund and Azgard Nine Limited. These privately placed term finance certificates were issued against non performing securities, therefore the management, as a matter of prudence has recognized these at nil value. MUFAP classified these as non-performing since June 21, 2010 and December 7, 2012 respectively. 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.
- 5.9.2 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 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.
- 5.9.3 These represent investments in privately placed term finance certificates (term: 4 years) and sukus (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 non performing asset by MUFAP since January 9, 2009. 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.
- 5.9.4 This represents investment in listed term finance certificates with a term of seven years. On May 30, 2010, Agritech Limited defaulted in payment of principal and mark-up due and accordingly has been classified as non performing asset by MUFAP since June 14, 2010. 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.
- 5.9.5 This represents investment in privately placed term finance certificates of Agritech V received against due markup of Agritech I. MUFAP classified these as non-performing on January 17, 2012. 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.

## 5.10 Sukus - available for sale

Name of the investee company	Number of certificates				Market value as at September 30, 2016	Investment as a percentage of		
	As at July 01, 2016	Purchased during the period	Sold / matured during the period	As at September 30, 2016		Net assets	Market value of total investment	Issue size
					Rupees in '000		-----%-----	
New Allied Electronics Industries (Private) Limited (note 5.9.3)	9,000	-	-	9,000	-	-	-	6.00
Eden Housing Limited (note 5.10.1)	9,200	-	-	9,200	-	-	-	2.30
BRR Guardian Modaraba (note 5.10.2)	10,000	-	-	10,000	-	-	-	6.25
Carrying value as at September 30, 2016					<u>71,781</u>			
Accumulated impairment					<u>71,781</u>			

- 5.10.1 This represents investment in privately placed sukus 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 non performing asset by MUFAP since January 9, 2009. 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.
- 5.10.2 This represents investment in privately placed sukus. The investee company had defaulted on its obligation on account of principal and profit payment and accordingly has been classified as non performing asset by MUFAP since January 26, 2015. The investment has been fully provided.
- 5.11 The term finance certificates and sukus held by the Fund are generally secured against hypothecation of stocks and receivables and mortgage / pledge of fixed assets of the investee company.
- 5.12 **Term deposits - loans and receivables**

These represents medium term deposits having maturity date of 09 February 2017. These carry mark-up rate of 11.35% per annum.

# NAFA INCOME OPPORTUNITY FUND

	(Un-audited) September 30, 2016	(Audited) June 30, 2016
<b>6 MARK-UP AND DIVIDEND RECEIVABLE</b>	(Rupees in '000)	
Mark-up accrued on bank balances and term deposits - net	46,081	49,658
Mark-up accrued on margin trading system	1,112	412
Mark-up accrued on term finance certificate and sukuks - net	11,786	7,196
Mark-up accrued on Pakistan Investment Bonds	15,145	8,813
Dividend receivable	19,099	-
	<u>93,223</u>	<u>66,079</u>
<b>7 ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
Auditors' remuneration payable	640	410
Provision for Workers' Welfare Fund	31,218	31,218
Brokerage charges	24	204
Settlement charges	2,124	203
Printing charges	246	200
Withholding tax	27,346	24,973
Capital gain tax	41,935	42,118
Legal and professional charges	10	10
Payable against redemption of units	47,598	2,594,595
Payable to KASB Bank Limited (now BankIslami Pakistan Limited)	440,064	440,064
Contingent load	23,161	23,161
Dividend payable	-	1,131
Others	587	484
	<u>614,953</u>	<u>3,158,771</u>
<b>8 CONTINGENCIES AND COMMITMENTS</b>		

There were no contingencies outstanding as at September 30, 2016 and as at June 30, 2016, other than those disclosed elsewhere in these financial statements.

## 8.1 Commitments

Margin Trading System (MTS) transactions entered into by the Fund in respect of which the purchase transactions have not been settled	-	-
Margin Trading System (MTS) transactions entered into by the Fund in respect of which the released transactions have not been settled	168,884	22,530

## 9 PROVISION FOR WORKERS' WELFARE FUND

The Finance Act, 2015 incorporated an amendment in WWF Ordinance by excluding CIS from the definition of Industrial Establishment, and consequently CIS are no more liable to pay contribution to WWF with effect from July 1, 2015. Accordingly no further provision of WWF has been recorded subsequent to June 30, 2015.

However, without prejudice to the above and owing to the fact that the decision of Sindh High Court on the applicability of WWF (till June 30, 2015) to the CISs is currently pending for adjudication, the Management Company has decided to record and retain provision of WWF in financial statements for the quarter ended September 30, 2016 which aggregates to Rs. 31.218 million. Had the same not been made the net asset value per unit / return of the Fund would have been higher 0.0289 per unit (2016: Rs. 0.0532 per unit) respectively.

## 10 Taxation

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

# NAFA INCOME OPPORTUNITY FUND

## 11 EARNINGS PER UNIT

Earnings per unit (EPU) for the Quarter ended September 30, 2016 has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

## 12 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses incurred during the period divided by Average net assets value for the period) is 1.88% p.a. including 0.25% representing government levies on collective Investment scheme such as Sales tax, Worker's Welfare Fund and Securities & Exchange Commission of Pakistan fee for the period.

## 13 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 March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the circular. The Board has approved the category of the Fund as 'Income Fund'.

In accordance with clause 9 (iii) of the investment criteria laid down for 'Income Schemes', the Fund is required to invest at least 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 September 30, 2013, 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 & Sukuks**	Agritech Limited	149,860	149,860	-	-	-
	Agritech Limited V	32,320	32,320	-	-	-
	Azgard Nine Limited III	108,377	108,377	-	-	-
	Azgard Nine Limited V	82,180	82,180	-	-	-
	BRR Guardian Modaraba - Sukuk	18,575	18,575	-	-	-
	Dewan Cement Limited	150,000	150,000	-	-	-
	Eden Housing Limited - Sukuk II	9,056	9,056	-	-	-
	New Allied Electronics Industries (Private) Limited - PPTFC	31,707	31,707	-	-	-
	New Allied Electronics Industries (Private) Limited - Sukuk II	44,149	44,149	-	-	-
	PACE Pakistan Limited	149,820	149,820	-	-	-
	Saudi Pak Leasing Company Limited	41,321	41,321	-	-	-
	World Call Telecom Limited	88,456	88,456	-	-	-
	Investment in Equity Securities	Azgard Nine Limited (Non-Voting)	13	13	-	-
Agritech Limited *		49,693	18,584	31,109	0.26	0.25

\* These shares are received in partial settlement against TFCs of Azgard Nine Limited as fully explained in note 4.4.1.

\*\* 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.

## 14 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

- 14.1 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 (NBP) and Alexandra Fund Management Pte. Limited being the sponsors, other collective investment schemes managed by the Management Company, directors and officers of the Management Company, entities under common management or directorships and unit holders holding 10 percent or more units of the Fund.
- 14.2 The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 14.3 Remuneration to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 14.4 Remuneration payable to the Trustee is determined in accordance with the provisions of the Trust Deed.

# NAFA INCOME OPPORTUNITY FUND

	(Un-audited ) Quarter Ended September 30, 2016	(Un-audited) Quarter Ended September 30, 2015
----- (Rupees in '000) -----		
<b>14.5 Details of the transactions with connected persons are as follows:</b>		
<b>NBP Fullerton Asset Management Limited - Management Company</b>		
Remuneration of the Management Company	33,686	27,167
Sindh sales tax on remuneration of the Management Company	4,379	4,412
Federal Excise Duty on remuneration of the Management Company	-	4,347
Accounting and operational charges to the Management Company	2,591	-
Front-end load	133	1,540
<b>Central Depository Company of Pakistan Ltd. - Trustee</b>		
Remuneration of the Trustee	2,217	1,668
Sindh Sales Tax on remuneration of the Trustee	288	234
CDS charges	204	258
<b>NBP Employees Pension Fund</b>		
Dividend Re-invest: Nil units (2015: 5,485,295 units)	-	59,127
<b>Employees of NAFA</b>		
Units Issued / transferred in 3,875,964 units (2015: 3,697,336 units)	41,939	40,215
Units redeemed / transferred out 2,999,725 units (2015: 4,199,856 units)	32,539	47,884
Dividend Re-invest: Nil units (2015: 22,582 units)	-	243
<b>NBP Employees Benevolent Fund Trust</b>		
Dividend Re-invest: Nil units (2015: 189 units)	-	2
<b>CDC Trustee NAFA Financial Sector Income Fund</b>		
Purchased T-Bill	68,308	46,880
<b>Cherat Cement Company Limited</b>		
Units Issued / transferred in: Nil units (2015: 14,550,860 units)	-	164,672
Units redeemed / transferred out: Nil units (2015: 14,550,860 units)	-	165,230
	(Un-audited) As at September 30, 2016	(Audited) As at June 30, 2016
----- (Rupees in '000) -----		
<b>14.6 Amounts outstanding as at year end</b>		
<b>NBP Fullerton Asset Management Limited (Management Company)</b>		
Remuneration of the Management Company	12,748	9,679
Sindh Sales Tax on remuneration of the Management Company	1,654	1,570
Federal Excise Duty on remuneration of the Management Company	39,241	39,241
Accounting and operational charges to the Management Company	8,578	5,986
Sales load	2,432	2,390
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration of the trustee	817	650
Sindh sales tax on remuneration of the trustee	106	91
CDS charges	204	112
Security deposit	100	100



# NAFA INCOME OPPORTUNITY FUND

	(Un-audited) As at September 30, 2016	(Audited) As at June 30, 2016
	----- (Rupees in '000) -----	
<b>National Bank of Pakistan (Parent of the Management Company)</b>		
Bank balance	574	2,220
<b>Summit Bank Limited (Common Directorship with the Management Company)</b>		
Investment held in the Fund: 1,219,535 units (June 30, 2016: 1,219,535 units)	13,307	13,051
Bank balance	18,194	20,630
<b>NBP Employees Pension Fund (Pension Fund of the parent of the Management Company)</b>		
Investment held in the Fund: 79,127,910 units (June 30, 2016: 79,127,910 units)	863,412	846,795
<b>NBP Employees Benevolent Fund Trust (Benevolent Fund of the parent of the Management Company)</b>		
Investment held in the Fund: 2,726 units (June 30, 2016: 2,726 units)	30	29
<b>Employees of the Management Company</b>		
Investment held in the Fund: 2,818,257 units (June 30, 2015: 1,942,017 units)	30,752	20,783
<b>Amount receivable / (payable) against issue of units from:</b>		
NAFA Financial Sector Income Fund	-	(423,934)
NAFA Islamic Aggressive Income Fund	-	(51,671)
NAFA Islamic Asset Allocation Fund	(10,079)	(35,775)
NAFA Islamic Asset Allocation Fund Plan-II	-	760
NAFA Islamic Stock Fund	(4,500)	(1,653)
NAFA Money Market Fund	-	(2,070,745)
NAFA Multi Asset Fund	-	(655)
NAFA Savings Plus Fund	-	(1,529)
NAFA Stock Fund	-	(8,501)
NAFA Islamic Energy Fund	(999)	-

## 15 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on October 28, 2016.

## 16 GENERAL

Figures have been rounded off to the nearest thousand rupees.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director



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

## Head Office

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