

**AM2+**  
Rated by PACRA



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

## **NAFA ISLAMIC PRINCIPAL PRESERVATION FUND**

# **QUARTERLY REPORT**

## **MARCH 31**

# **2016**




*Your investments & "NAFA" grow together*



**FULLERTON FUND  
MANAGEMENT**

*Joint - Venture Partners*

## MISSION STATEMENT



To rank in the top quartile  
in performance of  
**NAFA FUNDS**  
relative to the competition,  
and to consistently offer  
Superior risk-adjusted returns to investors.

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# NAFA ISLAMIC PRINCIPAL PRESERVATION FUND

## FUND'S INFORMATION

### Management Company

NBP Fullerton Asset Management Limited – Management Company

### Board of Directors of the Management Company

Mr. Nausherwan Adil	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Nigel Poh Cheng	Director
Mr. Koh Boon San	Director
Mr. Kamal Amir Chinoy	Director
Mr. Shehryar Faruque	Director
Mr. Aamir Sattar	Director
Mr. Abdul Hadi Palekar	Director

### Company Secretary & COO

Mr. Muhammad Murtaza Ali

### Chief Financial Officer

Mr. Khalid Mehmood

### Audit & Risk Committee

Mr. Shehryar Faruque	Chairman
Mr. Koh Boon San	Member
Mr. Aamir Sattar	Member

### Human Resource and Remuneration Committee

Mr. Nausherwan Adil	Chairman
Mr. Nigel Poh Cheng	Member
Mr. Kamal Amir Chinoy	Member

### Trustee

Central Depository Company of Pakistan Limited (CDC)  
CDC House, 99-B, Block "B" S.M.C.H.S.,  
Main Shahra-e-Faisal, Karachi.

### Bankers to the Fund

Bank Alfalah Limited  
Habib Bank Limited  
United Bank Limited  
Meezan Bank Limited  
Sindh Bank Limited  
Soneri Bank Limited  
Bank Al Habib Limited  
Allied Bank Limited

# NAFA ISLAMIC PRINCIPAL PRESERVATION FUND

## Auditors

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

## Legal Advisor

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

## Head Office:

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](http://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 ISLAMIC PRINCIPAL PRESERVATION FUND

## DIRECTORS' REPORT

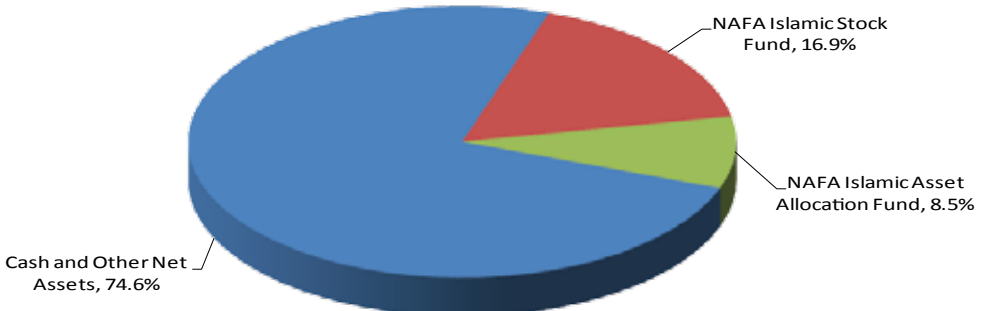
The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the unaudited financial statements of **NAFA Islamic Principal Preservation Fund (NIPPF)** for the period ended March 31, 2016.

### Fund's Performance

The size of NAFA Islamic Principal Preservation Fund has decreased from Rs.1,758 million to Rs.1,556 million during the period, i.e. a decrease of 11.5%. During the third quarter, the unit price of NAFA Islamic Principal Preservation Fund has decreased from Rs. 102.9509 on December 31, 2015 to Rs. 102.8563 on March 31, 2016, thus showing a decrease of 0.09%. The Benchmark (Daily weighted return of KMI-30 index & Islamic Bank Deposits based on Fund's actual allocation) return during the same period was increased by 0.35%. Thus, the Fund has underperformed its Benchmark by 0.44% during the period under review. For the nine months period ended March 31, 2016, the NAV of the Fund has increased from Rs.102.0712 (Ex-Div) on June 30, 2015 to Rs.102.8563 on March 31, 2016, thus showing an increase of 0.77%. During the said period, the Benchmark decreased by 0.92%, translating into an outperformance of 1.69%. Since Inception the NAV of Fund has increased from Rs. 97.1473 (Ex-Div) on January 09, 2015 to Rs. 102.8563 on March 31, 2016, thus showing an increase of 5.88%. The Benchmark return during the same period was 3.44%. Thus, the Fund has outperformed its Benchmark by 2.44%. This performance is net of management fee and all other expenses. The size of NAFA Islamic Principal Preservation Fund has decreased from Rs.1,758 million to Rs.1,556 million during the period, i.e. a decrease of 11.5%.

The stock market volatility remained elevated during the 3QFY16. The market started off the quarter on a weak note in January, posting -3.2% returns before taking a breather in February and finally making a strong recovery in March. Overall, the KMI-30 Index increased by 4.7% during the quarter driven by strong performance of the Cement sector on the back of robust volumetric growth, and recovery in Oil & Gas sector due to sharp rebound in international crude prices from their lows. Foreign investors remained large net sellers with net outflows of USD100mn during the quarter, though slowdown in foreign selling was evident as the cumulative selling during the first two months stood at USD 89 million as compared to just USD11 million in the third month. On the local side, NBFCs, Individuals, and Companies remained net buyers, absorbing the foreign selling, which was largely concentrated in Banks and Fertilizers sectors. Towards the end of the quarter, MSCI also initiated consultation process for potential reclassification of Pakistan to Emerging Markets which garnered significant investor interest. The Pharmaceuticals and Cement sectors outperformed the market whereas, Chemicals and Fertilizer sectors lagged behind.

During the period under review, the State Bank of Pakistan reduced the discount rate by 50 bps to 6.5%. SBP highlighted: i) benign inflation readings and anchored near-term inflation expectation; ii) high real lending rates; iii) comfortable external account position; and (iv) improving law and order situation; and macroeconomic stability. In the period under review, MoF Conducted auction for a floating rate GOP Ijara Sukuk and accepted Rs.118 billion against the target of Rs.100 billion. Auctions for the Fixed Rental Rate GOP Ijara Sukuk were also conducted where an amount of Rs.196 billion was accepted against the target of Rs.180 billion. Foreign exchange reserves reached a comfortable level of USD 20 billion. Inflation as measured by the CPI clocked-in at 3.9% on a year-on-year basis in March compared with 3.2% in June 2015. The Fund has earned total income of Rs.29.41 million during the period. After deducting expenses of Rs.17.47, the net income is Rs.11.94 million. The below chart presents the asset allocation of NIPPF.



# NAFA ISLAMIC PRINCIPAL PRESERVATION FUND

## Acknowledgement

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

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

On behalf of the Board of  
NBP Fullerton Asset Management Limited

Chief Executive

Director

Date: April 29, 2016  
Place: Karachi.

# NAFA ISLAMIC PRINCIPAL PRESERVATION FUND

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED) AS AT MARCH 31, 2016

		(Un-Audited) March 31, 2016	(Audited) June 30, 2015
		----- Rupees in '000 -----	
	Note		
<b>ASSETS</b>			
Balances with banks		1,166,864	986,966
Investments	4	395,611	783,135
Profit receivable		6,045	4,910
Preliminary expenses and floatation costs		926	1,819
Advances, deposits and other receivables		10	-
<b>Total assets</b>		<b>1,569,456</b>	<b>1,776,830</b>
<b>LIABILITIES</b>			
Payable to NBP Fullerton Asset Management Limited - Management Company		9,882	10,496
Payable to Central Depository Company of Pakistan Limited - Trustee		140	130
Payable to Securities and Exchange Commission of Pakistan		1,209	806
Accrued expenses and other liabilities		2,102	7,080
<b>Total liabilities</b>		<b>13,333</b>	<b>18,512</b>
<b>NET ASSETS</b>		<u><b>1,556,123</b></u>	<u><b>1,758,318</b></u>
<b>UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)</b>		<u><b>1,556,123</b></u>	<u><b>1,758,318</b></u>
<b>CONTINGENCIES AND COMMITMENTS</b>	5		
<b>Number of units in issue</b>		<u><b>15,129,091</b></u>	<u><b>17,189,941</b></u>
<b>NET ASSET VALUE PER UNIT</b>		<u><b>102.8563</b></u>	<u><b>102.2876</b></u>

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director



# NAFA ISLAMIC PRINCIPAL PRESERVATION FUND

## CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2016

INCOME	Note	Nine months ended	Quarter Ended	
		March 31, 2016	March 31, 2016	March 31, 2015
----- Rupees in '000 -----				
Capital loss on sale of investments - net		(54,702)	(30,918)	(8,391)
Profit on bank deposits		47,386	19,081	19,201
Dividend Income		29,174	-	-
Income from Back End Load		1,552	603	331
Net unrealised appreciation / (diminution) on re-measurement as 'financial assets at fair value through profit or loss'		7,331	15,715	(24,362)
<b>Total Income / (Loss)</b>		<b>30,741</b>	<b>4,481</b>	<b>(13,221)</b>
<b>EXPENSES</b>				
Remuneration of NBP Fullerton Asset Management Limited Management Company		9,845	3,788	2,740
Sindh sales tax on remuneration of the Management Company		1,599	615	477
FED on remuneration of the Management Company		1,575	605	439
Allocation of operational expenses from the Management Company		577	407	-
Remuneration of the Central Depository Company of Pakistan Limited - Trustee		1,143	367	358
Sindh Sales Tax on remuneration of the Trustee		160	51	-
Annual fee - Securities and Exchange Commission of Pakistan		1,210	387	302
Settlement and bank charges		126	5	41
Annual listing fee		30	10	11
Auditors' remuneration		246	45	93
Fund rating fee		-	-	34
Amortisation of preliminary expenses and floatation costs		893	295	206
Printing charges		60	11	23
Legal & Professional charges		-	-	23
<b>Total Expenses</b>		<b>17,464</b>	<b>6,586</b>	<b>4,747</b>
<b>Net income / (loss) from operating activities</b>		<b>13,277</b>	<b>(2,105)</b>	<b>(17,968)</b>
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - net		(1,335)	(363)	-
Provision for Workers' Welfare Fund	6	-	-	-
<b>Net income / (loss) for the period before taxation</b>		<b>11,942</b>	<b>(2,468)</b>	<b>(17,968)</b>
Taxation	7	-	-	-
<b>Net income / (loss) for the period after taxation</b>		<b>11,942</b>	<b>(2,468)</b>	<b>(17,968)</b>

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ISLAMIC PRINCIPAL PRESERVATION FUND

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2016

	Nine months ended March 31, 2016	Quarter Ended March 31, 2016	March 31, 2015
	----- Rupees in '000 -----		
Net income / (loss) for the period after taxation	11,942	(2,468)	(17,968)
Other Comprehensive Income	-	-	-
<b>Total comprehensive income / (loss) for the period</b>	<u>11,942</u>	<u>(2,468)</u>	<u>(17,968)</u>

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ISLAMIC PRINCIPAL PRESERVATION FUND

## CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2016

	Nine months ended March 31, 2016	Quarter Ended March 31, 2016	March 31, 2015
	----- Rupees in '000 -----		
<b>Undistributed income at the beginning of the period</b>			
Realised gain	7,882	58,359	-
Unrealised gain / (loss)	31,442	(8,384)	-
	<u>39,324</u>	<u>49,975</u>	<u>-</u>
Net income / (loss) for the period after taxation	11,942	(2,468)	(17,968)
Final distribution made during the period			
- Re 0.2206 per unit distribution for the year ended June 30, 2015	(3,759)	-	-
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - net	-	-	(847)
Undistributed income / (loss) carried forward	<u>47,507</u>	<u>47,507</u>	<u>(18,815)</u>
<b>Undistributed income / (loss) at the end of the period comprising of:</b>			
Realised gain	40,176	31,792	5,547
Unrealised gain / (loss)	7,331	15,715	(24,362)
	<u>47,507</u>	<u>47,507</u>	<u>(18,815)</u>

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ISLAMIC PRINCIPAL PRESERVATION FUND

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2016

	Nine months ended March 31, 2016	Quarter Ended March 31, 2016	March 31, 2015
	----- Rupees in '000 -----		
Net assets at the beginning of the period	1,758,318	1,678,353	-
Issue of 32,405 units	3,373	-	1,796,516
Redemption of 2,093,255 units	(215,086)	(120,125)	(33,057)
	(211,713)	(120,125)	1,763,459
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - net	1,335	363	(847)
Net unrealised appreciation / (diminution) on re-measurement as 'financial assets at fair value through profit or loss'	7,331	15,715	(24,362)
Capital (loss) on sale of investments - net	(54,702)	(30,918)	(8,391)
Other income (net of expenses) for period	59,313	12,735	14,785
<b>Net income / (loss) for the period</b>	<b>11,942</b>	<b>(2,468)</b>	<b>(17,968)</b>
Final distribution made during the period			
- Re 0.2206 per unit distribution for the year ended June 30, 2015	(3,759)	-	-
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - net	-	-	847
<b>Net assets at the end of the period</b>	<b>1,556,123</b>	<b>1,556,123</b>	<b>1,745,491</b>

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ISLAMIC PRINCIPAL PRESERVATION FUND

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2016

	Nine months ended March 31, 2016	Quarter Ended March 31, 2016	Quarter Ended March 31, 2015
	----- Rupees in '000 -----		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net income / (loss) for the period before taxation	11,942	(2,468)	(17,968)
<b>Adjustments</b>			
Net unrealised appreciation / (diminution) on re-measurement as 'financial assets at fair value through profit or loss'	(7,331)	(15,715)	24,362
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - net	1,335	363	-
Amortisation of preliminary expenses and floatation costs	893	295	206
	<u>6,839</u>	<u>(17,525)</u>	<u>6,600</u>
<b>(Increase) / decrease in assets</b>			
Investments	394,855	201,585	(551,536)
Profit receivable	(1,135)	(390)	(608)
Preliminary expenses and floatation costs	-	-	(2,398)
Receivable against sale of investment	-	-	(120,000)
Advances, deposits and other receivables	(10)	9	-
	<u>393,710</u>	<u>201,204</u>	<u>(674,542)</u>
<b>Increase / (decrease) in liabilities</b>			
Payable to the Management Company	(614)	(1,269)	15,963
Payable to the Trustee	10	(6)	135
Payable to the Securities and Exchange Commission of Pakistan	403	386	302
Accrued expenses and other liabilities	(4,978)	(147)	3,480
	<u>(5,179)</u>	<u>(1,036)</u>	<u>19,880</u>
<b>Net cash generated / (used in) operating activities</b>	<u>395,370</u>	<u>182,643</u>	<u>(648,062)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Net receipts from issue of units	3,373	-	1,796,516
Net payments on redemption of units	(215,086)	(120,125)	(32,752)
Distributions made	(3,759)	-	-
<b>Net cash (used in) / generated from financing activities</b>	<u>(215,472)</u>	<u>(120,125)</u>	<u>1,763,764</u>
<b>Net increase in cash and cash equivalents during the period</b>	<u>179,898</u>	<u>62,518</u>	<u>1,115,702</u>
Cash and cash equivalents at the beginning of the period	986,966	1,104,346	-
<b>Cash and cash equivalents at the end of the period</b>	<u><u>1,166,864</u></u>	<u><u>1,166,864</u></u>	<u><u>1,115,702</u></u>

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ISLAMIC PRINCIPAL PRESERVATION FUND

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Un-Audited) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2016

### 1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Islamic Principal Preservation 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 the Trustee. The Trust Deed was executed on October 16, 2014 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on October 29, 2014. under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The principal office of the Management Company is situated at 7th Floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).

The Fund is an open-ended mutual fund and is listed on the Lahore Stock Exchange. The units of the Fund are transferable and can be redeemed by surrendering them to the Fund. The units are listed on the Lahore Stock Exchange. The Fund is categorized as an Open-End "Shariah Compliant Fund of Funds" as per the criteria laid down by the Securities and Exchange Commission of Pakistan for categorization of Collective Investment Schemes (CIS).

The objective of NAFA Islamic Principal Preservation Fund is to earn a potentially high return through dynamic asset allocation between Shariah compliant equity related, and Sharia compliant income/money market Collective Investment Schemes, while providing principal preservation

The Pakistan Credit Rating Agency (PACRA) has assigned an asset manager rating of AM2+ to the Management Company.

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

### 2 BASIS OF PREPARATION

#### 2.1 Statement of Compliance

This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

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

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

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

# NAFA ISLAMIC PRINCIPAL PRESERVATION FUND

	Note	(Un-Audited) March 31, 2016 (Rupees in '000)	(Audited) June 30, 2015
<b>4 INVESTMENTS</b>			
Financial assets at fair value through profit or loss'			
- Units of mutual funds	4.1	<u>395,611</u>	<u>783,135</u>

## 4.1 Investment in Mutual Funds

Name of the fund	As at July 1, 2015	Purchases during the period	Redeemed during the period	As at March 31, 2016	Market Value as at March 31, 2016	Market value as a percentage of net assets	Market value as a percentage of total investments
					(Rs in "000")	..... %	.....
NAFA Islamic Asset Allocation Fund	22,641,889	24,408,329	38,712,256	16,714,462	132,722	8.53	33.55
NAFA Islamic Stock Fund	38,204,892	26,704,010	41,492,480	29,178,795	262,889	16.89	66.45
				<u>45,893,257</u>	<u>395,611</u>	<u>25</u>	<u>100</u>
Carrying value as at March 31, 2016					<u>388,280</u>		

## 5 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at March 31, 2016 and June 30, 2015

## 6 PROVISION FOR WORKERS' WELFARE FUND

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

During the year ended June 30, 2012, the Honourable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008, had declared the said amendments as unlawful and unconstitutional. In March 2013, a larger bench of the Honourable Sindh High Court (SHC) passed an order declaring that the amendments introduced in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 do not suffer from any constitutional or legal infirmity. However, the Honorable High Court of Sindh has not addressed the other amendments made in the WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before the Court. In a recent judgment, the Peshawar High Court (PHC) has also held these amendments to be ultra vires as they lacked the essential mandate to be introduced and passed through the Money Bill under the Constitution. Without prejudice to the above, the Management Company, as a matter of abundant caution, has decided to retain the provision for WWF amounting to Rs 1.767 million in these condensed interim financial information. Had the same not been made the net asset value per unit of the Fund as at March 31, 2016 would have been higher by Rs 0.1168 per unit.

The Finance Act, 2015 has excluded Collective Investment Schemes (CISs) from the definition of 'industrial establishment' subject to WWF under the WWF Ordinance, 1971. Accordingly, the Management Company has discontinued further provisioning of WWF with effect from 1 July 2015. However, provision made till 30 June 2015 has not been reversed as the above law suit is still pending before the Sindh High Court (SHC).

## 7 TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the period, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders. The management intends to distribute atleast 90% of the Fund's net accounting income earned by the year end to the unit holders. Accordingly, no provision for taxation has been made in this condensed interim financial information.

# NAFA ISLAMIC PRINCIPAL PRESERVATION FUND

The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

## 8 TRANSACTIONS WITH CONNECTED PERSONS TRANSACTIONS WITH CONNECTED PERSONS

- 8.1 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, NAFA provident Trust Fund being the employee contribution plan of the Management Company, other collective investment schemes managed by the Management Company and directors and officers of the Management Company.
- 8.2 The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 8.3 Remuneration and front-end load payable to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.
- 8.4 Remuneration payable to the Trustee is determined in accordance with the provisions of the NBFC regulation and the Trust Deed.

-----Unaudited-----			
Nine months ended	Quarter Ended		
March 31, 2016	March 31, 2016	March 31, 2015	
------(Rupees in '000)-----			

### 8.5 Details of the transactions with connected persons are as follows:

#### NBP Fullerton Asset Management Limited - Management Company

Remuneration of the Management Company	9,845	3,788	2,740
Sindh sales tax on remuneration of the Management Company	1,599	615	477
FED on remuneration of the Management Company	1,575	605	439
Allocation of operational expenses from the Management Company	577	407	-
Sales load	-	-	32,865

#### NAFA Islamic Stock Fund

Units purchased (26,704,010 units)	295,666	144,149	456,876
Units sold (41,492,480 units)	433,609	211,759	164,097

#### NAFA Islamic Asset Allocation Fund

Units purchased (24,408,329 units)	385,575	156,797	464,960
Units sold (38,712,256 units)	587,786	259,855	197,813

#### Employees of the Management Company

Units issued / transferred In (3 units)	-	-	1,151
Units redeemed / transferred out	-	-	1,028

#### Central Depository Company of Pakistan Limited - Trustee

Remuneration	1,143	367	358
Sindh Sales Tax on remuneration of the Trustee	160	51	-



# NAFA ISLAMIC PRINCIPAL PRESERVATION FUND

(Un-audited) (Audited )  
March 31, June 30,  
2016 2015

------(Rupees in '000)-----

## Amounts outstanding as at period end

### NBP Fullerton Asset Management Limited - Management Company

Management remuneration payable	1,304	1,005
Sales tax payable	212	175
Allocation of operational expenses from the Management Company	577	-
F.E.D payable	5,258	956
FED on Sales load payable to the Management Company	2,531	5,942
Preliminary expenses and floatation costs	-	2,378
Sales load and transfer load to management company	-	-
Other Payable	-	40

### NAFA Islamic Stock Fund

Units held: 23,416,423 (June 30, 2015: 38,204,892 units)	262,889	421,071
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### NAFA Islamic Asset Allocation Fund

Units held: 8,337,962 (June 30, 2015: 22,641,889 units)	132,722	362,064
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### Employees of the Management Company

Units held: 1,554 (June 30, 2015: 1,551 units)	160	159
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### Central Depository Company of Pakistan Limited - Trustee

Remuneration payable	123	130
Sindh Sales Tax on remuneration of the Trustee	17	-

## 9 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on April 29, 2016.

## 10 GENERAL

10.1 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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