



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

## NAFA RIBA FREE SAVINGS 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 RIBA FREE SAVINGS FUND

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# NAFA RIBA FREE SAVINGS 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. Aamir 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. Aamir 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

Al-Baraka Islamic Bank Limited  
Bank Alfalah Limited  
Habib Bank Limited  
Meezan Bank Limited  
United Bank Limited  
Summit Bank Limited  
NIB Bank Limited  
BankIslami Pakistan Limited  
MCB Bank Limited  
Silk Bank Limited  
Dubai Islamic Bank Pakistan Limited  
National Bank of Pakistan  
Allied Bank Limited  
Sindh Bank Limited  
Bank Al Habib Limited  
Habib Metropolitan Bank Limited

# NAFA RIBA FREE SAVINGS 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](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 RIBA FREE SAVINGS FUND

## DIRECTORS' REPORT

The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the unaudited financial statements of **NAFA Riba Free Savings Fund (NRFSF)** for the period ended March 31, 2017.

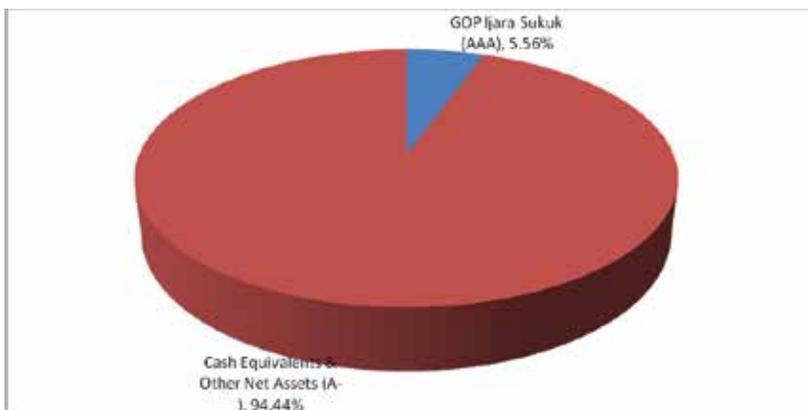
### Fund's Performance

The size of NAFA Riba Free Savings Fund has increased from Rs. 1,160 million to Rs. 1,822 million during the period (i.e. a growth of 57%). During the period, the unit price of the Fund has increased from Rs. 10.1693 on June 30, 2016 to Rs. 10.6291 on March 31, 2017, thus showing a return of 6.0% as compared to the benchmark return of 3.3% for the same period. The performance of the Fund is net of management fee and all other expenses.

NRFSF is an Islamic Income Scheme with no direct or indirect exposure to the stock market and corporate sukus. The stability rating of the Fund by PACRA is 'A (f)', which denotes a strong capacity to maintain relative stability in returns and very low exposure to risks. The Fund aims to consistently provide better returns than profit rates offered by Islamic Banks / Islamic windows of commercial banks, while also providing easy liquidity along with a good quality credit profile. The maturity of any single instrument except GOP Ijarah Sukuks cannot exceed six months.

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. Overall trading activity in corporate debt securities was recorded at Rs. 7.8 billion. The trades were primarily concentrated in Banking sector TFCs. CPI on year-on-year basis was recorded at 4.01% in 9MFY17 as compared to 2.64% in corresponding period last year.

The Fund has earned total income of Rs.91.56 million during the period. After deducting expenses of Rs.12.74 million, the net income is Rs.78.82 million. The below chart presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NRFSF.



# NAFA RIBA FREE SAVINGS 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 RIBA FREE SAVINGS FUND

## ڈائریکٹرز رپورٹ

NBP فلٹرن ایسیٹ منجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز نے 31 مارچ 2017ء کو ختم ہونے والی مدت کے لیے NAFA ریفاری سیونگز فنڈ (NRF SF) کے غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

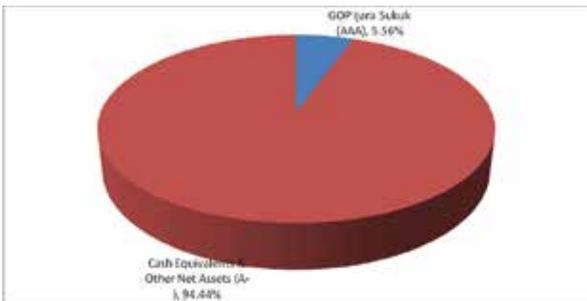
### فنڈ کی کارکردگی

NAFA ریفاری سیونگز فنڈ کا فنڈ سائز اس مدت کے دوران 1,160 ملین روپے سے بڑھ کر 1,822 ملین روپے پہنچ گیا، یعنی جو کہ 57% اضافہ ہے۔ زیر جائزہ مدت کے دوران فنڈ کے یونٹ کی قیمت 30 جون 2016ء کو 10.1693 روپے سے بڑھ کر 31 مارچ 2017ء کو 10.6291 روپے تک پہنچ چکی ہے، لہذا اسی مدت کے لیے اپنے بیچ مارک منافع 3.3% کے مقابلے میں 6.0% منافع درج کرایا۔ یہ کارکردگی خالص منجمنٹ فیس اور دوسرے اخراجات کے ساتھ ہے۔

NRF SF ایک اسلامک انکم اسکیم ہے جس کا اسٹاک مارکیٹ اور کارپوریٹ سٹاک سے کوئی براہ راست یا بالواسطہ تعلق نہیں ہے۔ فنڈ کو PACRA کی طرف سے (f) اسٹیبلٹی ریٹنگ دی گئی ہے، جو منافع جات میں متعلقہ استحکام برقرار رکھنے کی زبردست اہلیت اور خطرات کی زد میں آنے کے بہت معمولی امکانات کی نشان دہی کرتی ہے۔ فنڈ کا مقصد ایک مستقل آمدنی فراہم کرنا ہے جو اسلامی بینکوں / تجارتی بینکوں کے اسلامی شعبہ کے منافع کی شرح سے زیادہ ہو۔ اس کے علاوہ ہم آسان سیالیت (لیکویڈیٹی) کے ساتھ اعلیٰ معیار کے کریڈٹ پروفائل کی سہولت بھی پیش کرتے ہیں۔ کسی بھی واحد انسٹرومنٹ کی میچورٹی، ماسوائے حکومت پاکستان کے اجارہ سٹاک، 6 ماہ سے تجاوز نہیں کر سکتی۔

زیر جائزہ مدت میں اسٹیٹ بینک آف پاکستان (SBP) نے ڈسکاؤنٹ ریٹ اور پالیسی ریٹ بالترتیب 6.25% اور 5.75% کی شرح کو برقرار رکھا۔ بہتر انٹرنیشنل سیالیت کی صورتحال (نیم گورنمنٹ ریٹرنمنٹ 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 پوائنٹس کا اوسط اضافہ ہوا، جس سے سرمایہ کاروں کی زیادہ مدت کے پریٹنیم 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۔

اس مدت کے دوران فنڈ میں 91.56 ملین روپے کی مجموعی آمدنی کمائی۔ اخراجات کی مد میں 12.74 ملین روپے منہا کرنے کے بعد خالص آمدنی 78.82 ملین روپے ہے۔ درج ذیل چارٹ NRF SF کی ایسیٹ ایلوکیشن اور اس کے ذیلی اثاثوں کے تمام درجوں کی پیمائش شدہ اوسط کریڈٹ ریٹنگ پیش کرتا ہے:



# NAFA RIBA FREE SAVINGS FUND

## اظہارِ تشکر

بورڈ اس موقع کا فائدہ اٹھاتے ہوئے منجمنٹ کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر یونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سیکورٹیز 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 ایسیٹ منجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

بتاریخ

28 اپریل 2017ء

مقام: کراچی

# NAFA RIBA FREE SAVINGS FUND

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2017

	Note	Unaudited March 31, 2017	Audited June 30, 2016
(Rupees in '000)			
<b>ASSETS</b>			
Balances with banks		1,718,078	1,130,634
Investments	4	101,350	100,790
Prepayment and other receivables		487	517
Profit receivable		10,648	6,219
Receivable against issue of units		9,586	
<b>Total assets</b>		<b>1,840,149</b>	<b>1,238,160</b>
<b>LIABILITIES</b>			
Payable to the Management Company		12,994	12,508
Payable to the Trustee		230	178
Payable to Securities and Exchange Commission of Pakistan		710	1,003
Payable against redemption of units		61	-
Accrued expenses and other liabilities		3,814	64,245
<b>Total liabilities</b>		<b>17,809</b>	<b>77,934</b>
<b>NET ASSETS</b>		<b>1,822,340</b>	<b>1,160,226</b>
Unit holders' fund (As per statement attached)		1,822,340	1,160,226
<b>CONTINGENCIES AND COMMITMENTS</b>			
	6		
(Number of units)			
Number of units in issue		171,448,611	114,090,522
(Rupees)			
Net asset value per unit		10.6291	10.1693

The annexed notes 1 to 12 form an integral part of these condensed interim financial information.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA RIBA FREE SAVINGS FUND

## CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2017

Note	Nine months ended		Quarter ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
-----Rupees in '000-----				
<b>INCOME</b>				
Profit on bank deposits	54,076	65,912	23,789	22,956
Capital (loss)/gain on sale of investments - net	-	(1,010)	-	(163)
Income on GOP Ijara Sukuks	4,093	6,186	1,343	1,850
Reversal of provision for Workers' Welfare Fund	10,079	-	10,079	-
Net unrealised appreciation/(diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	560	750	(1,100)	(320)
<b>Total income</b>	<b>68,808</b>	<b>71,838</b>	<b>34,111</b>	<b>24,323</b>
<b>EXPENSES</b>				
Remuneration of the Management Company	5,516	9,857	2,322	2,346
Sindh sales tax on remuneration of the Management Company	717	1,601	302	381
FED on remuneration of the Management Company	-	1,577	-	375
Remuneration of the Trustee	1,435	1,491	572	524
Sindh Sales Tax on remuneration of the Trustee	187	209	74	74
Annual fee - Securities and Exchange Commission of Pakistan	710	761	319	276
Accounting and operational charges to the Management Company	947	517	426	368
Annual listing fee	41	30	13	10
Securities transaction cost	-	12	-	12
Settlement & Bank charges	209	135	42	40
Auditors' remuneration	413	497	115	127
Fund rating fee	245	151	82	-
Printing and related costs	10	54	10	18
Amortisation of preliminary expenses and floatation costs	-	45	-	-
Shariah advisor fee	301	-	110	-
Provision for Sindh Workers' Welfare Fund- previous years	377	-	377	-
Legal and professional charges	21	-	21	-
<b>Total expenses</b>	<b>11,129</b>	<b>16,937</b>	<b>4,785</b>	<b>4,551</b>
<b>Net income from operating activities</b>	<b>57,679</b>	<b>54,901</b>	<b>29,326</b>	<b>19,772</b>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	22,752	2,345	13,483	(3,140)
	80,431	57,246	42,809	16,632
Provision for Sindh Workers' Welfare Fund	5	(1,609)	(1,609)	-
<b>Net income for the period before taxation</b>	<b>78,822</b>	<b>57,246</b>	<b>41,200</b>	<b>16,632</b>
Taxation	7	-	-	-
<b>Net income for the period after taxation</b>	<b>78,822</b>	<b>57,246</b>	<b>41,200</b>	<b>16,632</b>
<b>Earnings per unit</b>				
The annexed notes 1 to 12 form an integral part of these condensed interim financial information.				
For NBP Fullerton Asset Management Limited (Management Company)				

Chief Executive

Director

# NAFA RIBA FREE SAVINGS FUND

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2017

	Nine months ended		Quarter ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	-----Rupees in '000-----			
Net income for the period after taxation	78,822	57,246	41,200	16,632
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<u>78,822</u>	<u>57,246</u>	<u>41,200</u>	<u>16,632</u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial information.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA RIBA FREE SAVINGS FUND

## CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2017

	Nine months ended		Quarter ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	-----Rupees in '000-----			
Undistributed income brought forward	14,689	14,135	52,311	54,749
Net income for the period after taxation	78,822	57,246	41,200	16,632
Undistributed income carried forward				
Undistributed income carried forward	<u>93,511</u>	<u>71,381</u>	<u>93,511</u>	<u>71,381</u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial information.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA RIBA FREE SAVINGS FUND

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2017

	Nine months ended		Quarter ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	-----Rupees in '000-----			
Net assets at the beginning of the period	1,160,226	799,218	1,385,597	1,485,909
Issue of 239,538,608 units units (2016: 235,878,639 units)	2,502,326	2,427,628	1,174,588	281,589
Redemption of 182,180,519 units (2016: 180,252,186units)	(1,896,282)	(1,859,885)	(765,562)	(365,408)
	606,044	567,743	409,026	(83,819)
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed transferred to income statement	(22,752)	(2,345)	(13,483)	3,140
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	560	750	(1,100)	(320)
Capital gain on sale of investments	-	(1,010)	-	(163)
Other operating income	78,262	57,506	42,300	17,115
<b>Net income for the period</b>	<b>78,822</b>	<b>57,246</b>	<b>41,200</b>	<b>16,632</b>
<b>Net assets as at the end of the period</b>	<b>1,822,340</b>	<b>1,421,862</b>	<b>1,822,340</b>	<b>1,421,862</b>

The annexed notes 1 to 12 form an integral part of these condensed interim financial information.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA RIBA FREE SAVINGS FUND

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2017

	Nine months 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	78,822	57,246	41,200	16,632
<b>Adjustments</b>				
Element of (income)/loss and capital gains included in prices of units issued less those in units redeemed - net	(22,752)	(2,345)	(13,183)	3,140
Net unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(560)	(750)	1,100	320
Loss on sale of investments - net	-	1,010	-	163
Amortisation of preliminary expenses and floatation costs	-	45	-	-
	<u>55,510</u>	<u>55,206</u>	<u>29,117</u>	<u>20,255</u>
<b>(Increase) / decrease in assets</b>				
Investments - net	-	37,001	-	26,001
Advances, deposits, prepayments and other receivables	30	140	(104)	10
Profit receivable	(4,429)	(1,266)	(4,429)	198
	<u>(4,399)</u>	<u>35,875</u>	<u>(4,533)</u>	<u>26,209</u>
<b>Increase / (decrease) in liabilities</b>				
Payable to the Management Company	486	520	864	6
Payable to the Trustee	52	24	68	(1)
Payable to Securities and Exchange Commission of Pakistan	(293)	(349)	319	276
Accrued expenses and other liabilities	(60,431)	(3,663)	(54,707)	504
	<u>(60,186)</u>	<u>(3,468)</u>	<u>(53,456)</u>	<u>785</u>
<b>Net cash generated from / (used in) from operating activities</b>	<u>(9,075)</u>	<u>87,613</u>	<u>(28,872)</u>	<u>47,249</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Receipts from issue of units	2,492,740	2,447,029	1,164,847	307,705
Payment on redemption of units	(1,896,221)	(2,632,578)	(719,941)	(373,797)
Distribution paid	-	(33,390)	-	-
<b>Net cash generated / (used in) from financing activities</b>	<u>596,519</u>	<u>(218,939)</u>	<u>444,906</u>	<u>(66,092)</u>
<b>Net increase in cash and cash equivalents during the period</b>	<u>587,444</u>	<u>(131,326)</u>	<u>416,034</u>	<u>(18,843)</u>
Cash and cash equivalents at the beginning of the period	1,130,634	1,467,701	1,302,044	1,355,218
<b>Cash and cash equivalents at end of the period</b>	<u><u>1,718,078</u></u>	<u><u>1,336,375</u></u>	<u><u>1,718,078</u></u>	<u><u>1,336,375</u></u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial information.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA RIBA FREE SAVINGS FUND

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2017

### 1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Riba Free Savings Fund (the Fund) was established under a Trust Deed executed between NBP Fullerton Asset Management Limited (NAFA) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on June 29, 2010 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on July 14, 2010 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.

On January 11, 2013, MCB Financial Services Limited (MCB-FSL) was appointed as the new Trustee of the Fund, after CDC retired on the prior day. The appointment of the new Trustee was made as per clause 21 of the Trust Deed and Regulation 42(3) of the NBFC and Notified Entities Regulations 2008. The supplemental Trust Deed of the Fund was signed on November 16, 2012. Thereafter, on September 4, 2013, CDC was re-appointed as the new Trustee of the Fund, after MCB-FSL retired on the prior day and the supplemental Trust Deed was signed on July 29, 2013.

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 Mutual Funds Association of Pakistan (MUFAP).

The Fund is an open-end mutual fund and is listed on the Lahore Stock Exchange. Units are offered for public subscription on a continuous basis. The units of the Fund can be transferred to / from the Funds managed by the Management Company and can also be redeemed by surrendering to the Fund. The Fund is categorised as an Open-End Islamic "Income Scheme" as per the criteria laid down by the SECP for categorisation of Collective Investment Schemes (CIS).

The objective of the Fund is to provide preservation of capital and earn a reasonable rate of return along with a high degree of liquidity by investing in Shariah compliant banks and money market / debt securities.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM1' w.e.f April 21, 2017 to the Management Company and has assigned stability rating of 'A(f)' to the Fund.

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

The disclosures made in this condensed interim financial information have, however, 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, 2016.

### 3 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, 2016.

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4. INVESTMENTS	Note	(Un-audited) March 31, 2017	Audited June 30, 2016
		----- Rupees in '000 -----	
<b>At fair value through profit or loss - held for trading</b>			
Government of Pakistan Ijarah Sukuks	4.1	101,350	100,790
		<u>101,350</u>	<u>100,790</u>

## 4.1 Government of Pakistan Ijarah Sukuks - at fair value through profit or loss

All certificates have a face value of Rs.100,000 each

Description	Period	Number of certificates				Market value as at March 31, 2017	Investment as a percentage of	
		As at July 01, 2016	Purchases during the period	Sales / matured during the period	As at March 31, 2017		Net assets	Market value of total investments
		Rupees in '000				-----%-----		
GoP Ijarah Sukuk XVI	18-Dec-2015 to 18-Dec-2018	1,000	-	-	1,000	101,350	6%	100%
						<u>101,350</u>		
Carrying Value as at March 31, 2017						100,790		
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'						<u>560</u>		

## 5 PROVISION FOR SINDH WORKERS' WELFARE FUND

The Finance Act, 2008 introduced amendments to the Workers' Welfare Fund 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 Workers Welfare Fund (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. 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. 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. 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. 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 WWF and SWWF on mutual funds and considering the legal opinion obtained on these matters, 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 mutual funds till June 30, 2015, to be reversed on January 12, 2017; and
- The provision in respect of Sindh WWF should be made 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 Sindh WWF 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 mutual funds. Accordingly, the Fund has recorded these adjustments in its books on January 12, 2017.

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The scheme has maintained provision against Sindh Workers' Welfare Fund's liability to the tune of Rs 1.985 million. If the same were not been the NAV per unit of scheme would be higher by Rs 0.0116.

## 6 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at March 31, 2017 and June 2016

## 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 at least 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 provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

## 8 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses incurred during the period divided by average net assets for the period) is 1.34% per annum including 0.38% representing government levies on collective investment scheme such as Sales tax and Securities and Exchange Commission of Pakistan fee for the period.

## 9 TRANSACTIONS WITH CONNECTED PERSONS

9.1 Connected persons include NBP Fullerton Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan and Alexandra Fund Management Pte. Limited being the sponsors, other collective investment schemes managed by the Management Company and directors and officers of the Management Company.

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

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

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

### 9.5 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 Limited</b>				
- Management Company				
Management remuneration for the period	5,516	9,857	2,322	2,346
Sale Load for the period	211	382	135	230
Sindh sales tax on remuneration of the Management Company	717	1,601	302	381
FED on remuneration of the Management Company	-	1,577	-	375
Accounting and operational charges to the Management Company	947	517	426	368
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Remuneration	1,435	1,491	572	524
Sindh Sale tax on Remuneration	187	209	74	74
CDS Charges	5	11	2	9
<b>Employees of Management Company</b>				
Units issued / transferred in 1,275,118 units; (2016: 1,296,120 units)	13,301	13,447	3,126	7,337
Units redeemed / transferred out 1,384,442 units; (2016: 1,312,233 units)	14,561	13,634	12,986	6,086
<b>National Bank of Pakistan - Sponsor</b>				
Distribution paid Nil	-	33,390	-	-
<b>Capt. Haleem A. Siddiqui</b>				
Unit holder with more than 10% units holding				
Units issued / transferred in nil units (2016: 18,754,025 units)	-	192,066	(8,014)	-

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	Nine month ended		Quarter ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
-----Rupees in '000-----				
<b>PTCL EMPLOYEES GENERAL PROVIDENT FUND</b>				
<i>Unit holder with more than 10% units holding</i>				
Units issued / transferred in 21,195,572 units (2016: Nil units)	225,290	-	225,290	-
Units redeemed / transferred out units (2016: Nil units)				
<b>Export Processing Zone Authority</b>				
<i>Unit holder with more than 10% units holding</i>				
Units issued / transferred in Nil units (2016: 28,516,027 units)	-	292,911	-	36,238
Units redeemed / transferred out Nil units (2016: 17,500,203 units)	-	179,829	-	33,053
<b>NAFA Employee Provident Fund (Management Company)</b>				
Units issued / transferred in 215,276 units (2016: 215,276 units)	2,250	-	-	-
<b>PAKISTAN MOBILE COMMUNICATION LTD PROVIDENT FUND</b>				
Units redeemed / transferred out 423,930 units (2016: Nil units)	4,430	-	4,430	-
			<b>31 March</b>	<b>30 June</b>
			<b>2017</b>	<b>2016</b>
			<b>Unaudited</b>	<b>Audited</b>
<b>10 Balances outstanding as at period / year end</b>			-----Rupees in '000-----	
<b>NBP Fullerton Asset Management Limited - Management Company</b>				
Remuneration payable			812	554
Sales load/Transfer Load payable			471	367
Sindh sales tax payable on remuneration of the Management Company			107	91
FED payable on remuneration of the Management Company			10,657	10,657
Operational expenses			947	839
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Remuneration payable			204	156
Sale tax on Remuneration payable			26	22
CDS settlement charges payable			107	63
Security deposit			200	200
<b>National Bank of Pakistan - Sponsor</b>				
Balance in current account			3,564	2,582
<b>Employees of Management Company</b>				
Investment held in the Fund 47,344 units (June 30, 2016: 156,668units)			503	1,593
<b>Summit Bank Ltd.</b>				
Balance in current account			1,506	2,220
<b>NAFA Employee Provident Fund (Management Company)</b>				
Investment held in the Fund 215,276 units (June 30, 2016: nil units)			2,288	-
<b>PTCL EMPLOYEES GENERAL PROVIDENT FUND</b>				
<i>Unit holder with more than 10% units holding</i>				
Units held: 21,195,572 (2016: Nil units)			225,290	-
<b>Net amount receivable / (payable) against transfer of units from / to</b>				
NAFA Islamic Asset Allocation Fund			-	(10,465)
NAFA Islamic Aggressive Income Fund			-	(32,875)
NAFA Stock Fund			-	(842)
NAFA Financial Sector Income Fund			-	154
NAFA Money Market Fund			-	(1,344)
NAFA Islamic Active Allocation Plan - III			-	(34)

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11 DATE OF AUTHORISATION FOR ISSUE

This financial information was authorised for issue by the Board of Directors of the Management Company on 28th April, 2017

12 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

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