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

NAFA INCOME FUND

HALF YEARLY REPORT DECEMBER 31 2015




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 FUND

Contents

FUND'S INFORMATION	03
DIRECTORS' REPORT	05
REPORT OF THE TRUSTEE TO THE UNIT HOLDERS	07
AUDITORS' REVIEW REPORT TO THE UNITHOLDERS	08
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES	09
CONDENSED INTERIM INCOME STATEMENT	10
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME	11
CONDENSED INTERIM DISTRIBUTION STATEMENT	12
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND	13
CONDENSED INTERIM CASH FLOW STATEMENT	14
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS	15

NAFA INCOME FUND

FUND'S INFORMATION

Management Company

BNP 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

MCB Financial Service Limited
3rd Floor, Adamjee House,
I.I. Chundrigar Road Karachi - 7400

Bankers to the Fund

Allied Bank Limited
Bank Alfalah Limited
Faysal Bank Limited
Bank of Punjab
National Bank of Pakistan
NIB Bank Limited
Habib Bank Limited
Burj Bank Limited
Sindh Bank Limited
Silk Bank Limited
Dubai Islamic Bank Pakistan Limited
United Bank Limited
JS Bank Limited
Khushhali Bank Limited

NAFA INCOME 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:

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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 FUND

DIRECTORS' REPORT

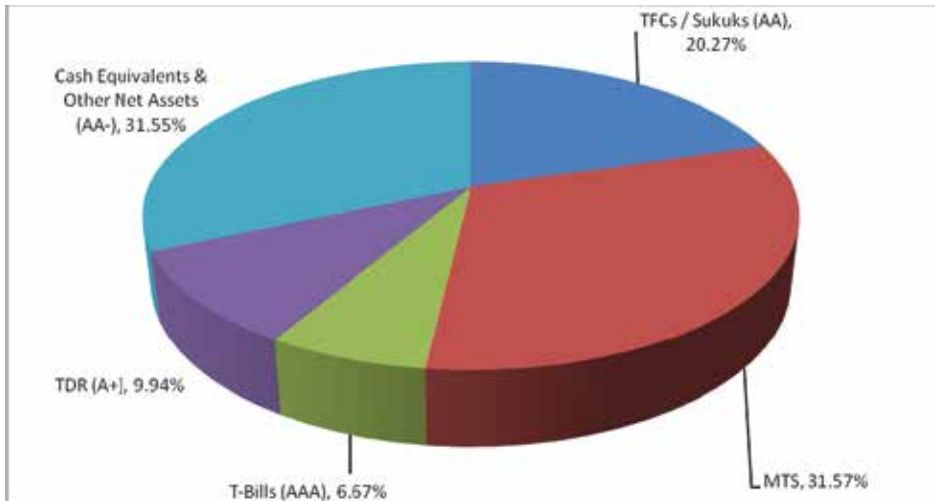
The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the reviewed financial statements of **NAFA Income Fund** (NIF) for the half year ended December 31, 2015.

Fund's Performance

The size of NAFA Income Fund has increased from Rs. 583 million to Rs. 604 million during the period, i.e. an increase of 3.6%. During the period, the unit price of NAFA Income Fund has increased from Rs. 9.7306 on June 30, 2015 to Rs. 10.0933 on December 31, 2015, thus showing a return of 7.39% as compared to the benchmark (6-Month KIBOR) return of 6.75% for the same period. The performance of the Fund is net of management fee and all other expenses.

NIF 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 remained depressed. Dearth of high credit quality corporate bonds further depressed the secondary market yields. 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 expectation; ii) high real lending rates; iii) comfortable external account position; and (iv) improving law and order situation and macroeconomic stability. Sovereign securities responded to the loose monetary policy stance with yields on the PIBs and T-Bills declining accordingly. All TFCs/Sukuks in the Fund are floating rate linked to KIBOR with three to six month coupon resetting period.

The Fund has earned total income of Rs.26.28 million during the period. After deducting expenses of Rs.4.59 million, the net income is Rs.21.69 million. The below chart presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NIF.



NAFA INCOME 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: February 26, 2016
Place: Karachi.

NAFA INCOME FUND

REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

NAFA INCOME FUND

Report of the Trustee Pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

NAFA Income Fund, an open-end Scheme established under a Trust Deed dated January 03, 2008 executed between NBP Fullerton Asset Management Limited, as the Management Company and Central Depository Company of Pakistan Limited (CDC), as the Trustee. The Scheme was authorized by Securities and Exchange Commission of Pakistan (Commission) on January 29, 2008.

CDC retired as the Trustee of the Fund and MCB Financial Services Limited (MCBFSL) was appointed as the new trustee with effect from November 22, 2011.

1. NBP Fullerton Asset Management Limited, the Management Company of NAFA Income Fund has in all material respects managed NAFA Income Fund during the period ended 31st December 2015 in accordance with the provisions of the following:

- (i) Investment limitations imposed on the Asset Management Company and the Trustee under the trust deed and other applicable laws;
- (ii) the valuation or pricing is carried out in accordance with the deed and any regulatory requirement;
- (iii) the creation and cancellation of units are carried out in accordance with the deed;
- (iv) and any regulatory requirement

Karachi: February 18, 2016

Khawaja Anwar Hussain
Chief Executive Officer
MCB Financial Services Limited

NAFA INCOME FUND

AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **NAFA Income Fund** (here-in-after referred to as 'the Fund') as at December 31, 2015, and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement, together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial information'), for the half year ended December 31, 2015. **NBP Fullerton Asset Management Limited** (the Management Company) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement for the quarters ended December 31, 2015 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2015.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Deloitte Yousuf Adil
Chartered Accountants

Engagement Partner:
Naresh Kumar

Date: February 29, 2016
Place: Karachi

NAFA INCOME FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2015

	Note	Un-audited December 31, 2015	Audited June 30, 2015
------(Rupees in '000)-----			
ASSETS			
Balances with banks	4	195,658	483,554
Investments	5	222,623	247,786
Profit receivable	6	1,970	6,396
Receivable against Margin Trading System		190,594	-
Advances, deposits, prepayments and other receivables		693	437
Total assets		611,538	738,173
LIABILITIES			
Payable to NBP Fullerton Asset Management Limited - Management Company	7	2,984	2,538
Payable to MCB Financial Services Limited - Trustee	8	58	48
Payable to Securities and Exchange Commission of Pakistan		227	404
Accrued expenses and other liabilities	9	4,609	151,689
Total liabilities		7,878	154,679
NET ASSETS		603,660	583,494
UNIT HOLDERS' FUND (As per statement attached)		603,660	583,494
Contingencies and commitments	10	-----Number of units-----	
Number of units in issue		59,808,184	59,964,777
-----Rupees-----			
Net asset value per unit		10.0933	9.7306

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA INCOME FUND

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

Note	Half year ended		Quarter ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
----- Rupees in '000 -----				
INCOME				
Profit on bank deposits and term deposits	10,087	6,343	4,359	2,581
Capital gain / (loss) on sale of investments - net	370	380	(421)	260
Income from term finance certificates, sukus and commercial paper	5,787	16,767	2,712	8,648
Income from Margin Trading System	5,426	-	3,588	-
Income from government securities	4,726	9,002	2,358	5,321
Unrealised appreciation / (diminution) on re-measurement of investments "at fair value through profit or loss- held for trading" - net	5.7 153	9,369	(421)	9,068
Total income	26,549	41,861	12,175	25,878
EXPENSES				
Remuneration of NBP Fullerton Asset Management Limited - Management Company	7.1 2,921	2,606	1,432	1,326
Sindh Sales Tax on remuneration of Management Company	7.2 475	454	232	216
Federal Excise Duty on remuneration of the Management Company	7.3 467	417	229	212
Remuneration of MCB Financial Services Limited - Trustee	302	261	153	133
Sindh Sales Tax on remuneration of the Trustee	8.1 42	-	29	-
Allocated expenses	7.4 61	-	61	-
Annual fee - Securities and Exchange Commission of Pakistan	227	195	115	99
Annual listing fee	20	20	12	13
Securities transaction cost	7	14	1	-
Settlement and bank charges	767	152	401	50
Auditors' remuneration	304	300	154	178
Fund rating fee	139	133	69	97
Reversal against non-performing securities	(1,277)	-	(639)	-
Other expenses	136	25	111	-
Total expenses	4,591	4,577	2,360	2,324
Net income from operating activities	21,958	37,284	9,815	23,554
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	(268)	-	(668)	-
Provision for Workers' Welfare Fund	11 -	(746)	-	(471)
Net income for the period before taxation	21,690	36,538	9,147	23,083
Taxation	12 -	-	-	-
Net income for the period after taxation	21,690	36,538	9,147	23,083

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA INCOME FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

	Half year ended		Quarter ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	----- Rupees in '000 -----			
Net income for the period after taxation	21,690	36,538	9,147	23,083
Other comprehensive income for the period				
Items that may be reclassified subsequently to income statement:	-	-	-	-
Items that will not be reclassified subsequently profit and loss account:	-	-	-	-
Total comprehensive income for the period	<u>21,690</u>	<u>36,538</u>	<u>9,147</u>	<u>23,083</u>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

Chief Executive

For NBP Fullerton Asset Management Limited
(Management Company)

Director

NAFA INCOME FUND

CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

	Half year ended		Quarter ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
----- Rupees in '000 -----				
Accumulated (loss) / income brought forward comprising of:				
- realised (loss) / income	(7,089)	(52,612)	8,144	(14,153)
- unrealised income	3,264	25,309	574	301
	(3,825)	(27,303)	8,718	(13,852)
Element of income and capital gains included in prices of units issued less those in units redeemed - net	-	12	-	16
Net income for the period	21,690	36,538	9,147	23,083
	21,690	36,550	9,147	23,099
Undistributed income carried forward	17,865	9,247	17,865	9,247
Undistributed income carried forward comprising of:				
- realised income / (loss)	17,712	(122)	18,286	179
- unrealised income / (loss)	153	9,369	(421)	9,068
	17,865	9,247	17,865	9,247

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

Chief Executive

For NBP Fullerton Asset Management Limited
(Management Company)

Director

NAFA INCOME FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

	Half year ended		Quarter ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	----- Rupees in '000 -----			
Net assets at the beginning of the period	583,494	500,789	619,176	514,099
Issuance of 9,371,396 units (2014: 480,816 units)	93,098	4,642	36,011	3,786
Redemption of 9,527,989 units (2014: 417,049 units)	(94,890)	(4,035)	(61,342)	(3,034)
	(1,792)	607	(25,331)	752
Net element of (income) / loss and capital (gains) / losses included in the prices of units issued less those in units redeemed transferred to distribution statement - net	-	(12)	-	(8)
Net element of (income) / loss and capital (gains) / losses included in the prices of units issued less those in units redeemed transferred to income statement - net	268	-	668	-
Total comprehensive income for the period	21,690	36,538	9,147	23,083
Element of income and capital gains included in prices of units issued less those in units redeemed - net	-	12	-	8
Net assets as at the end of the period	<u>603,660</u>	<u>537,934</u>	<u>603,660</u>	<u>537,934</u>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA INCOME FUND

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

	Half year ended		Quarter ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
----- Rupees in '000 -----				
CASH FLOW FROM OPERATING ACTIVITIES				
Net income for the period before taxation	21,690	36,538	9,147	23,083
Adjustments				
Unrealised (appreciation) / diminution on re-measurement of investments "at fair value through profit or loss- held for trading" - net	(153)	(9,369)	421	(9,068)
Capital gain on sale of investments - net	(370)	(380)	(370)	(380)
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	268	-	668	-
Reversal against non-performing securities	(1,277)	-	(1,277)	-
	<u>20,158</u>	<u>26,789</u>	<u>8,589</u>	<u>13,635</u>
(Increase) / decrease in assets				
Investments - net	26,963	(26,432)	(1,730)	(4,463)
Profit receivable	4,426	(2,740)	2,400	(4,737)
Receivable against Margin Trading System	(190,594)	-	6,771	-
Advances, deposits, prepayments and other receivables	(256)	113	(293)	109
	<u>(159,461)</u>	<u>(29,059)</u>	<u>7,148</u>	<u>(9,091)</u>
(Decrease) / increase in liabilities				
Payable to the Management Company	446	857	187	235
Payable to the Trustee	10	4	8	3
Payable to Securities and Exchange Commission of Pakistan	(177)	(184)	115	100
Accrued expenses and other liabilities	(147,080)	682	(632)	252
	<u>(146,801)</u>	<u>1,359</u>	<u>(322)</u>	<u>590</u>
Net cash (used in) / generated from operating activities	<u>(286,104)</u>	<u>(911)</u>	<u>15,415</u>	<u>5,134</u>
CASH FLOW FROM FINANCING ACTIVITIES				
Amounts received from issuance of units	93,098	4,642	36,011	3,786
Amounts paid on redemption of units	(94,890)	(4,035)	(61,342)	(3,034)
Net cash generated from financing activities	<u>(1,792)</u>	<u>607</u>	<u>(25,331)</u>	<u>752</u>
Net (decrease) / increase in cash and cash equivalents during the period	<u>(287,896)</u>	<u>(304)</u>	<u>(9,916)</u>	<u>5,886</u>
Cash and cash equivalents at the beginning of the period	483,554	144,582	205,574	138,392
Cash and cash equivalents as at the end of the period	<u>195,658</u>	<u>144,278</u>	<u>195,658</u>	<u>144,278</u>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA INCOME FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

1 LEGAL STATUS AND NATURE OF BUSINESS

The NAFA Income Fund (the Fund) was established under a Trust Deed executed between NBP Fullerton Asset Management Limited, a company incorporated under the Companies Ordinance, 1984, as Management Company and Central Depository Company of Pakistan Limited (CDC), also incorporated under the Companies Ordinance, 1984, as Trustee. The Trust Deed was executed on January 03, 2008 and was authorized by the Securities and Exchange Commission of Pakistan (SECP) on January 29, 2008 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). Subsequently, Central Depository Company of Pakistan Limited (CDC) retired as the Trustee of the Fund and MCB Financial Services Limited (MCBFSL) was appointed as the new Trustee with effect from November 22, 2011. The SECP approved the appointment of MCBFSL as the Trustee in place of CDC and further approved the amendments to the Trust Deed vide its letter number SCD/AMCWING/VS/NIF/458/2011 dated November 15, 2011. Accordingly, the Trust Deed of the Fund was revised through a supplemental Deed executed between the Management Company, CDC and MCBFSL.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered 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 also the member of Mutual Fund Association of Pakistan (MUFAP).

The Fund is an Open-ended Mutual Fund categorised as Income Scheme and its units are listed on the Lahore Stock Exchange (Now Pakistan Stock Exchange). Units of the Fund are offered for public subscription on a continuous basis. These units are transferable and can be redeemed by surrendering them to the Fund.

The core objective of the Fund is to earn a competitive rate of return while preserving capital to the extent possible by investing in liquid assets. The Fund comprises of investments of various time horizons with a significant amount invested in short term investments for the purpose of maintaining liquidity. Other avenues of investments include ready future arbitrage in listed securities and transactions under Margin Trading System.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM2+' to the Management Company and long term stability rating of 'A-(f)' to the Fund.

Title of the assets of the Fund is held in the name of MCB Financial Services Limited (MCBFSL) as the 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, 2015.

In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2015.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except for the investments which are stated at fair value.

NAFA INCOME FUND

2.3 Functional and presentation currency

This condensed interim financial information has been presented in Pak Rupees, which is the functional and presentation currency of the Fund.

2.4 Critical accounting estimates and judgements

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, significant judgments made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2015, except for IFRS 13 "Fair Value Measurement".

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. However, it does not change the requirements regarding which items should be measured or disclosed at fair value. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. The application of this standard does not have an impact on this condensed interim financial information except certain additional disclosures as given in note 15.

2.5 Financial Risk Management

The Fund's risk management objectives and policies are consistent with those objectives and policies which were disclosed in the financial statements of the Fund as at and for the year ended June 30, 2015.

3 SIGNIFICANT ACCOUNTING POLICIES

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

	Note	Un-audited December 31, 2015	Audited June 30, 2015
-----Rupees in '000-----			
4 BALANCES WITH BANKS			
Current accounts		423	423
Savings accounts	4.1	195,235	483,131
		<u>195,658</u>	<u>483,554</u>
4.1 These carry a rate of return ranging from 4% to 9% (June 30, 2015: 4.5% to 10.75%) per annum.			
5 INVESTMENTS			
At fair value through profit or loss - held for trading			
Term finance certificates - listed	5.1.1	58,565	70,308
Term finance certificates - unlisted	5.1.3	14,488	14,754
Sukuk certificates	5.2	49,297	49,079
Government securities	5.3	40,273	113,645
		<u>162,623</u>	<u>247,786</u>
Available for sale			
Term finance certificates - listed	5.4	-	-
Sukuk certificates	5.5	-	-
		<u>-</u>	<u>-</u>
Loans and receivables			
Term deposit receipts	5.6	60,000	-
		<u>222,623</u>	<u>247,786</u>

NAFA INCOME FUND

5.1 Term finance certificates - at fair value through profit or loss - held for trading

5.1.1 Term finance certificates - listed

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

Name of the investee company	Number of Certificates					Market value as at December 31, 2015	Investment as a percentage of		
	Note	As at July 1, 2015	Purchases during the period	Sale during the period	As at December 31, 2015		Net assets	Market value of total investments	Issue size
						Rupees in '000	-----%		
Saudi Pak Leasing Company Limited	5.1.2	15,000	-	-	15,000	-	-	-	10.00
Bank Alfalah Limited		2,000	-	-	2,000	10,249	1.70	4.60	0.20
Faysal Bank Limited		5,000	-	-	5,000	25,511	4.23	11.46	0.83
Allied Bank Limited		2,000	-	2,000	-	-	-	-	0.00
Jahangir Siddiqui and Company Ltd. (April 04, 2014)		5,000	-	-	5,000	21,582	3.58	9.69	2.50
Jahangir Siddiqui and Company Ltd. (October 30, 2012)		1,000	-	-	1,000	1,223	0.20	0.55	0.87
Total as at December 31, 2015						<u>58,565</u>	<u>9.70</u>	<u>26.31</u>	
Carrying value before mark to market as at December 31, 2015						<u>99,674</u>			
Accumulated impairment						<u>41,322</u>			

5.1.2 This represents investment in listed term finance certificates with original term of five 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. In prior year, the investee company again defaulted on its obligation on account of principal and profit payment and accordingly has been classified as Non Performing Asset (NPA) by MUFAP since April 31, 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 said circular.

5.1.3 Term finance certificates - unlisted

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

Name of the investee company	Note	As at July 1, 2015	Purchases during the period	Sale during the period	As at December 31, 2015	Market value as at December 31, 2015	Net assets	Market value of total investments	Issue size
						Rupees in '000	-----%		
Engro Fertilizers Limited PRP I		2,900	-	-	2,900	14,488	2.40	6.51	0.36
Agritech Limited II	5.1.4	30,000	-	-	30,000	-	-	-	-
Agritech Limited V	5.1.5	4,436	-	-	4,436	-	-	-	-
Total as at December 31, 2015						<u>14,488</u>	<u>2.40</u>	<u>6.51</u>	
Carrying value before mark to market as at December 31, 2015						<u>186,810</u>			
Accumulated impairment						<u>172,056</u>			

5.1.4 This represents investment in privately placed unlisted term finance certificates with a term of seven years. On July 14, 2010 the investee company defaulted on its obligation on account of principal and profit payment and accordingly has been classified as NPA by MUFAP since August 2, 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.

5.1.5 This represents investment in privately placed term finance certificates of Agritech V received against due markup of Agritech V. The management has classified these privately placed term finance certificates as non-performing. The investee company defaulted on its obligation on account of principal and profit payment and accordingly has been classified as NPA by MUFAP since 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.

5.1.6 The term finance certificates held by the Fund are generally secured against hypothecation of stocks and receivables and mortgage of fixed assets of the issuer.

5.1.7 Securities listed below have been classified as non-performing in accordance with SECP circular no. 1 of 2009 and circular no. 33 of 2012 and the Fund's provisioning policy for non-performing exposure. Accordingly, the carrying values stated above have been arrived at after taking into account provision as under:

NAFA INCOME FUND

Name of the investee company	Note	31-Dec-15			30-Jun-15		
		Outstanding Balance	Provision Held	Net Carrying Value	Outstanding Balance	Provision Held	Net Carrying Value
-----Rupees in '000-----							
Saudi Pak Leasing Company Limited		41,322	(41,322)	-	41,322	(41,322)	-
Agritech Limited II		149,876	(149,876)	-	149,876	(149,876)	-
Agritech Limited V		22,180	(22,180)	-	22,180	(22,180)	-

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

All sukuks have a face value of Rs. 5,000 each

Name of the investee company	Note	Number of Bonds				Market value as at December 31, 2015	Investment as a percentage of		
		As at July 1, 2015	Purchases during the period	Sale during the period	As at December 31, 2015		Net assets	Market value of total investments	Issue size
Rupees in '000							-----%-----		
New Allied Electronics Industries (Private) Limited	5.2.1	10,000	-	-	10,000	-	-	-	-
K-Electric AZM Sukuk		9,800	-	-	9,800	49,297	8.17	22.14	1.30
Total as at December 31, 2015						49,297	8.17	22.14	
Carrying value before mark to market as at December 31, 2015						98,133			
Accumulated impairment						49,054			

5.2.1 This represents investment in privately placed sukuks with a term of five years. The investee company had defaulted on its obligation on account of principal and profit payment and accordingly has been classified as NPA by MUFAP since January 9, 2009. The amount of provision as per circular 1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circular.

5.2.2 Securities listed below have been classified as non-performing in accordance with SECP circular no. 1 of 2009 and circular no. 33 of 2012 and the Fund's provisioning policy for non-performing exposure. Accordingly, the carrying values stated above have been arrived at after taking into account provision as under:

Name of the investee company	Note	31-Dec-15			30-Jun-15		
		Outstanding Balance	Provision Held	Net Carrying Value	Outstanding Balance	Provision Held	Net Carrying Value
-----Rupees in '000-----							
New Allied Electronics Limited		49,054	(49,054)	-	49,054	(49,054)	-

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

Issue Date	Note	Tenor	Face Value				Market value as at December 31, 2015	Investment as a percentage of	
			As at July 1, 2015	Purchases during the period	Sale / matured during the period	As at December 31, 2015		Net assets	Market value of total investments
Rupees in '000								-----%-----	
Market treasury bills (MTBs)									
September 3, 2015	5.3.2	12 Months	-	90,000	48,000	42,000	40,273	6.67	18.09
November 13, 2014		12 Months	-	41,300	41,300	-	-	-	-
Pakistan investment bonds (PIBs)									
July 17, 2014		3 Years	50,000	-	50,000	-	-	-	-
March 26, 2015		3 Years	58,500	-	58,500	-	-	-	-
Total as at December 31, 2015						40,273	6.67	18.09	
Carrying value before mark to market as at December 31, 2015						40,285			

NAFA INCOME FUND

5.3.1 These carry rate of return ranging from 8.75% to 11.25% (June 30, 2015: 8.75 to 11.25%)

5.3.2 These include Market treasury bills having face value of Rs.30 million, which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with circular no. 11 dated October 23, 2007 issued by the SECP.

5.4 Term finance certificates - available for sale (listed)

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

Name of the investee company	Number of certificates / bonds				Market value as at December 31, 2015	Investment as a percentage of		
	As at July 1, 2015	Purchases during the period	Sale during the period	As at December 31, 2015		Net assets	Market value of total investments	Issue size
Worldcall Telecom Limited (note 5.4.1)	14,000	-	-	14,000	Rupees in '000	-	-	3.00
Total as at December 31, 2015						-	-	-
Carrying value before mark to market as at December 31, 2015						<u>26,881</u>		
Accumulated impairment						<u>26,881</u>		

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

5.4.2 The term finance certificates held by the Fund are generally secured against hypothecation of stocks and receivables and mortgage of fixed assets of the issuer.

5.5 Sukuks - available for sale

All sukuku have a face value of Rs. 5,000 each

Name of the investee company	Number of certificates / bonds				Market value as at December 31, 2015	Investment as a percentage of		
	As at July 1, 2015	Purchases during the period	Sale during the period	As at December 31, 2015		Net assets	Market value of total investments	Issue size
Eden Housing Limited (note 5.5.1)	20,000	-	-	20,000	Rupees in '000	-	-	13.70
Carrying value before mark to market as at December 31, 2015						<u>19,688</u>		
Accumulated impairment						<u>19,688</u>		

5.5.1 This represents investment in privately placed sukuk bonds with a term of five years. On May 6, 2011, the issuer defaulted its scheduled principal and profit payment and therefore it was classified as 'Non Performing Asset' (NPA) by MUFAP. 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.

5.5.2 The sukuku held by the Fund are generally secured against hypothecation of stocks and receivables and mortgage of fixed assets of the issuer.

5.6 Term deposit receipt carry mark-up rate of 6.9% - 7.75% (2015: 7.4%) per annum and will mature on March 08, 2016.

NAFA INCOME FUND

	Note	Un-audited December 31, 2015	Audited June 30, 2015
-----Rupees in '000-----			
5.7 Unrealised appreciation on re-measurement of investments 'at fair value through profit or loss- held for trading' - net			
Market value of investments	5.1.1, 5.1.3, 5.2 & 5.3	162,623	247,786
Less: Carrying value of investments		(424,902)	(506,954)
		(262,279)	(259,168)
Add: Provision against non-performing term finance certificates and sukus	5.9	262,432	262,432
		153	3,264
5.8 Unrealised appreciation / (diminution) in fair value of investments classified as 'available for sale' - net			
Market value of investments		-	-
Less: Cost of investments		46,569	47,846
		(46,569)	(47,846)
Add: Provision against non-performing term finance certificates and sukus	5.9	46,569	47,846
		-	-
5.9 Movement in provision against investment			
Opening balance		310,278	312,102
Add: Charge for the period		-	-
Less: Reversals during the period		(1,277)	(1,824)
		309,001	310,278
Closing balance		309,001	310,278
Provision related to investments classified at 'fair value through profit or loss - held for trading'		262,432	262,432
Provision related to investments classified at 'available for sale'		46,569	47,846
Closing balance		309,001	310,278
6 PROFIT RECEIVABLE			
Profit on savings and term deposits		258	938
Profit receivable on:			
- Term finance certificate and sukus		158,087	121,354
- Government securities		-	3,903
- Margin Trading System		653	-
Less: Income suspended over non-performing debt securities	6.1	(157,028)	(119,799)
		1,712	5,458
		1,970	6,396
6.1 This represents total income suspended to date in relation to non-performing debt securities disclosed in note 6.1.			
7 PAYABLE TO NBP FULLERTON MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Management remuneration payable to Management Company	7.1	410	479
Front end load payable		13	12
Sindh Sales Tax payable on management remuneration	7.2	67	72
Federal Excise Duty payable to Management Company	7.3	2,433	1,975
Allocated expense payable	7.4	61	-
		2,984	2,538

NAFA INCOME FUND

- 7.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulation), the Management Company of the Fund was entitled to a remuneration during the first five years of the Fund, of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such assets provided that Management Company may charge performance based or fixed fee or the combination of both which shall not exceed the limit prescribed in the NBFC Regulations and such fee structure shall be disclosed in the offering document.

On November 25, 2015 SECP has made certain amendments in the NBFC Regulations 2008 through S.R.O 1160(I)/2015. As per the provision of amended NBFC Regulation 2008, the applicable rate has been changed from 2% to 1.5%.

The Management Company has charged management remuneration at the rate of 1% per annum until December 06, 2015. Thereafter from December 07, 2015, the Management Company has revised their policy for charging management remuneration as per table given below:

Management Fee as % of Net income *	Minimum Management Fee (as % of Average NAV)	Maximum Management Fee (as % of Average NAV)
10.00%	0.50%	1.00%

* Net income = Gross Income - All expenses of the fund excluding Management fee and related Sales Tax and FED thereon.

Management remuneration is paid on a monthly basis in arrears.

- 7.2 This represents amount payable in respect of Sindh Sales Tax at the rate of 14% (June 30, 2015: 15%) on the services provided by the Management Company as required by Sindh Sales Tax on Services Act, 2011.
- 7.3 As per the requirement of Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on the services provided by the Management Company has been levied effective from June 13, 2013. Mutual Fund Association of Pakistan (MUFAP) has taken up the matter collectively and filed a petition with the Honorable Sindh High Court and has been granted stay in this regard. In prior year, the Management Company has also received a notice under section 14 of the Federal Excise Act, 2005 regarding payment of FED on management remuneration. The Management Company is of the view that since the services are already subject to provincial Sales Tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law. Therefore, the Management Company has also filed a petition against the demand notice in the Honorable High Court of Sindh and has been granted stay on the basis of the pending constitutional petition from MUFAP in the said court as referred above. However, as a matter of abundant caution, the Fund has made the provision against FED.
- 7.4 The SECP has made certain amendments in the NBFC Regulations through S.R.O. 1160 (I)/2015 dated November 25, 2015. As per Regulation 60(3)(s) of the amended NBFC Regulations, Management Company can charge to the Fund fees and expenses related to registrar services, accounting, operation and valuation services related to CIS maximum up to 0.1% of average annual net assets of the Scheme or actual whichever is less. Accordingly, the Management Company has charged aforementioned expenses to the extent of 0.1% of the average annual net assets with effect from November 25, 2015.

	Note	Un-audited December 31, 2015	Audited June 30, 2015
-----Rupees in '000-----			
8 PAYABLE TO MCB FINANCIAL SERVICES LIMITED - TRUSTEE			
Remuneration payable to the Trustee		51	48
Sindh Sales Tax on remuneration of the Trustee	8.1	<u>7</u>	<u>-</u>
		<u>58</u>	<u>48</u>
8.1 The Sindh Revenue Board through circular no. SRB-3-4/TP/01/2015/86554 dated June 13, 2015, amended definition of services of shares, securities and derivatives and included the custodianship services within purview of the Sindh Sales Tax. Accordingly Sindh Sales Tax of 14 % is applicable on Trustee fee which is now covered under section 2(79A) of the Sindh Sales Tax on Services Act, 2011.			

NAFA INCOME FUND

	Note	Un-audited December 31, 2015	Audited June 30, 2015
-----Rupees in '000-----			
9	ACCRUED EXPENSES AND OTHER LIABILITIES		
	Auditors' remuneration	310	350
	Settlement charges	45	66
	Bank charges	20	59
	Brokerage	7	46
	Provision for Workers' Welfare Fund (WWF)	4,095	4,095
	Printing charges	79	101
	Legal and professional charges	3	125
	Payable against redemption of units	-	146,754
	Others	50	93
		<u>4,609</u>	<u>151,689</u>

10 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2015 and June 30, 2015.

11 PROVISION FOR WORKERS' WELFARE FUND

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

During the year ended June 30, 2012, the Honourable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008, had declared the said amendments as unlawful and unconstitutional. In March 2013, a larger bench of the Honourable Sindh High Court (SHC) passed an order declaring that the amendments introduced in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 do not suffer from any constitutional or legal infirmity. However, the 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 4.095 million in these condensed interim financial information. Had the same not been made the net asset value per unit of the Fund as at December 31, 2015 would have been higher by Rs 0.069 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).

12 TAXATION

The Fund's income is exempt from income tax as per clause (99) of Part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders (excluding distribution made by issuance of bonus units). 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. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 the Fund is required to distribute 90% of the net accounting income other than capital gains whether realised or unrealised to the unit holders. The Fund intends to distribute such accounting income for the year ending June 30, 2016 to its unit holders. Accordingly, no liability has been recorded in the current period.

NAFA INCOME FUND

13 DETAILS OF NON-COMPLIANT INVESTMENT WITH THE INVESTMENT CRITERIA OF ASSIGNED CATEGORY

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 Scheme'.

The Securities and Exchange Commission of Pakistan vide its circular no. 16 dated July 7, 2010, prescribed specific disclosures for the schemes holding investments that are non-compliant either with the minimum investment criteria specified for the category assigned to such schemes or with the investment requirements of their constitutive documents.

The following are the details of non-compliant investments:

Names of non-compliant investment	Non-compliance of clause	Type of Investment	Value of investment before provision	Provision held	Value of investment after provision	% of net assets	% of gross assets
Agritech Limited II	Rating is below A- (A minus) as prescribed in clause (iv) of circular 7 of 2009	Term finance certificates (13.1)	149,876	149,876	-	-	-
Agritech Limited V	Rating is below A- (A minus) as prescribed in clause (iv) of circular 7 of 2009	Term finance certificates (13.1)	22,180	22,180	-	-	-
Worldcall Telecom Limited	Rating is below A- (A minus) as prescribed in clause (iv) of circular 7 of 2009	Term finance certificates (13.1)	26,881	26,881	-	-	-
Saudi Pak Leasing Company Limited	Rating is below A- (A minus) as prescribed in clause (iv) of circular 7 of 2009	Term finance certificates (13.1)	41,321	41,321	-	-	-
New Allied Electronics Industries (Private) Limited - Sukuk II	Rating is below A- (A minus) as prescribed in clause (iv) of circular 7 of 2009	Sukuku (13.1)	49,054	49,054	-	-	-
Eden Housing - Sukuk II	Rating is below A- (A minus) as prescribed in clause (iv) of circular 7 of 2009	Sukuku (13.1)	19,688	19,688	-	-	-

13.1 At the time of purchase, these term finance certificates and sukuku were in compliance with the aforementioned circular. However, they were subsequently defaulted or were downgraded to non investment grade.

13.2 The management is taking steps to ensure compliance with the above requirements.

14 TRANSACTIONS WITH CONNECTED PERSONS

14.1 Connected persons include NBP Fullerton Asset Management Limited being the Management Company, MCB Financial Services 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, any person or company beneficially owning directly or indirectly 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 / agreed rates.

14.3 Remuneration and front-end load payable to the Management Company and remuneration payable to the Trustee are determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

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

NAFA INCOME FUND

------(Un-Audited)-----			
Six months ended		Three months ended	
December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
------(Rupees in '000)-----			

14.5 Details of Transactions with connected persons are as follows:

NBP Fullerton Asset Management Limited - Management Company

Remuneration of the Management Company	2,921	2,606	1,432	1,326
Sindh Sales Tax on remuneration of the Management Company	475	454	232	216
Federal Excise Duty on remuneration of Management Company	467	417	229	212
Allocated expenses	61	-	61	-

MCB Financial Services Limited- Trustee

Remuneration	302	261	153	133
Sindh Sales Tax on remuneration trustee	42	-	29	-

Executives of Management Company

Units issued / transferred in: 41,506 units (December 31, 2014: 73,327)	405	708	-	352
Units redeemed / transferred out: 1,925 units (December 31, 2014: 17,006 units)	19	162	-	12

National Bank of Pakistan - Sponsor

Purchased of Pakistan investment bond	-	44,101	-	-
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NAFA Government Securities Liquid Fund

Sales of Market treasury bills	-	98,943	-	98,943
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NAFA Income Opportunity Fund

Sales of Market treasury bills	45,738	-	45,738	-
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(Un-Audited) (Audited)
December 31 June 30,
2015 2015
------(Rupees in '000)-----

14.6 Balances outstanding as at period / year end are as follows:

NBP Fullerton Asset Management Limited - Management Company

Management remuneration payable to Management Company	410	479
Front end load payable	13	12
Sindh Sales Tax payable on management remuneration	67	72
Federal Excise Duty payable to Management Company	2,433	1,975
Allocated expense payable	61	-

National Bank of Pakistan - Sponsor

Balance in current account	423	423
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Employees of Management Company

Investment held in the Fund: 42,626 units (June 30, 2015: 3,045 units)	430	30
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MCB Financial Services Limited- Trustee

Remuneration payable	58	48
Sindh Sales Tax payable on remuneration	7	-

NAFA INCOME FUND

	(Un-Audited) December 31 2015	(Audited) June 30, 2015
	-----Rupees in '000-----	
NBP Employees Pension Fund		
Investment held in the Fund: 52,044,698 units (June 30, 2015: 52,044,698)	525,303	506,428
Net amount receivable / (payable) against transfer of units to:		
NAFA Multi Asset Fund	-	(65,000)
NAFA Income Opportunity Fund	-	(30,000)
NAFA Stock Fund	-	(47,935)
NAFA Money Market Fund	-	(3,597)
NAFA Islamic Asset allocation Fund	-	(221)

15 FAIR VALUE OF FINANCIAL INSTRUMENTS

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Funds financial assets which are carried at fair value:

	As at December 31, 2015			
Assets	Level 1	Level 2	Level 3	Total
	-----Rupees in '000-----			
Investment in securities - at fair value	-	162,623	-	162,623
	As at June 30, 2015			
Assets	Level 1	Level 2	Level 3	Total
	-----Rupees in '000-----			
Investment in securities - at fair value	-	247,786	-	247,786

The Fund has not disclosed the fair values of all other financial assets and liabilities as their carrying amounts are reasonable approximation of their fair values.

16 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on February 26, 2016 by the Board of Directors of the Management Company.

17 GENERAL

17.1 Figures have been rounded off to the nearest thousand rupees, unless otherwise specified.

17.2 Corresponding figures have been rearranged, wherever necessary, for the purpose of better presentation. No significant reclassifications have been made during the current period.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

Page 25



NBP Fullerton
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