



NBP Fullerton
Asset Management Ltd.

A Subsidiary of
National Bank of Pakistan

Your investments & "NAFA" grow together




Joint - Venture Partners

NAFA ISLAMIC PENSION FUND

QUARTERLY REPORT
MARCH 31
2014



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 ISLAMIC PENSION FUND

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NAFA ISLAMIC PENSION 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. Wah Geok Sum	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 & CFO of the Management Company

Mr. Muhammad Murtaza Ali

Audit & Risk Committee

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

Human Resource Committee

Mr. Nausherwan Adil	Chairman
Mr. Wah Geok Sum	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 Shakra-e-Faisal, Karachi.

Bankers to the Fund

Habib Bank Limited (Islamic)
United Bank Limited (Ameen)
Bank Al Habib Limited (Islamic)

NAFA ISLAMIC PENSION FUND

Auditors

M. Yousuf Adil Saleem & Co.
Chartered Accountants
Cavish Court,
A-35, Block 7 & 8,
KCHSU, Sharae Faisal
Karachi-75350 Pakistan

Legal Advisor

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

Head Office:

7th Floor Clifton Diamond Building, Block No. 4,
Scheme No. 5, Clifton Karachi.
UAN: 111-111NFA (111-111-632),
(Toll Free): 0800-20001,
Fax: (021) 35825329
Website: www.nafafunds.com

Lahore Office:

7-Noon Avenue, Canal Bank,
Muslim Town, Lahore.
UAN: 042-111-111-632
Fax: 92-42-35861095

Islamabad Office:

Plot No. 395, 396
Industrial Area, 1-9/3 Islamabad.
UAN: 051-111-111-632
Phone: 051-2514987
Fax: 051-4859031

Peshawar Office:

1st Floor, Haji Tehmas Centre,
Near KFC, Tehkal Payan
University Road, Peshawar.
Phone: 92-91-5711784, 5711782
Fax: 92-91-5211780

Multan Office:

NBP City Branch, Hussain-a-Gahi, Multan.
Phone No: 061-4502204
Fax No: 061-4502203

NAFA ISLAMIC PENSION FUND

DIRECTORS' REPORT

The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the unaudited financial statements of NAFA Islamic Pension Fund for the period ended March 31, 2014.

Fund's Performance

This is the first nine month report for the period ended March 31, 2014 since launch of NAFA Islamic Pension Fund (NIPF) on July 02, 2013. Fund size of sub-funds as at March 31, 2014 and performance for the period are as follows:

	Fund Size (Rs. in mln)	NAV Per Unit (Rs.) July 02, 2013	NAV Per Unit (Rs.) March 31, 2014	Performance Since Launch July 02, 2013
NIPF-Equity Sub-fund*	47.0	100.7248	125.9100	25.00%
NIPF-Debt Sub-fund**	42.2	100.9502	107.5264	8.74%
NIPF-Money Market Sub-fund**	35.5	100.9426	106.8683	7.88%
* Cumulative Return				
[Net of management fee & all other expenses]				
** Simple Annualized Return				

The stock market continued its bull-run in 3QFY14 driven by sanguine valuations, \$1.5bn inflow from Saudia Arabia and resultant improvement in foreign reserves, benign inflation outlook, and aggressive buying by mutual funds in the initial phase and foreign investors in the latter phase. Chemicals, Automobile and Parts, General Industrials, and Non-Life Insurance sectors outperformed the market whereas Oil & Gas, Electricity, and Personal Goods sectors lagged the market. The foreign participation has seen massive surge off late owing to improved macroeconomic outlook and increase in Pakistan's weight in MSCI Frontier Market Index to 8.2% from 4.3%. Going forward, we expect that upcoming 3G/4G license auction in April, implementation of revised MSCI weights in May, CSF inflows, and development funding from World Bank and ADB will further improve country's reserve position.

The asset allocation of the Funds as on March 31, 2014 is as follows:

Asset Allocation (% of Net Assets)	
Equity Sub-fund	
Equity	93.32%
Cash Equivalents - Net	7.48%
Others	-0.80%
Total	100.00%
Debt Sub-fund	
Sukuk	80.00%
Cash Equivalents - Net	18.01%
Others	1.99%
Total	100.00%
Money Market Sub-fund	
Short Term Sukuk	83.25%
Cash Equivalents - Net	14.85%
Others	1.90%
Total	100.00%

NAFA ISLAMIC PENSION FUND

Acknowledgement

The Board takes this opportunity to thank its valued unit-holders for their confidence and trust in the Pension Fund Manager, 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 30, 2014
Place: Karachi.

NAFA ISLAMIC PENSION FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2014

Note	March 31, 2014 (Un-audited)					June 30, 2013 (Audited)				
	Equity	Debt	Money Market	Others	Total	Equity	Debt	Money Market	Others	Total
	Sub-Fund	Sub-Fund	Sub-Fund			Sub-Fund	Sub-Fund	Sub-Fund		
	-----Rupees-----					-----Rupees-----				
ASSETS										
Bank balances	3,517,569	7,600,128	5,274,705	642,715	17,035,117	30,166,395	30,157,123	30,157,123	-	90,480,641
Investments - net	43,883,408	33,758,000	29,567,400	-	107,208,808	-	-	-	-	-
Dividend receivable	319,525	-	-	-	319,525	-	-	-	-	-
Profit receivable	16,821	1,250,486	895,043	-	2,162,350	248,025	254,669	254,669	-	757,363
Preliminary expenses and floatation costs	48,995	48,995	48,995	-	146,985	71,027	71,027	71,027	-	213,081
Receivable against sale of units	9,839	2,782	910	-	13,531	-	-	-	-	-
Security deposit and other receivables	100,000	100,000	100,000	-	300,000	-	-	-	-	-
Total assets	47,896,157	42,760,391	35,887,053	642,715	127,186,316	30,485,447	30,482,819	30,482,819	-	91,451,085
LIABILITIES										
Payable to the Pension Fund Manager	231,300	208,810	176,932	642,715	1,259,757	184,126	169,520	154,984	-	508,630
Payable to the Central Depository Company of Pakistan Limited - Trustee	5,660	5,082	4,257	-	14,999	7,182	7,181	7,183	-	21,546
Payable to the Securities and Exchange - Commission of Pakistan	10,877	10,337	9,615	-	30,829	1,580	1,580	1,580	-	4,740
Payable against redemption of units	69,759	195,826	52,157	-	317,742	-	-	-	-	-
Accrued expenses and other liabilities	555,460	140,320	129,663	-	825,443	31,916	32,306	32,664	-	96,886
Total liabilities	873,056	560,375	372,624	642,715	2,448,772	224,804	210,587	196,411	-	631,802
NET ASSETS	47,023,101	42,200,016	35,514,429	-	124,737,545	30,260,643	30,272,232	30,286,408	-	90,819,283
PARTICIPANTS' SUB-FUNDS (as per statement attached)	47,023,101	42,200,016	35,514,429	-	124,737,545	30,260,643	30,272,232	30,286,408	-	90,819,283
Number of units in issue	373,466	392,462	332,320	-	1,098,248	300,060	299,970	299,970	-	900,000
Net asset value per unit	125.9100	107.5264	106.8683	-	-	100.8486	100.9175	100.9648	-	-
Contingencies and commitments	-	-	-	-	-	-	-	-	-	-

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Pension Fund Manager)

Chief Executive

Director

NAFA ISLAMIC PENSION FUND

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE PERIOD ENDED MARCH 31, 2014

Note	Period ended March 31, 2014				Quarter ended March 31, 2014			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	-----Rupees-----				-----Rupees-----			
INCOME								
Profit on bank deposits	215,536	279,765	371,042	866,343	74,919	115,301	91,937	282,157
Income from sukuk certificates	-	2,066,994	1,765,284	3,832,278	-	762,998	695,360	1,458,358
Dividend income	1,679,336	-	-	1,679,336	456,049	-	-	456,049
Net gain on sale of investments - net	2,458,130	-	-	2,458,130	1,877,452	-	-	1,877,452
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	5,505,375	622,800	267,400	6,395,575	1,123,728	414,800	291,300	1,829,828
Total income	9,858,377	2,969,559	2,403,726	15,231,662	3,532,148	1,293,099	1,078,597	5,903,844
EXPENSES								
Remuneration of Pension Fund Manager	422,561	331,707	243,484	997,752	164,243	125,430	85,352	375,025
Sindh sales tax on remuneration of the Pension Fund Manager	78,903	62,062	45,552	186,517	30,483	23,279	15,842	69,604
Federal Excise Duty on remuneration of the Pension Fund Manager	67,610	53,073	38,957	159,640	26,280	20,069	13,656	60,005
Remuneration to the Central Depository Company of Pakistan Limited - Trustee	42,256	39,805	36,523	118,584	16,424	15,052	12,803	44,279
Annual fee - Securities and Exchange Commission of Pakistan	9,296	8,757	8,035	26,088	3,613	3,311	2,817	9,741
Auditors' remuneration	75,326	75,326	75,326	225,978	24,240	24,240	24,240	72,720
Securities' transaction costs	127,164	1,500	1,325	129,989	48,833	-	1,000	49,833
Amortization of preliminary expenses and floatation costs	18,146	18,146	18,146	54,438	614	614	614	1,842
Settlement and other charges	89,371	31,950	31,940	153,261	(17,303)	(3,014)	(3,024)	(23,341)
Total Expenses	930,633	622,326	499,288	2,052,247	297,427	208,981	153,299	659,708
Net income from operating activities	8,927,744	2,347,233	1,904,438	13,179,415	3,234,721	1,084,118	925,297	5,244,136
Provision for Workers' Welfare Fund	8	(178,558)	(46,945)	(38,088)	(263,591)	(64,699)	(21,683)	(104,898)
Net income for the period before taxation	8,749,186	2,300,288	1,866,350	12,915,824	3,170,022	1,062,435	906,781	5,139,238
Taxation	-	-	-	-	-	-	-	-
Net income for the period after taxation	8,749,186	2,300,288	1,866,350	12,915,824	3,170,022	1,062,435	906,781	5,139,238

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Pension Fund Manager)

Chief Executive

Director

NAFA ISLAMIC PENSION FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE PERIOD ENDED MARCH 31, 2014

	Period ended March 31, 2014				Quarter ended March 31, 2014			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	-----Rupees-----				-----Rupees-----			
Net income for the period after taxation	8,749,186	2,300,288	1,866,350	12,915,824	3,170,022	1,062,435	906,781	5,139,238
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the period	8,749,186	2,300,288	1,866,350	12,915,824	3,170,022	1,062,435	906,781	5,139,238

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Pension Fund Manager)

Chief Executive

Director

NAFA ISLAMIC PENSION FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB FUNDS (UN-AUDITED) FOR THE PERIOD ENDED MARCH 31, 2014

Note	Period ended March 31, 2014				Quarter ended March 31, 2014				
	Equity	Debt	Money Market	Total	Equity	Debt	Money Market	Total	
	Sub-Fund	Sub-Fund	Sub-Fund		Sub-Fund	Sub-Fund	Sub-Fund		
	-----Rupees-----				-----Rupees-----				
Net assets at the beginning of the period	30,260,643	30,272,232	30,286,408	90,819,283	41,166,891	38,966,071	33,627,248	113,760,210	
Amount received on issuance of units	11	8,483,640	10,329,239	3,537,384	22,350,262	3,010,631	2,645,349	1,105,335	6,761,315
Amount paid on redemption of units		(470,369)	(701,744)	(175,713)	(1,347,825)	(324,444)	(473,840)	(124,935)	(923,218)
Net element of income / (loss) and capital gains / (losses) - included in prices of units issued less those in units redeemed		610,377	302,510	104,591	1,017,478	448,448	101,082	39,460	588,990
Net unrealised diminution / appreciation on remeasurement of investments classified as 'financial assets at fair value through profit or loss'		5,505,375	622,800	267,400	6,395,575	1,123,728	414,800	233,800	1,772,328
Gain / (loss) on sale of investments		2,458,130	-	-	2,458,130	1,877,452	-	-	1,877,452
Other income (net of expenses)		785,681	1,677,488	1,598,950	4,062,119	168,842	647,635	672,981	1,489,458
Total comprehensive income for the period		8,749,186	2,300,288	1,866,350	12,915,824	3,170,022	1,062,435	906,781	5,139,238
Net element of (income) / loss and capital (gains) / losses - included in prices of units issued less those in units redeemed		(610,377)	(302,510)	(104,591)	(1,017,478)	(448,448)	(101,082)	(39,460)	(588,990)
Net assets at the end of the period		<u>47,023,101</u>	<u>42,200,016</u>	<u>35,514,429</u>	<u>124,737,546</u>	<u>47,023,101</u>	<u>42,200,016</u>	<u>35,514,429</u>	<u>124,737,546</u>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Pension Fund Manager)

Chief Executive

Director

NAFA ISLAMIC PENSION FUND

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE PERIOD ENDED MARCH 31, 2014

	Period ended March 31, 2014					Quarter ended March 31, 2014				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total
	-----Rupees-----					-----Rupees-----				
CASH FLOWS FROM OPERATING ACTIVITIES										
Net income for the period before taxation	8,749,186	2,300,288	1,866,350	-	12,915,824	3,170,022	1,062,435	906,781	-	5,139,238
Adjustments										
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(5,505,375)	(622,800)	(209,900)	-	(6,338,075)	(1,123,728)	(414,800)	(233,800)	-	(1,772,328)
(Gain) on sale of investments - net	(2,458,130)	-	-	-	(2,458,130)	(1,877,452)	-	-	-	(1,877,452)
	785,681	1,677,488	1,656,450	-	4,119,619	168,842	647,635	672,981	-	1,489,458
Decrease / (increase) in assets										
Investments - net	(35,919,903)	(33,135,200)	(29,357,501)	-	(98,412,604)	(3,716,094)	(1,000,000)	(5,100,000)	-	(9,816,094)
Preliminary Expenses & Floatation Cost	22,032	22,032	22,032	-	66,096	4,500	4,500	4,500	-	13,500
Dividend receivable	(319,525)	-	-	-	(319,525)	(219,125)	-	-	-	(219,125)
Profit receivable	231,204	(995,817)	(640,374)	-	(1,404,987)	3,589	(749,780)	(645,044)	-	(1,391,235)
Security deposit and other receivables	(100,000)	(100,000)	(100,000)	-	(300,000)	-	-	-	-	-
	(36,086,192)	(34,208,985)	(30,075,843)	-	(100,371,020)	(3,927,130)	(1,745,280)	(5,740,544)	-	(11,412,954)
(Decrease) / increase in liabilities										
Payable against purchase of investments	-	-	-	-	-	-	-	-	-	-
Payable to the Pension Fund Manager	47,174	39,290	21,948	642,715	751,127	33,374	33,595	24,236	179,997	271,202
Payable to the Central Depository Company of Pakistan Limited	(1,522)	(2,099)	(2,926)	-	(6,547)	116	(2,581)	(3,867)	-	(6,332)
Payable to the Securities and Exchange Commission of Pakistan	9,297	8,757	8,035	-	26,089	3,613	3,311	2,816	-	9,740
Payable against redemption of units	69,759	195,826	52,157	-	317,742	69,759	195,826	52,157	-	317,742
Accrued expenses and other liabilities	513,704	105,231	96,089	-	715,024	240,556	14,797	12,495	-	267,848
	638,412	347,005	175,303	642,715	1,803,435	347,418	244,948	87,837	179,997	860,200
Net cash outflow on operating activities	(34,662,099)	(32,184,492)	(28,244,090)	642,715	(94,447,966)	(3,410,870)	(852,697)	(4,979,726)	179,997	(9,063,296)
CASH FLOWS FROM FINANCING ACTIVITIES										
Amount received on issue of units	8,483,640	10,329,239	3,537,383	-	22,350,263	3,010,631	2,645,349	1,105,334	-	6,761,315
Amount paid on redemption of units	(470,369)	(701,744)	(175,713)	-	(1,347,825)	(324,443)	(473,840)	(124,935)	-	(923,218)
Net cash generated from financing activities	8,013,272	9,627,495	3,361,671	-	21,002,438	2,686,188	2,171,509	980,400	-	5,838,097
Net (decrease) / increase in cash and cash equivalents	(26,648,827)	(22,556,997)	(24,882,419)	642,715	(73,445,528)	(724,682)	1,318,812	(3,999,326)	179,997	(3,225,199)
Cash and cash equivalents at the beginning of the period	30,166,395	30,157,123	30,157,123	-	90,480,641	4,242,250	6,281,314	9,274,031	462,718	20,260,313
Cash and cash equivalents at the end of the period	3,517,569	7,600,128	5,274,705	642,715	17,035,117	3,517,569	7,600,128	5,274,705	642,715	17,035,117

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Pension Fund Manager)

Chief Executive

Director

NAFA ISLAMIC PENSION FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE PERIOD ENDED MARCH 31, 2014

1. LEGAL STATUS AND NATURE OF BUSINESS

NAFA Islamic Pension Fund ("the Fund") was established under a Trust Deed, dated October 12, 2012, between NBP Fullerton Asset Management Limited as the Pension Fund Manager and Central Depository Company of Pakistan Limited (CDC) as the trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan (SECP) as a pension fund on November 16, 2012.

The Pension Fund Manager has been licensed to act as a Pension Fund Manager under the Voluntary Pension System Rules, 2005 (VPS Rules) through a certificate of registration issued by SECP. The registered office of the Pension Fund Manager is situated at 7th floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi.

The Fund is an unlisted open end pension scheme and offers units for public subscription on a continuous basis. The units are non-transferable except in the circumstances mentioned in VPS Rules and can be redeemed by surrendering to the Fund. Further, as per the offering document, no distribution of income or dividend is allowed from any of the sub-funds.

The objective of the Fund is to provide individuals with a portable, individualised, funded (based on defined contribution), flexible pension scheme, assisting and facilitating them to plan and provide for their retirement.

The Fund has been formed to enable the participants to contribute in a diversified portfolio of securities, which are Shariah compliant. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah. The Pension Fund Manager has appointed Mufti Bilal Ahmed Qazi as Shariah Advisor to the Pension Fund to ensure that the activities of the Fund are in compliance with the principles of Shariah.

The Fund consists of three sub-funds namely, NAFA Islamic Pension Fund Equity Sub-Fund (Equity Sub-Fund), NAFA Islamic Pension Fund Debt Sub-Fund (Debt Sub-Fund) and NAFA Islamic Pension Fund Money Market Sub-Fund (Money Market Sub-Fund) (collectively the Sub-Funds). The investment policy for each of the Sub-Funds are as follows:

- The Equity sub-fund consists of a minimum 90% of net assets invested in Shariah compliant listed equity securities. Investment in single company is restricted to lower of 10% of Net Asset Value (NAV) of equity sub-fund or paid-up capital of the investee company. Investment in a single stock exchange sector is restricted to the higher of 30% of NAV or index weight, the subject to a maximum of 35% of NAV of equity sub-fund. (Remaining assets of the equity sub-fund may be invested in any government treasury bills or government securities having less than one year time maturity, or be deposited with scheduled Islamic commercial banks having at least 'A' rating or Islamic windows of commercial banks having rating not less than 'AA' by a rating).
- The Debt sub-fund consists of Shariah compliant tradable debt securities with weighted average time to maturity of the investment portfolio of the sub-fund not exceeding five years. At least twenty five percent (25%) of the net assets of Debt sub-fund shall be invested in debt securities issued by the Federal Government. Upto twenty five percent (25%) may be deposited with scheduled Islamic banks having not less than "A+" rating or Islamic windows of commercial banks having not less than 'AA' rating. Investment in securities issued by companies of a single sector shall not exceed 20% except for banking sector for which the exposure limit shall be up to 30% of net assets of Debt sub-fund. Composition of the remaining portion of the investments shall be as defined in the offering document.

NAFA ISLAMIC PENSION FUND

- The Money Market sub-fund consists of Shariah compliant short term money market securities with weighted average time to maturity not exceeding one year. There is no restriction on the amount of investment in securities issued by the Federal Government and Islamic windows of commercial banks having 'A+' rating provided that deposit with any one bank shall not exceed 20% of net assets Money Market Sub-Fund. Investment in securities issued by provincial government, city government, government corporation with 'A' or higher rating or a corporate entity with 'A+' or higher rating shall be in proportion as defined in offering document.

The Fund offers five types of allocation schemes, as prescribed by the SECP under VPS Rules, to the contributors of the Fund namely High Volatility, Medium Volatility, Low Volatility, Lower Volatility & Life Cycle Allocation. The participants of the Fund voluntarily determine the contribution amount, subject to the minimum limit fixed by the Pension Fund Manager. The Participant has the option to select any one from the Allocation Schemes or products being offered by the Pension Fund Manager at the date of opening his / her Individual Pension Account. The Participant may change the Allocation Scheme not more than twice a year thereafter. The contribution amount may be paid by the contributor on a periodic basis such as annual, semi annual, quarterly or monthly basis or with any other frequency.

Pakistan Credit Rating Agency (PACRA) has assigned management quality rating of 'AM2' to the Pension Fund Manager while the Fund is currently not rated.

Title to the assets of the Fund are held in the name of CDC as the trustee of the Fund.

2 SUMMARY OF 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 period ended June 30, 2013.

NAFA ISLAMIC PENSION FUND

3 BANK BALANCES

Note	March 31, 2014 (Un-audited)					June 30, 2013 (Audited)					
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others (3.1)	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total	
	-----Rupees-----					-----Rupees-----					
Savings accounts	3.2	3,517,569	7,600,128	5,274,705	642,715	17,035,117	30,166,395	30,157,123	30,157,123	-	90,480,641

3.1 These represents collection and redemption accounts maintained by the Fund and carries a rate of return of 6.00% per annum (June 30, 2013: nil).

3.2 These carry a rate of return ranging from 6.00% to 8.0% (June 2013: 6.00% to 9.20%) per annum.

4 INVESTMENTS - NET

Note	March 31, 2014 (Un-audited)					June 30, 2013 (Audited)				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total		
	-----Rupees-----					-----Rupees-----				
At fair value through profit - or loss - held for trading										
Equity securities - listed	4.1	43,883,408	-	-	43,883,408	-	-	-	-	
Government of Pakistan Ijara Sukuk	4.2	-	33,758,000	29,567,400	63,325,400	-	-	-	-	
		43,883,408	33,758,000	29,567,400	107,208,808	-	-	-	-	

NAFA ISLAMIC PENSION FUND

4.1 Listed equity securities - at fair value through profit or loss - held for trading - Equity Sub-Fund

All shares have a nominal face value of Rs. 10 each except for shares of Thal Limited which have a face value of Rs. 5 each.

Name of the investee company	As at July 1, 2013	Purchases during the period	Bonus / Right during the period	Sales during the period	As at March 31, 2014	Market Value	Market value as a % of net assets of the Sub-Fund	Market value as a % of paid-up capital of the investee company
	-----Number of shares-----				----- (Rupees) -----		----- % -----	
Oil and Gas								
Oil & Gas Development Company Limited	-	20,500	-	16,900	3,600	868,068	1.85	0.00
Pakistan Oilfields Limited	-	10,500	-	2,400	8,100	4,407,858	9.37	0.00
Pakistan Petroleum Limited	-	18,300	2,480	16,000	4,780	1,069,573	2.27	0.00
Pakistan State Oil Company Limited	-	24,200	-	13,500	10,700	4,565,797	9.71	0.00
National Refinery Limited	-	4,400	-	-	4,400	1,006,808	2.14	0.01
Automobile and Parts								
Honda Atlas Cars (Pakistan) Limited	-	27,000	-	-	27,000	1,489,320	3.17	0.02
Sazgar Engineering Works Limited	-	71,000	-	-	71,000	1,917,000	4.08	0.40
Chemicals								
Fauji Fertilizer Company Limited	-	47,900	-	35,400	12,500	1,385,500	2.95	0.00
Engro Corporation Limited	-	4,400	-	4,400	-	-	-	-
Construction and Materials (Cement)								
D G Khan Cement Company Limited	-	38,000	-	20,000	18,000	1,656,360	3.52	0.00
Pioneer Cement Company Limited	-	76,500	-	21,500	55,000	2,567,950	5.46	0.02
Cherat Cement Company Limited	-	36,500	750	29,000	8,250	612,645	1.30	0.01
Kohat Cement Limited	-	31,500	3,200	15,500	19,200	2,246,784	4.78	0.01
Lucky Cement Limited	-	12,500	-	3,400	9,100	2,884,245	6.13	0.01
Maple Leaf Cement Factory Limited	-	85,500	-	11,500	74,000	2,177,820	4.63	0.01
Fauji Cement Company Limited	-	57,000	-	-	57,000	974,130	2.07	0.00
Personal Goods (Textile)								
Nishat Mills Limited	-	31,400	-	24,000	7,400	862,470	1.83	0.00
Pharma and Bio Tech								
Abbot Laboratories (Pakistan) Limited	-	1,100	-	-	1,100	460,977	0.98	0.00
GlaxoSmithKline (Pakistan) Limited	-	3,000	-	-	3,000	487,860	1.04	0.00
Fixed Line Telecommunication								
Pakistan Telecommunication Company Limited	-	150,500	-	60,500	90,000	2,751,300	5.85	0.00
Electricity								
The Hub Power Company Limited	-	71,500	-	56,000	15,500	824,135	1.75	0.00
Kot Addu Power Company Limited	-	22,500	-	-	22,500	1,338,300	2.85	0.00
General Industrials								
THAL Limited	-	15,700	-	11,000	4,700	797,778	1.70	0.01
Ghani Glass Mills Limited	-	18,000	-	-	18,000	995,400	2.12	0.01
Household Goods								
Tariq Glass Industries Limited	-	12,000	-	-	12,000	487,320	1.04	0.02
Industrial Transportation								
Pakistan National Shipping Corporation	-	44,500	-	29,000	15,500	1,138,320	2.42	0.01
Commercial Banks								
Mezzan Bank Limited	-	121,500	-	66,500	55,000	2,175,250	4.63	0.01
Bankislami Pakistan Limited	-	187,500	-	22,000	165,500	1,734,440	3.69	0.03
						<u>43,883,408</u>	<u>93.33</u>	
Carrying Value as at March 31, 2014						<u>38,378,033</u>		

NAFA ISLAMIC PENSION FUND

4.2 Investment in government securities - at fair value through profit or loss - held for trading

4.2.1 Government of Pakistan Ijara Sukuk - Debt Sub-Fund

Issue date	Tenor	As at July 1, 2013	Purchases during the period	Matured/ Sold during the period	As at March 31, 2014	Market Value	Market value as a % of net assets of the Sub-Fund
----- Face value (Rupees) ----- Rupees -----							
April 30, 2012	3 Years	-	28,000,000	-	28,000,000	28,688,800	67.98
December 26, 2011	3 Years	-	4,000,000	-	4,000,000	4,069,200	9.64
March 19, 2014	3 Years	-	1,000,000	-	1,000,000	1,000,000	2.37
		-	33,000,000	-	33,000,000	33,758,000	80.00
Carrying Value as at March 31, 2014						33,135,200	

4.2.2 Government of Pakistan Ijara Sukuk - Money Market Sub-Fund

Issue date	Tenor	As at July 1, 2013	Purchases during the period	Matured/ Sold during the period	As at March 31, 2014	Market Value	Market value as a % of net assets of the Sub-Fund
----- Face value (Rupees) ----- Rupees -----							
November 15, 2010	3 Years	-	25,000,000	25,000,000	-	-	-
April 30, 2012	3 Years	-	9,000,000	-	9,000,000	9,221,400	25.97
December 26, 2011	3 Years	-	20,000,000	-	20,000,000	20,346,000	57.29
		-	54,000,000	25,000,000	29,000,000	29,567,400	83.25
Carrying Value as at March 31, 2014						29,242,500	

5 PROFIT RECEIVABLE

March 31, 2014 (Un-audited)				June 30, 2013 (audited)			
Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
----- Rupees ----- Rupees -----							
Debt Securities	-	1,226,267	880,145	2,106,412	-	-	-
Savings accounts	16,821	24,219	14,898	55,938	248,025	254,669	254,669
	16,821	1,250,486	895,043	2,162,350	248,025	254,669	254,669

6 ACCRUED EXPENSES AND OTHER LIABILITIES

March 31, 2014 (Un-audited)				June 30, 2013 (audited)			
Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
----- Rupees ----- Rupees -----							
Provision for Workers' Welfare Fund	183,565	52,562	43,984	280,111	6,704	6,999	7,294
Payable to the auditors	45,026	45,026	45,026	135,078	10,000	10,000	30,000
Bank charges Payable	987	5,802	5,902	12,691	4,680	4,275	13,412
Brokerage Payable	270,927	-	1,325	272,252	-	-	-
Other charges payable	54,955	36,930	33,426	125,311	20,911	21,211	21,310
	555,460	140,320	129,663	825,443	42,295	42,485	43,061

7 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at March 31, 2014 (June 2013; Nil).

NAFA ISLAMIC PENSION FUND

8 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 (SHC), challenging the applicability of WWF to the CISs, which is pending adjudication.

Subsequently, the Ministry of Labour and Manpower (the Ministry) vide its letter dated July 15, 2010 clarified that "Mutual Fund(s) is a product which is being managed / sold by the Asset Management Companies which are liable to contribute towards Workers Welfare Fund under Section 4 of the WWF Ordinance. However, the income on Mutual Fund(s), the product being sold, is exempted under the law *ibid*".

Further, the Secretary (Income Tax Policy) Federal Board of Revenue (FBR) issued a letter dated October 6, 2010 to the Members (Domestic Operation) North and South FBR. In the letter, reference was made to the clarification issued by the Ministry of Labour and Manpower stating that mutual funds are a product and their income are exempted under the law *ibid*. The Secretary (Income Tax Policy) Federal Board of Revenue directed that the Ministry's letter may be circulated amongst field formations for necessary action. Following the issuance of FBR Letter, show cause notice which had been issued by taxation office to certain mutual funds for payment of levy under WWF were withdrawn. However, the Secretary (Income Tax Policy) Federal Board of Revenue vide letter January 4, 2011 has cancelled ab-initio clarificatory letter dated October 6, 2010 on applicability of WWF on mutual funds and issued show cause notices to certain mutual funds for collecting WWF. In respect of such show cause notices, certain mutual funds have been granted stay by Honourable High Court of Sindh on the basis of the pending constitutional petition in the said court as referred above.

Furthermore, in 2011 the Honourable Lahore High Court in a Constitutional Petition relating to the amendments brought in WWF Ordinance through the Finance Act 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. The Pension Fund Manager is hopeful that the decision of the Honourable Lahore High Court, will lend further support to the Constitutional Petition which is pending in the Honourable High Court of Sindh.

Last year, the Larger Bench of the Sindh High Court (SHC) issued a judgment in response to a petition in another similar case in which it is held that the amendments introduced in the WWF Ordinance through Finance Acts, 2006 and 2008 do not suffer from any constitutional or legal infirmity.

However, without prejudice to the above, the Pension Fund Manager, as a matter of abundant caution, has decided to record the provision for WWF amounting to Rs. 280,111 in aggregate including Rs. 263,591 for the nine months ended March 31, 2014.

9 TAXATION

No provision for taxation for the period ended March 31, 2014 has been made in the view of exemption available under clause 57 (3) (viii) of Part I of the second Schedule to the Income Tax Ordinance, 2001.

10 NUMBER OF UNITS IN ISSUE

	March 31, 2014 (Un-audited)				June 30, 2013 (Audited)			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	Number of units				Number of units			
Total units in issue at the beginning of the period	300,060	299,970	299,970	900,000	-	-	-	-
Add: Issue of units during the period	77,385	99,139	34,018	210,542	300,060	299,970	299,970	900,000
Less: Units redeemed during the period	3,979	6,647	1,668	12,294	-	-	-	-
Total units in issue at the end of the period	373,466	392,462	332,320	1,098,248	300,060	299,970	299,970	900,000

NAFA ISLAMIC PENSION FUND

11 CONTRIBUTION TABLE

	Period ended March 31, 2014 (Un-audited)							
	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Total	
	Units	Rupees	Units	Rupees	Units	Rupees	Units	Rupees
Individuals	77,385	8,483,640	99,139	10,329,239	34,018	3,537,384	210,542	22,350,263
	77,385	8,483,640	99,139	10,329,239	34,018	3,537,384	210,542	22,350,263

12 TRANSACTIONS WITH CONNECTED PERSONS

- 12.1 Connected persons include NBP Fullerton Asset Management Limited, being the Pension Fund manager, Central Depository Company of Pakistan Limited (being the Trustee), National Bank of Pakistan (NBP) and Alexandra Fund Management Pte. Limited, being the sponsors of the Fund / Pension Fund Manager and other collective investment schemes managed by the NBP Fullerton Asset Management Limited, directors and officers of the NBP Fullerton Asset Management Limited and employee benefit funds of the NBP Fullerton Asset Management Limited.
- 12.2 The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 12.3 Remuneration payable to the Pension Fund manager and Trustee is determined in accordance with the provisions of the VPS Rules and the Trust Deed.

Details of the transactions with connected persons are as follows:

	Nine months ended March 31, 2014 (Un-audited)				Three months ended (Un-audited)			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total

12.4 Transactions during the period

NBP Fullerton Asset Management Limited (Pension Fund Manager)

Management fee expense for the period	422,561	331,707	243,484	997,752	164,243	125,430	85,352	375,025
Sindh sales tax on remuneration of the Pension Fund Manager	78,903	62,062	45,552	186,517	30,483	23,279	15,842	69,604
Federal Excise Duty on remuneration of the Pension Fund Manager	67,610	53,073	38,957	159,640	26,280	20,069	13,656	60,005

Central Depository Company of Pakistan Limited - Trustee

Remuneration	42,256	39,805	36,523	118,584	16,424	15,052	12,803	44,278
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Taurus Securities Limited

Brokerage charges	14,965	-	-	14,965	5,044	-	-	5,044
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Thal Limited

Purchase of 15,700 shares	2,045,045	-	-	2,045,045	-	-	-	-
Sale of 11,000 Shares	1,673,478	-	-	1,673,478	885,987	-	-	885,987

Kot Addu Power Company Limited

Purchase of 22,500 shares	1,347,925	-	-	1,347,925	1,347,925	-	-	1,347,925
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NAFA ISLAMIC PENSION FUND

12.5 Balances outstanding as at period / year end

	March 31, 2014 (un-audited)				June 30 2013 (audited)			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	-----Rupees-----				-----Rupees-----			
NBP Fullerton Asset Management Limited - Pension Fund Manager								
Management fee payable to Pension Fund Manager	59,221	39,752	28,146	127,119	71,818	59,845	47,887	179,550
Sindh Sales tax payable on management fee of Pension Fund Manager	10,892	9,477	6,863	27,232	12,063	10,026	8,044	30,133
Federal excise duty payable on management fee of Pension Fund Manager	71,187	35,986	27,687	134,860	3,577	2,982	2,386	8,945
Preliminary expenses and floatation cost payable	75,000	75,000	75,000	225,000	75,000	75,000	75,000	225,000
Other charges payable	15,000	15,000	15,000	45,000	21,668	21,667	21,667	65,002
Amount of units issued	22,668,333	19,352,817	19,234,370	61,255,520	18,003,600	17,998,200	17,998,200	54,000,000
Number of units issued (seed capital)	180,036	179,982	179,982	540,000	180,036	179,982	179,982	540,000
Alexandra Fund Management Pte. Limited - Sponsor								
Amount of units issued	15,112,222	12,901,878	12,822,914	40,837,013	12,002,400	11,998,800	11,998,800	36,000,000
Number of units issued (seed capital)	120,024	119,988	119,988	360,000	120,024	119,988	119,988	360,000
Central Depository Company of Pakistan Limited - Trustee								
Remuneration payable	5,660	5,082	3,975	14,717	7,182	7,181	7,183	21,546
Thal Limited								
Ordinary shares held (4,700 shares)	797,778	-	-	797,778	-	-	-	-
Kot Addu Power Company Limited								
Ordinary shares held (22,500 shares)	1,338,300	-	-	1,338,300	-	-	-	-

13 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on April 30, 2014 by the Board of Directors of the Pension Fund Manager.

14 GENERAL

14.1 Figures have been rounded off to the nearest rupee, unless otherwise specified.

For NBP Fullerton Asset Management Limited
(Pension Fund Manager)

Chief Executive

Director



NBP Fullerton
Asset Management Ltd.

A Subsidiary of
National Bank of Pakistan

Your investments & "NAFA" grow together



Joint - Venture Partners

Head Office

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