

**AM2++**  
Listed on BSE



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

## **NAFA RIBA FREE SAVINGS FUND**

**QUARTERLY  
REPORT**  
**September  
30 2016**




*Your investments & "NAFA" grow together*



**FULLERTON FUND  
MANAGEMENT**

*Joint - Venture Partners*

## MISSION STATEMENT



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

# NAFA RIBA FREE SAVINGS FUND

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# NAFA RIBA FREE SAVINGS FUND

## FUND'S INFORMATION

### Management Company

NBP Fullerton Asset Management Limited – Management Company

### Board of Directors of the Management Company

Mr. Nausherwan Adil	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Aamir Sattar	Director
Mr. Abdul Hadi Palekar	Director
Mr. Koh Boon San	Director
Mr. Lui Mang Yin (Martin Lui)	Director
Mr. Kamal Amir Chinoy	Director
Mr. Shehryar Faruque	Director
Mr. Saiyed Hashim Ishaque	Director

### Company Secretary & COO

Mr. Muhammad Murtaza Ali

### Chief Financial Officer

Mr. Khalid Mehmood

### Audit & Risk Committee

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

### Human Resource and Remuneration Committee

Mr. Kamal Amir Chinoy	Chairman
Mr. Lui Mang Yin (Martin Lui)	Member
Mr. Abdul Hadi Palekar	Member

### Trustee

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

### Bankers to the Fund

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

# NAFA RIBA FREE SAVINGS FUND

## **Auditors**

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

## **Legal Advisor**

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

## **Head Office:**

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

## **Lahore Office:**

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

## **Islamabad Office:**

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

## **Peshawar Office:**

Opposite Gul Haji Plaza, 2nd Floor  
National Bank Building  
University Road Peshawar,  
UAN: 091-111 111 632 (nfa)  
Fax: 091-5703202

## **Multan Office:**

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

# NAFA RIBA FREE SAVINGS FUND

## DIRECTORS' REPORT

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

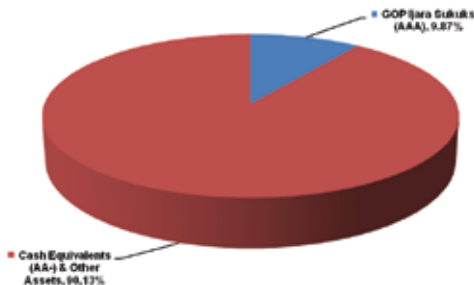
### Fund's Performance

The size of NAFA Riba Free Savings Fund has decreased from Rs. 1,160 million to Rs. 1,024 million during the quarter, i.e. a decline of 12%. During the period under review, the unit price of the Fund has increased from Rs. 10.1693 on June 30, 2016 to Rs. 10.3065 on September 30, 2016, thus posting a return of 5.35% as compared to its Benchmark (6-month average deposit rates of three A rated Islamic Banks/Islamic windows of conventional banks as selected by MUFAP) return of 4.33%. The performance of the Fund is net of management fee and all other expenses.

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

During the period under review, State Bank of Pakistan (SBP) in its bi-monthly monetary policy announcements in July and September 2016 maintained the policy rate owing to YoY increase in monetary aggregates (M2), comfortable liquidity conditions coupled with record-high foreign exchange reserves and CPEC related projects gathering momentum. Besides, SBP also highlighted that the expected pick up in domestic demand, improvements in current & expected economic conditions and rise in consumer confidence are the main drivers for determining inflation during FY17. However, uncertain global oil price continues to remain a major risk along with challenged exports outlook, heavy scheduled foreign loan payments during FY17 and possible currency devaluation. We see pickup in inflation to 5.0% by year-end due to partial recovery in commodity prices, expected devaluation, and uptick in private sector borrowing.

The Fund has earned total income of Rs.17.00 million during the period. After deducting expenses of Rs.3.37 million, the net income is Rs.13.63 million. The below chart presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NRFSF.



# NAFA RIBA FREE SAVINGS FUND

## Acknowledgement

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

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

On behalf of the Board of  
NBP Fullerton Asset Management Limited

Chief Executive

Director

Date: October 28, 2016  
Place: Karachi.

# NAFA RIBA FREE SAVINGS FUND

## ڈائریکٹرز رپورٹ

NBP فلٹرن ایسیٹ منجمنٹ لمیٹڈ بورڈ آف ڈائریکٹرز بصد مسرت 30 ستمبر 2016ء کو ختم ہونے والی سہ ماہی کے لیے NAFA ربا فری سیونگز فنڈ (NRFSF) کے غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرتا ہے۔

### فنڈ کی کارکردگی

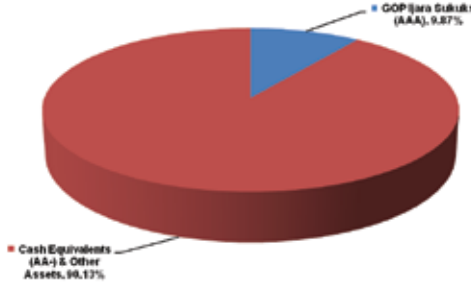
NAFA ربا فری سیونگز کا فنڈ ساڑھے سہ ماہی کے دوران 1,160 ملین روپے سے گھٹ کر 1,024 ملین روپے پہنچ گیا، یعنی جو کہ 12% کمی ہے۔ زیر جائزہ مدت کے دوران فنڈ کے یونٹ کی قیمت 30 جون 2016 کو 10.1693 روپے سے بڑھ کر 30 ستمبر 2016 کو 10.3065 روپے تک پہنچ چکی ہے، لہذا اسی مدت کے لیے اپنے پہنچ مارک منافع (MUFAP) کے منتخب کردہ AAA ریٹنگ والے اسلامی بینکنس / اربویتی بینکنس کی اسلامک ونڈز کے 6 ماہ کے اوسط ڈپازٹ ریٹس (4.33% کے مقابلے میں 5.35% منافع درج کر لیا۔ فنڈ کا منافع منجمنٹ فیس اور دیگر اخراجات کے بعد حاصل ہے۔

NRFSF ایک اسلامک انکم اسکیم ہے جس کا اسٹاک مارکیٹ سے کوئی براہ راست یا بالواسطہ تعلق نہیں ہے۔ فنڈ کو PACRA کی طرف سے A(f) اسٹیبلٹی ریٹنگ دی گئی ہے، جو منافع جات میں متعلقہ استحکام برقرار رکھنے کی زبردست اہلیت اور خطرات کی زد میں آنے کے بہت معمولی امکانات کی نشان دہی کرتی ہے۔ فنڈ کا مقصد اسلامک بینکنس / کمرشل بینکنس کی اسلامک ونڈز کی پیش کردہ منافع کی شرحوں کے مقابلے میں تو اترا سے بہتر منافع فراہم کرنا ہے، جب کہ اعلیٰ کوالٹی کے کریڈٹ پروفائل کے ساتھ آسان لیکویڈیٹی بھی مہیا کرنا ہے۔ کسی بھی واحد انسٹرومنٹ کی ہیپورٹی، ماسوائے حکومت پاکستان کے اجارہ سکوک، 6 ماہ سے تجاوز نہیں کر سکتی۔

زیر جائزہ مدت کے دوران اسٹیٹ بینک آف پاکستان (SBP) نے اپنے جولائی اور ستمبر 2016 کے دو ماہ کی مالیاتی پالیسی اعلان میں پالیسی ریٹ برقرار رکھا جس کا بنیادی سبب سال بہ سال مالیاتی مجموعوں (M2) میں اضافہ، لیکویڈیٹی کی باہمولت صورت حال کے ساتھ زیر مبادلہ کے ریکارڈ بلند ذخائر کے ساتھ (CPEC) سی پیک سے متعلق منصوبوں کی رفتار میں اضافہ ہے۔ علاوہ ازیں اسٹیٹ بینک آف پاکستان نے یہ بھی نشان دہی کی ہے کہ ملکی طلب میں متوقع اضافے، موجودہ اور متوقع اقتصادی صورت حال میں بہتری اور صارف کے اعتماد میں اضافہ مالی سال 2017 کے دوران افراط زر کے تعین کے لیے مرکزی محرکات ہیں۔ تاہم تیل کی غیر یقینی عالمی قیمتیں، برآمدات سے متعلق پہنچ آمیز امکانات اور مالی سال 2017 میں شیڈ یول غیر ملکی قرضوں کی بھاری واپسی اور کرنسی کی قدر میں ممکنہ کمی کے ہمراہ بدستور بڑا خطرہ رہیں گی۔ اہم ایشیائے صرف کی قیمتوں میں جزوی بحالی، روپے کی قدر میں نئی تلی متوقع کمی اور نجی شعبے کی طرف سے قرضوں میں اضافے کی وجہ سے سال کے اختتام تک افراط زر میں 5% تک معتدل اضافہ دیکھ رہے ہیں۔ اس مدت کے دوران فنڈ نے 17.00 ملین روپے کی مجموعی آمدنی کمائی۔ اخراجات کی مدد میں 3.37 ملین روپے منہا کرنے کے بعد خالص آمدنی 13.63 ملین روپے ہے۔ درج ذیل چارٹ NRFSF کی ایسیٹ ایلوکیشن اور اس کے ذیلی اثاثوں کے تمام درجوں کی پیمائش شدہ اوسط کریڈٹ ریٹنگ پیش کرتا ہے:



# NAFA RIBA FREE SAVINGS FUND



## اظہارِ تشکر

بورڈ اس موقع کا فائدہ اٹھاتے ہوئے منجنت کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر یونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان سے بھی ان کی سرپرستی اور رہنمائی کے لیے پُر خلوص اظہارِ تشکر کرتا ہے۔ بورڈ اپنے اسٹاف اور آرٹسٹ کی طرف سے محنت، لگن اور عزم کے مظاہرے پر اپنا خراجِ تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

NBP فلرٹن ایسیٹ منجنت لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

بتاریخ

12 اکتوبر 2016

مقام: کراچی

# NAFA RIBA FREE SAVINGS FUND

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

	Note	Un-Audited September 30, 2016	Audited June 30, 2016
(Rupees in '000)			
<b>ASSETS</b>			
Balances with banks		946,515	1,130,634
Investments	4	101,080	100,790
Profit receivable	5	7,985	6,219
Deposits, prepayments and other receivables		322	517
Receiveable gainst issue of units		35	-
<b>Total assets</b>		<b>1,055,937</b>	<b>1,238,160</b>
<b>LIABILITIES</b>			
Payable to the Management Company		12,734	12,508
Payable to the Trustee		161	178
Payable to the Securities and Exchange Commission of Pakistan		200	1,003
Accrued expenses and other liabilities	6	18,707	64,245
<b>Total Liabilities</b>		<b>31,802</b>	<b>77,934</b>
<b>NET ASSETS</b>		<u><u>1,024,135</u></u>	<u><u>1,160,226</u></u>
<b>UNITHOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<u><u>1,024,135</u></u>	<u><u>1,160,226</u></u>
<b>CONTINGENCIES AND COMMITMENTS</b>	7		
<b>NUMBER OF UNITS IN ISSUE</b>		<u><u>99,367,840</u></u>	<u><u>114,090,522</u></u>
<b>NET ASSET VALUE PER UNIT</b>		<u><u>10.3065</u></u>	<u><u>10.1693</u></u>

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

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA RIBA FREE SAVINGS FUND

## CONDENSED INTERIM INCOME STATEMENT (UN Audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	Note	Quarter Ended September 30, 2016	Quarter Ended September 30, 2015
(Rupees in '000)			
<b>INCOME</b>			
Profit on bank deposits		15,866	19,405
Income on GOP Ijara Sukuks		1,375	2,772
Unrealised appreciation/(diminution) in the value of investments at fair value "through profit or loss" - net		290	(325)
<b>Total income</b>		<b>17,531</b>	<b>21,852</b>
<b>EXPENSES</b>			
Remuneration of the Management Company		1,598	3,569
Sindh Sale Tax on Management Company's remuneration		208	580
F.E.D on Management Company's remuneration		-	571
Accounting and operational charges to the Management Company		266	-
Remuneration of the Central Depository Company of Pakistan Ltd. - Trustee		441	446
Sindh Sale Tax on remuneration of trustee		57	62
Annual fee - Securities and Exchange Commission of Pakistan		200	214
Amortisation of preliminary expenses and floatation costs		-	45
Auditors' remuneration		230	153
Listing fee		14	10
Rating fee		82	75
Legal fee		15	-
Shariah advisor fee		92	-
Settlement & Bank charges		166	73
<b>Total expenses</b>		<b>3,369</b>	<b>5,798</b>
<b>Net income from operating activities</b>		<b>14,162</b>	<b>16,054</b>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		(534)	5,159
<b>Provision for Workers' Welfare Fund</b>	8	-	-
<b>Net income for the period before taxation</b>	9	<b>13,628</b>	<b>21,213</b>
Taxation		-	-
<b>Net income for the period after taxation</b>	10	<b>13,628</b>	<b>21,213</b>
<b>Earning per unit</b>			

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

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA RIBA FREE SAVINGS FUND

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

	Quarter Ended September 30, 2016	Quarter Ended September 30, 2015
	(Rupees in '000)	
Net income for the period after taxation	13,628	21,213
Other comprehensive income for the period	-	-
<b>Total comprehensive income for the period</b>	<u>13,628</u>	<u>21,213</u>

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

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA RIBA FREE SAVINGS FUND

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

	Quarter Ended September 30, 2016	Quarter Ended September 30, 2015
	(Rupees in '000)	
<b>Undistributed Income brought forward</b>		
Realized Income	13,899	16,751
Unrealized (loss) / income	790	(2,616)
	<u>14,689</u>	<u>14,135</u>
Net income for the period after taxation	13,628	21,213
Undistributed income carried forward	<u>28,317</u>	<u>35,348</u>
<b>Undistributed income comprising of:</b>		
Realised income	28,027	35,673
Unrealised income	290	(325)
	<u>28,317</u>	<u>35,348</u>

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

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA RIBA FREE SAVINGS FUND

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

	Quarter Ended September 30, 2016	Quarter Ended September 30, 2015
	(Rupees in '000)	
Net assets at the beginning of the year	1,160,226	799,218
Issue of 15,354,267 units (2015: 167,995,675 units)	157,185	1,719,177
Redemption of 30,076,949 units (2015: 103,199,316 units)	(307,438) (150,253)	(1,055,415) 663,762
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	534	(5,159)
Unrealised appreciation in the value of investments 'at fair value through profit or loss'	290	(325)
Capital Gain on sale of investments - net	-	-
Other net income for the period	13,338 13,628	21,538 21,213
<b>Net assets at the end of the period</b>	<b>1,024,135</b>	<b>1,479,034</b>

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

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA RIBA FREE SAVINGS FUND

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

Note	Quarter Ended September 30, 2016	Quarter Ended September 30, 2015
	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	13,628	21,213
<b>Adjustments</b>		
Unrealised (appreciation)/diminution in the value of investments 'at fair value through profit or loss' - net	(290)	325
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	534	(5,159)
Amortisation of preliminary expenses and floatation costs	-	45
	<u>13,872</u>	<u>16,424</u>
<b>(Increase) / decrease in assets</b>		
Receivable against issue of units	(35)	19,072
Deposits, prepayments and other receivables	195	44
Profit receivable	(1,766)	(1,230)
	(1,606)	17,886
<b>Increase / (decrease) in liabilities</b>		
Payable to the Management Company	226	253
Payable to the Trustee	(17)	13
Payable to Securities and Exchange Commission of Pakistan	(803)	(896)
Accrued expenses and other liabilities	(45,538)	(2,056)
	(46,132)	(2,686)
<b>Net cash (used in)/ generated from operating activities</b>	<u>(33,866)</u>	<u>31,624</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Receipts from issue of units	157,185	1,719,177
Payments on redemption of units	(307,438)	(1,828,731)
Distribution Paid	-	(33,390)
<b>Net cash (used in) financing activities</b>	<u>(150,253)</u>	<u>(142,944)</u>
<b>Net decrease in cash and cash equivalents during the period</b>	<u>(184,119)</u>	<u>(111,320)</u>
Cash and cash equivalents at the beginning of the period	1,130,634	1,467,701
<b>Cash and cash equivalents at the end of the period</b>	<u>946,515</u>	<u>1,356,381</u>

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

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA RIBA FREE SAVINGS FUND

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES FOR THE QUARTER ENDED SEPTEMBER 30, 2016

### 1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Riba Free Savings Fund (the Fund) was established under a Trust Deed executed between NBP Fullerton Asset Management Limited (NAFA) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on June 29, 2010 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on July 14, 2010 in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

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

The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (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. Due to the fire incident at the registered office of the Management Company in the month of June 2016, its office has been temporarily shifted to 2nd floor, Ex - NDFC Building, Tariq Road, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).

The Fund is an open-ended mutual fund and classified as an Islamic "income scheme" by the Management Company and is listed on the Pakistan Stock Exchange (formerly Lahore Stock Exchange). Units are offered for public subscription on a continuous basis. The units of the Fund are transferable and can be redeemed by surrendering them to the Fund.

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

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

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

### 2 STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2007 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulation or directives issued by SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by SECP prevail. The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'.

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

### 3 ACCOUNTING POLICIES

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



# NAFA RIBA FREE SAVINGS FUND

	Note	Un-Audited March 31, 2016	Audited June 30, 2015
		----- Rupees in '000 -----	
<b>4 INVESTMENTS</b>			
<b>At fair value through profit or loss' - held for trading</b>			
Government of Pakistan Ijara Sukuks	4.1	101,080	100,790
		<u>101,080</u>	<u>100,790</u>

## 4.1 Fair value through profit or loss - held for trading

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

Name of Investee Company	Issue Date	Number of certificates				Market Value as at September 30, 2016	Investment as percentage of		
		As at July 01, 2016	Purchases during the period	Sales during the period	As at September 30, 2016		Net assets	Market value of total investments	Issue size
Rupees in '000'									
GoP Ijara Sukuk XIV	18-Dec-2015 to 18-Dec-2018	1,000	-	-	1,000	101,080	9.87%	100.00%	4.87%
						<u>101,080</u>			
Carrying value as at September 30, 2016						<u>100,790</u>			

	(Un-audited) September 30, 2016	(Audited) June 30, 2016
(Rupees in '000)		
<b>5 PROFIT RECEIVABLE</b>		
Profit accrued on savings deposits	6,416	6,025
Profit accrued on GOP Ijara Sukuks & Sukuk Certificate	1,569	194
	<u>7,985</u>	<u>6,219</u>

## 6 ACCRUED EXPENSES AND OTHER LIABILITIES

Auditors' remuneration	709	479
Bank charges payable	77	37
Provision for workers' welfare fund	10,079	10,079
Printing charges payable	125	125
Legal and Professional Charges	14	10
Settlement charges payable	154	63
Withholding tax payable	5,672	7,710
Payable against redemption of units	1,653	45,560
Others	224	182
	<u>18,707</u>	<u>64,245</u>

## 7 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2016 and September 30, 2016.

## 8 PROVISION FOR WORKERS' WELFARE FUND

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

# NAFA RIBA FREE SAVINGS FUND

However, without prejudice to the above and owing to the fact that the decision of Sindh High Court on the applicability of WWF (till June 30, 2015) to the CISs is currently pending for adjudication, the Management Company has decided to record and retain provision of WWF in financial statements for the quarter ended September 30, 2016 which aggregates to Rs. 10.079 million. Had the same not been made the net asset value per unit / return of the Fund would have been higher by Rs.0.1014 per unit respectively.

## 9 TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed among 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.

## 10 EARNING PER UNIT

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

## 11 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses incurred during the period divided by Average net assets value for the period) is 1.26% p.a. including 0.17% representing government levies on collective Investment scheme such as Sales tax, Worker's Welfare Fund and Securities & Exchange Commission of Pakistan fee for the period.

## 12 TRANSACTIONS WITH CONNECTED PERSONS

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

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

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

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

	For the Quarter Ended September 30, 2016	For the Quarter Ended September 30, 2015
	------(Rupees in '000)-----	
<b>NBP Fullerton Asset Management Limited - Management Company</b>		
Remuneration for the period	1,598	3,569
Sindh Sales Tax on Management Company's remuneration	208	580
Reimbursement of operational expenses to the Management Company	266	-
FED on Management Company's remuneration	-	571
Sale Load for the period	29	200
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration for the period	441	446
Sindh Sale Tax on remuneration of trustee	57	-
<b>Employees of the Management Company</b>		
Issue of units 5,837 units (2015: 585,252 units)	600	5,974
Redemption of 18,142 units (2015: 561,855 units)	186	5,745

# NAFA RIBA FREE SAVINGS FUND

Un-Audited      Audited  
 Sep 30, 2016    June 30, 2016  
 -----(Rupees in '000)-----

## 12.6 Amounts outstanding as at period end

<b>NBP Fullerton Asset Management Limited - Management Company</b>		
Management fee payable	504	554
Reimbursement of operational expenses to the Management Company	1,106	839
Sale Tax payable to Management Company	67	91
FED 16% payable to Management Company	10,657	10,657
Sale Load Payable	400	367
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	143	156
Sindh sales tax on remuneration of the trustee	18	22
CDS Settlement charges payable	154	63
Security deposit	200	200
<b>National Bank of Pakistan - Sponsor</b>		
Balance in current account	2,529	2,582
<b>Employees of the Management Company</b>		
Units held: 196,913 units (30 June 2016: 156,668 units)	2,029	1,593
<b>Net amount receivable / (payable) against transfer of units from / to:</b>		
NAFA Islamic Asset Allocation Fund	35	(10,465)
NAFA Islamic Aggressive Income Fund	-	(32,875)
NAFA Stock Fund	-	(842)
NAFA Financial Sector Income Fund	-	154
NAFA Money Market Fund	-	(1,344)
NAFA Islamic Active Allocation Plan - III	-	(34)

## 13 DATE OF AUTHORISATION FOR ISSUE

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

## 14 GENERAL

14.1 Figures have been rounded off to the nearest thousand Rupees.

For NBP Fullerton Asset Management Limited  
 (Management Company)

Chief Executive

Director



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

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