

**AM1**  
Rated by PACRA



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

## NAFA INCOME OPPORTUNITY FUND

**HALF YEARLY  
REPORT**  
December 31, 2017



*Your investments & "NAFA" grow together*




**NBP**

**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 OPPORTUNITY FUND

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# NAFA INCOME OPPORTUNITY FUND

## FUND'S INFORMATION

### Management Company

NBP Fullerton Asset Management Limited – Management Company

### Board of Directors of the Management Company

Mr. Mudassir Husain Khan	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Tariq Jamali	Director
Mr. Abdul Hadi Palekar	Director
Mr. Kamal Amir Chinoy	Director
Mr. Shehryar Faruque	Director
Dr. Foo Chiah Shiung (Kelvin Foo)	Director
Mr. Humayun Bashir	Director
Ms. Anupama Sawhney*	Director

*\* SECP's approval is in process*

### Company Secretary & COO

Mr. Muhammad Murtaza Ali

### Chief Financial Officer

Mr. Khalid Mehmood

### Audit & Risk Committee

Mr. Shehryar Faruque	Chairman
Mr. Tariq Jamali	Member
Dr. Foo Chiah Shiung (Kelvin Foo)	Member

### Human Resource and Remuneration Committee

Mr. Kamal Amir Chinoy	Chairman
Mr. Abdul Hadi Palekar	Member
Ms. Anupama Sawhney*	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

Allied Bank Limited  
Askari Bank Limited  
Bank Alfalah Limited  
Bank Al-Habib Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
JS Bank Limited  
KASB Bank Limited  
MCB Bank Limited  
National Bank of Pakistan  
SILK Bank Limited  
Soneri Bank Limited  
The Bank of Punjab  
Summit Bank Limited  
United Bank Limited  
Samba Bank Limited  
Al Baraka Bank Limited  
Meezan Bank Limited  
Sindh Bank Limited  
Dubai Islamic Bank Pakistan Limited  
Khushhali Bank Limited  
BankIslami Pakistan Limited  
Zarai Taraqati Bank Limited  
Summit Bank Limited  
NRSP Microfinance Bank Limited

# NAFA INCOME OPPORTUNITY 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 Vuilding, 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 INCOME OPPORTUNITY FUND

## DIRECTORS' REPORT

The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the reviewed financial statements of **NAFA Income Opportunity Fund (NIOF)** for the half year ended December 31, 2017.

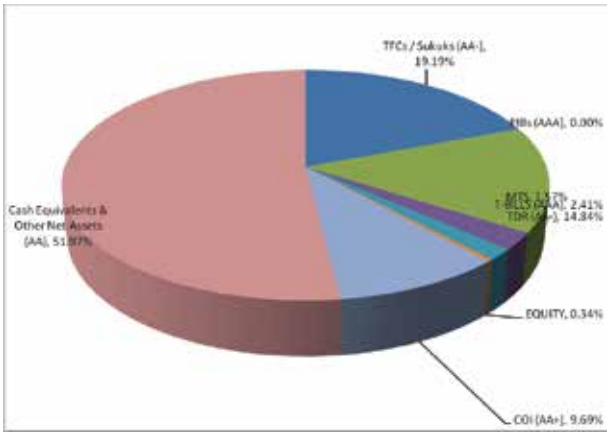
### Fund's Performance

The size of NAFA Income Opportunity Fund has increased significantly from Rs. 8,199 million to Rs. 8,257 million during the period. The unit price of the Fund has increased from Rs. 10.6964 on June 30, 2017 to Rs. 10.9625 on December 31, 2017, thus showing a return of 4.9% as compared to the benchmark return of 6.2% for the same period. The performance of the Fund is net of management fee and all other expenses.

NIOF is categorized as an Income Scheme and has been awarded stability rating of 'A(f)' by PACRA. State Bank of Pakistan (SBP) pursued accommodative monetary policy stance and left the policy rate unchanged at 5.75% during the period under review. SBP cited the following reasons to support its policy: a) strong economic activity corroborated by pick up in industrial output; b) gains in production of major crops; c) growth in private sector credit off-take; d) improvement in export growth; e) notable increase in foreign direct investments; and f) CPEC related investment activity gathering pace. SBP also highlighted gathering risks to the external account emanating from expected increase in commodity/global oil prices, confluence of declining remittances and mounting external debt levels (that may imperil the near to medium-term sustainability of the BoP position). Owing to stable policy rate and significant liquidity injections by the SBP, sovereign yields remained flat during the period with investors' preference tilted towards short tenors considering upside risks to inflation and interest rates.

With pickup in private sector investment activity, we have seen increased issuance of corporate debt securities - primarily Banking/Financial sector TFCs during the period. Trading activity in corporate debt securities (TFCs & Sukuks) increased significantly with a cumulative trade value of around Rs. 8.7 billion as compared to Rs. 4.7 billion during the same period last year

The Fund has earned total income of Rs.303.064 million during the period. After accounting for expenses of Rs.72.153 million, the net income is Rs.230.911 million. The chart below presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NIOF.



# NAFA INCOME OPPORTUNITY 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 22, 2018  
Place: Karachi.

# NAFA INCOME OPPORTUNITY FUND

## ڈائریکٹرز رپورٹ

NBP فلٹرن ایسٹ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز ہمد مسرت 31 دسمبر 2017ء کو ختم ہونے والی ششماہی کے لیے NAFA اکم آپر چونیٹی فنڈ (NIOF) کے جانچ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

### فنڈ کی کارکردگی

NAFA اکم آپر چونیٹی فنڈ (NIOF) کا فنڈ سائز اس مدت کے دوران 8,199 ملین روپے سے بہت زیادہ بڑھ کر 8,257 ملین روپے ہو گیا ہے۔ اس مدت کے دوران فنڈ کے یونٹ کی قیمت 30 جون 2016 کو 10.6964 روپے سے بڑھ کر 31 دسمبر 2017 کو 10.9625 روپے ہو چکی ہے اور اس طرح اس مدت کے دوران فنڈ نے اپنے بیچ مارک منافع 6.2% کے مقابلے میں 4.9% کا منافع دیا۔ فنڈ کی یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

NIOF کی درجہ بندی بطور ایک اکم اسکیم کی گئی ہے اور اسے PACRA کی طرف سے (f) A کی اسٹیبلشمنٹ ریٹنگ دی گئی ہے۔ اسٹیٹ بینک آف پاکستان (SBP) نے مفاہمتی مانیٹری پالیسی جاری رکھی اور زیر جائزہ مدت کے دوران پالیسی کی شرح کو 5.75% برقرار رکھا۔ SBP نے اپنی پالیسی کی حمایت میں درج ذیل وجوہات بیان کیں: (ا) مضبوط معاشی سرگرمی، جس کی تصدیق صنعتی پیداوار میں اضافہ سے ہوتی ہے (ب) بڑی فصلوں کی بھرپور پیداوار (ج) نجی شعبہ کے قرضے جات میں اضافہ (د) برآمدات کے اضافے میں بہتری (ر) غیر ملکی براہ راست سرمایہ کاری میں نمایاں اضافہ اور (س) چین پاکستان اقتصادی راہداری (CPEC) سے متعلق سرمایہ کاری کی سرگرمیوں کا مسلسل فروغ۔ SBP نے بیرونی اکاؤنٹس کے بارے میں ان خدشات کی بھی نشاندہی کی جو کموڈٹی / آئل کی قیمتوں میں عالمی سطح پر اضافہ اور اس کے ساتھ ساتھ زرمبادلہ کی ترسیلات میں کمی اور بیرونی قرضہ جات کے بڑھتے ہوئے حجم کے باعث پیدا ہو رہے ہیں (جس سے توازن ادائیگی کی مستقبل قریب سے وسط مدت کیلئے صورتحال غیر مستحکم ہو سکتی ہے)۔ چنانچہ مستحکم شرح پالیسی اور SBP کی جانب سے نمایاں طور پر لیکچو ڈیٹی داخل کرنے سے اس مدت میں بالائی نتائج میں کوئی کمی بیشی نہیں ہوئی اور سرمایہ کاروں نے افراط زر اور شرح سود میں بڑھتے ہوئے خدشات کے پیش نظر قلیل المدت سرمایہ کاری کو ترجیح دی۔

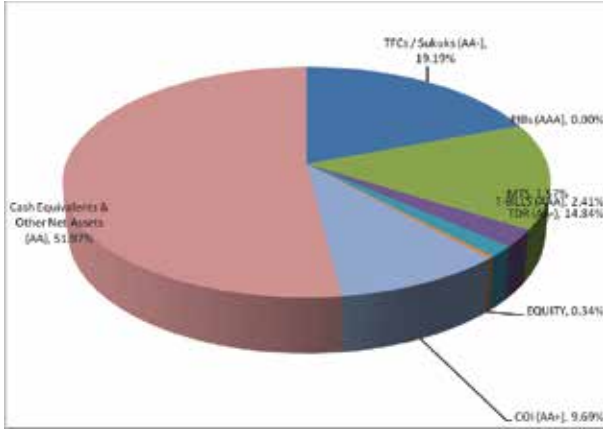
نجی شعبہ میں سرمایہ کاری کی سرگرمیوں کے فروغ سے اس مدت میں کارپوریٹ قرضہ کی سیکورٹیز (خاص طور پر بینکنگ اور مالیاتی شعبہ جات کے TFCs) کے اجراء میں اضافہ دیکھنے میں آیا۔ کارپوریٹ Sukuks/TFCs کی تجارتی سرگرمیوں میں اضافے کے سبب تقریباً 8.7 ملین روپے کی مجموعی تجارتی قدر میں اضافہ ہوا جب کہ گزشتہ سال اسی مدت میں 4.7 ملین روپے کا اضافہ ہوا تھا۔

فنڈ نے اس مدت کے دوران 303.064 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 72.153 ملین روپے اخراجات منہا کرنے کے بعد خالص آمدنی 230.911 ملین روپے ہے۔

درج ذیل چارٹ NIOF کی ایسٹ مینجمنٹ اور اس کے ذیلی اثاثوں کے تمام درجوں کی پیمائش شدہ اوسط کریڈٹ ریٹنگ پیش کرتا ہے:-



# NAFA INCOME OPPORTUNITY FUND



## اظہار تشکر

بورڈ اس موقع کا فائدہ اٹھاتے ہوئے منجھٹ کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر یونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سکیورٹیز اینڈ انویسٹمنٹ کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان سے بھی ان کی سرپرستی اور رہنمائی کے لیے پُر خلوص اظہار تشکر کرتا ہے۔

بورڈ اپنے اسٹاف اور ڈسٹری بیوٹرز کی طرف سے محنت، لگن اور عزم کے مظاہرے پر اپنا خراج تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

NBP فلرٹن ایسیٹ منجھٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

بتاریخ

22 فروری 2018

مقام: کراچی

# NAFA INCOME OPPORTUNITY FUND

## TRUSTEE REPORT TO THE UNIT HOLDERS

### NAFA INCOME OPPORTUNITY FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of NAFA Income Opportunity Fund (the Fund) are of the opinion that NBP Fullerton Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2017 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

**Aftab Ahmed Diwan**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi, February 26, 2018

# NAFA INCOME OPPORTUNITY 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 Opportunity Fund** (the Fund) as at December 31, 2017, and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the accounts for the half year ended December 31, 2017 (here-in-after referred to as the 'condensed interim financial information'). **NBP Fullerton Asset Management Limited** (the Management Company) is responsible for the preparation and presentation of this condensed interim financial information in accordance with the 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 in the condensed interim financial information for the quarter ended December 31, 2017 have not been reviewed by us, as we are required to review only the cumulative figures for the half year ended December 31, 2017.

### *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, 2017 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

**Deloitte Yousuf Adil**  
Chartered Accountants

**Engagement Partner**  
Hena Sadiq

**Date:** February 22, 2018  
**Place:** Karachi

# NAFA INCOME OPPORTUNITY FUND

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

	Note	(Un-audited) December 31, 2017	Audited June 30, 2017
(Rupees in '000)			
<b>ASSETS</b>			
Bank balances	4	4,321,344	2,174,206
Investments	5	3,836,128	2,231,513
Receivable against margin trading system	6	129,880	87,869
Mark-up accrued		38,672	56,609
Receivable against sale of investments		-	3,203,158
Deposits, prepayments and other receivables		10,939	619,115
<b>Total assets</b>		<b>8,336,963</b>	<b>8,372,470</b>
<b>LIABILITIES</b>			
Payable to NBP Fullerton Asset Management Limited - Management Company	7	14,504	24,056
Payable to Central Depository Company of Pakistan Limited - Trustee	8	747	1,910
Payable to the Securities and Exchange Commission of Pakistan	9	3,296	9,406
Payable against purchase of investments		3,101	-
Accrued expenses and other liabilities	10	58,513	137,970
<b>Total liabilities</b>		<b>80,161</b>	<b>173,342</b>
<b>NET ASSETS</b>		<b>8,256,802</b>	<b>8,199,128</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>			
		<b>8,256,802</b>	<b>8,199,128</b>
Contingencies and commitments	11		
-----Number of units-----			
Number of units in issue		<b>753,182,947</b>	<b>766,529,674</b>
------(Rupees)-----			
Net asset value per unit		<b>10.9625</b>	<b>10.6964</b>

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# NAFA INCOME OPPORTUNITY FUND

## CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2017

		Half year ended		Quarter ended	
	Note	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
INCOME					
Return / mark-up on:					
- bank balances and term deposits		234,100	346,775	121,420	192,693
- term finance certificates and sukuks		39,366	29,285	23,703	11,959
- government securities		17,627	20,646	6,402	11,538
- letter of placement and commercial paper		6,737	-	939	-
- certificate of investment		712	-	712	-
- margin trading system		5,946	25,624	1,921	12,429
Net loss on spread transactions		(5,650)	(20,685)	(4,833)	(9,506)
Dividend income on spread transactions		10,108	41,010	6,393	21,911
Net loss on sale of investments		(3,229)	-	(3,216)	-
Net unrealised (loss) on re-measurement of investments at fair value through profit or loss - held for trading		(8,168)	(395)	(605)	(5,031)
Reversal of provision in respect of non-performing investments		3,896	8,474	1,948	487
Other income		1,619	-	1,619	-
<b>Total income</b>		<b>303,064</b>	<b>450,734</b>	<b>156,403</b>	<b>236,480</b>
EXPENSES					
Remuneration of NBP Fullerton Asset Management Limited - Management Company	7.1	43,943	75,884	22,137	42,198
Sindh Sales Tax on remuneration of the Management Company	7.2	5,713	9,865	2,878	5,486
Reimbursement of operational expenses to the Management Company	7.3	4,394	5,837	2,213	3,246
Remuneration of Central Depository Company of Pakistan Limited - Trustee	8.1	3,883	4,893	1,953	2,676
Sindh Sales Tax on remuneration of the Trustee	8.2	505	636	254	348
Annual fee to the Securities and Exchange Commission of Pakistan	9.1	3,296	4,378	1,661	2,435
Securities transaction cost		746	3,617	31	2,191
Settlement and bank charges		3,256	4,362	805	2,348
Auditors' remuneration		421	373	295	143
Legal and professional charges		1,095	-	1,089	-
Fund rating fee		174	171	64	125
Annual listing fee		14	28	7	14
Printing and other charges		-	50	-	4
<b>Total expenses</b>		<b>67,440</b>	<b>110,094</b>	<b>33,387</b>	<b>61,214</b>
<b>Net income from operating activities</b>		<b>235,624</b>	<b>340,640</b>	<b>123,016</b>	<b>175,266</b>
Net element of income and capital gains included in prices of units issued less those in units redeemed		-	51,829	-	15,481
Provision for Sindh Workers' Welfare Fund		(4,713)	-	(2,461)	-
<b>Net income for the period before taxation</b>		<b>230,911</b>	<b>392,469</b>	<b>120,555</b>	<b>190,747</b>
Taxation	12	-	-	-	-
<b>Net income for the period after taxation</b>		<b>230,911</b>	<b>392,469</b>	<b>120,555</b>	<b>190,747</b>
<b>Earnings per unit</b>	13				
<b>Allocation of net income for the period</b>					
Net income for the period after taxation		230,911		120,555	
Income already paid on units redeemed		(28,982)		(19,135)	
		<u>201,929</u>		<u>101,420</u>	
<b>Accounting income available for distribution:</b>					
- Relating to capital gains		-		-	
- Excluding capital gains		201,929		101,420	
		<u>201,929</u>		<u>101,420</u>	

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information

**For NBP Fullerton Asset Management Limited  
(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director

# NAFA INCOME OPPORTUNITY FUND

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2017

	Half year ended		Quarter ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	Rupees in '000			
Net income for the period after taxation	230,911	392,469	120,555	190,747
<b>Other comprehensive income</b>				
Items that may be reclassified subsequently to income statement:				
Net unrealised (loss) / gain on re-measurement of investments classified as 'available for sale'	5.11	(16,606)	16,524	(16,000)
				(2,262)
<b>Total comprehensive income for the period</b>		<u>214,305</u>	<u>408,993</u>	<u>104,555</u>
				<u>188,485</u>

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



# NAFA INCOME OPPORTUNITY FUND

## CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	Half year ended	
	December 31, 2017	December 31, 2016
	----- Rupees in '000 -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year before taxation	230,911	392,469
<b>Adjustments:</b>		
Return / markup on:		
- bank balances and term deposits	(234,100)	(346,775)
- term finance certificates, sukus and commercial paper	(39,366)	(29,285)
- government securities	(17,627)	(20,646)
- letter of placement and commercial paper	(6,737)	-
- certificate of investment	(712)	-
- margin trading system	(5,946)	(25,624)
Net loss on spread transactions	5,650	20,685
Dividend income on spread transactions	(10,108)	(41,010)
Net loss on sale of investments	3,229	-
Net unrealised loss on re-measurement of investments at fair value through profit or loss - held for trading'	8,168	395
Net element of loss and capital losses included in prices of units issued less those in units redeemed	-	(51,829)
Provision for Sindh Workers' Welfare Fund	4,713	-
Reversal of provision in respect of non-performing investments	(3,896)	(8,474)
Other income	(1,619)	-
	<u>(298,351)</u>	<u>(502,563)</u>
	(67,440)	(110,094)
<b>(Increase) / decrease in assets</b>		
Investments - net	1,726,867	(3,318,063)
Receivable against margin trading system	(42,011)	(1,469,516)
Deposits, prepayments and other receivables	591,234	(214,214)
	<u>2,276,090</u>	<u>(5,001,793)</u>
<b>Increase / (decrease) in liabilities</b>		
Payable to the Management Company	(9,552)	4,495
Payable to the Trustee	(1,163)	291
Payable to the Securities and Exchange Commission of Pakistan	(6,110)	(2,458)
Accrued expenses and other liabilities	(83,808)	(17,647)
	<u>(100,633)</u>	<u>(15,319)</u>
Mark-up on bank balances and term deposits received	237,507	357,380
Mark-up on term finance certificates and sukus received	41,666	29,753
Mark-up on government securities received	22,887	20,543
Mark-up on margin trading system received	6,176	23,218
Mark-up on letter of placement and commercial paper received	6,737	-
Mark-up on certificate of investments	-	-
Net loss on spread transactions paid	(5,650)	(20,685)
Dividend received on spread transactions	10,108	35,460
Other income received	1,619	-
<b>Net cash generated from / (used in) operating activities</b>	<u>2,429,067</u>	<u>(4,681,537)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net cash generated from investing activities	-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Amounts received on issuance of units	3,839,668	12,613,456
Amounts paid on redemption of units	(3,996,597)	(8,909,073)
<b>Net cash (used in) / generated from financing activities</b>	<u>(156,929)</u>	<u>3,704,383</u>
<b>Net increase / (decrease) in cash and cash equivalents during the year</b>	<u>2,272,138</u>	<u>(977,154)</u>
<b>Cash and cash equivalents at the beginning of the year</b>	3,274,206	7,112,317
<b>Cash and cash equivalents at the end of the year</b>	4.6 <u>5,546,344</u>	<u>6,135,163</u>

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information

**For NBP Fullerton Asset Management Limited  
(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director



# NAFA INCOME OPPORTUNITY FUND

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2017

### 1. LEGAL STATUS AND NATURE OF BUSINESS

NAFA Income Opportunity Fund ("the Fund") was established under a Trust Deed executed between NBP Fullerton Asset Management Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on February 11, 2006 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on January 30, 2006 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). The Trust Deed was amended through first supplemental trust deed executed for the change of name and categorisation of the Fund as an income scheme and other allied matters.

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

The objective of the Fund is to seek maximum preservation of capital and a reasonable rate of return by investing in money market and debt securities having good credit rating and 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 'AM1' to the Management Company and a stability rating of A(f) to the Fund.

Title to the assets of the Fund is held in the name of CDC as a 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 requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the repealed Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case where requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP) shall prevail.

During the year, the Companies Act, 2017 (the new Companies Act) was enacted and promulgated by the SECP on May 30, 2017. An exemption was granted to companies whose financial year ended on or before June 30, 2017 via Circular No. 23 of October 04, 2017. No further exemption has been provided and the Company is currently in process of determining impact, if any, on annual financial statements due to implementation of the Act. There is no impact on this condensed interim financial information as they have been prepared primarily under IAS 34 as stated above."

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, therefore, should be read in conjunction with the annual financial statements of the Fund for the year ended June 30, 2017.

In compliance with Schedule V of the NBFC regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2017.

# NAFA INCOME OPPORTUNITY FUND

## 2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for the investments which are stated at fair value.

## 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 Estimates and judgements

"The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

The 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, 2017."

## 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, 2017.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, basis of accounting estimates applied and method of computation adopted in the preparation of this condensed interim financial information and financial risk management objectives and policies are the same as those applied in the preparation of the financial statements of the Fund for the year ended June 30, 2017 except as explained in note 3.1

### 3.1 The Securities and Exchange Commission of Pakistan through its SRO 756(I)/2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations. The notification includes a definition and explanation relating to "element of income" and excludes the element of income from the expression "accounting income" as described in Regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the amended regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution. Furthermore, the revised regulations also require certain additional disclosures with respect to 'Income statement' and 'statement of Movement in Unit Holders' Fund', whereas disclosure with respect to 'Distribution Statement' has been deleted in the amended regulations.

Previously, an equalization account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' was created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. The net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during the accounting period which pertained to unrealized appreciation / (diminution) held in the Unit Holder's Fund was recorded in a separate account and any amount remaining in this reserve account at the end of the accounting period (whether gain or loss) was included in the amount available for distribution to the unitholders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period was recognized in the Income Statement.

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'Income statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from July 1, 2017 as allowed by SECP vide their email to MUFAP dated February 08, 2018. Accordingly, corresponding figures have not been restated. The 'Distribution statement' for the comparative period has not been presented as it has been deleted as a result of the amendments made in the NBFC Regulations the aforementioned SRO issued by the SECP.

# NAFA INCOME OPPORTUNITY FUND

Had the element of income been recognised as per the previous accounting policy, the profit of the Fund would have been lower by Rs. 13.592 million net off charge for SWWF in respect of element of income / loss and consequently NAV per unit would have been higher by Rs. 0.0004. However, the change in accounting policy does not have any impact on the 'Cash Flow Statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' as shown in the 'Statement of Assets and Liabilities' and 'Statement of Movement in Unit Holders' Fund'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund which have been incorporated in these statements.

	Note	31 December 2017 Unaudited	30 June 2017 Audited
(Rupees in '000)			
<b>4 BALANCE WITH BANKS</b>			
Current accounts	4.1	13,862	14,609
Saving accounts	4.2, 4.3, 4.4 & 4.5	4,307,482	2,159,597
		<u>4,321,344</u>	<u>2,174,206</u>
4.1 These include bank balances of Rs. 69.842 million and Rs. 13.782 million (June 30, 2017: Rs. 19.491 million and Rs. 14.58 million), maintained with National Bank of Pakistan and Summit Bank Limited (related parties) respectively.			
4.2 These saving accounts carry mark-up at rates ranging from 4.0% to 10.25% per annum (June 30, 2017: 4.50% to 10.25% per annum).			
4.3 These include a bank balance of Rs. 33.113 million (June 30, 2017: Rs. 25.671 million), which is maintained with National Bank of Pakistan, a related party, and carries mark-up at the rate of 3.75% (June 30, 2017: 3.75%) per annum.			
4.4 These include a bank balance of Rs. 5.359 million (June 30, 2017: Rs. 2.247 million), which is maintained with Askari Bank Limited, a related party, and carries mark-up at the rate of 3.75% (June 30, 2017: 3.75%) per annum.			
4.5 These include a bank balance of Rs. 1.843 million (June 30, 2017: Rs. 1.596 million), which is maintained with Bank Islami Pakistan Limited, a related party, and carries mark-up at the rate of 6.00% (June 30, 2017: 5.60%) per annum.			
	Note	(Un-audited) December 31, 2017	(Audited) June 30, 2017
-----Rupees in '000-----			
<b>4.6 Cash and cash equivalents</b>			
Current accounts		13,862	14,609
Saving accounts		4,307,482	2,159,597
Term deposits - with original maturity of less than three months		1,225,000	1,100,000
		<u>5,546,344</u>	<u>3,274,206</u>
<b>5. INVESTMENTS</b>			
<b>At fair value through profit or loss - held for trading</b>			
Equity securities - listed	5.1	-	-
Equity securities - listed (spread transactions)	5.2	8,169	-
Government securities	5.3	198,948	282,911
Term finance certificates - listed	5.4	165,347	167,128
Term finance certificates - unlisted	5.5	835,989	449,941
Sukuk	5.6	-	-
		<u>1,208,453</u>	<u>899,980</u>

# NAFA INCOME OPPORTUNITY FUND

## Available for sale

Equity securities - listed	5.6	19,675	36,281
Term finance certificates - listed	5.7	-	-
Term finance certificates - unlisted	5.8	-	-
Sukuks	5.9	-	-
		19,675	36,281

## Loans and receivables

Advance against purchase of term finance certificate	5.15	100,000	-
Advance against purchase of Sukuks	5.16	483,000	-
Term deposits	5.17	1,225,000	1,100,000
Commercial Paper		-	195,252
Certificate of Investment	5.18	800,000	-
		2,608,000	1,295,252
		3,836,128	2,231,513

## 5.1 Equity securities - listed at fair value through profit or loss - held for trading

Name of the investee company	Number of shares				Market value as at December 31, 2017	Investment as a percentage of		
	As at July 1, 2017	Purchased during the period	Sold during the period	As at December 31, 2017		Net assets	Market value of total investments	Paid-up capital of investee company

All shares have nominal face value of Rs. 10 each.

### PERSONAL GOODS

Azgard Nine Limited - Non-voting	308	-	-	308	-	-	-	-
Carrying value before mark to market as at December 31, 2017					13			
Accumulated impairment					13			

## 5.2 Equity securities - listed (spread transactions) at fair value through profit or loss - held for trading

The movement in equity securities represent spread transactions entered into by the Fund. The Fund purchases equity securities in ready market and sells them in future market on the same day, resulting in spread income due to difference in ready and future stock prices. This way the Fund has no open exposure to the stock market.

Name and sector of the investee company	As at July 1, 2017	Purchased during the period	Sold during the period	As at December 31, 2017	Market value as at December 31, 2017	Market value as a percentage of net assets	Market value as a percentage of total investments	Investment as a percentage of paid-up capital of the investee company

All shares have a nominal face value of Rs. 10 each except for K-Electric Limited which have a face value of Rs. 3.5 each.

### CEMENT

D.G. Khan Cement Company Limited	-	970,500	965,000	5,500	735	0.01	0.02	0.00
Fauji Cement Company Limited	-	125,000	111,500	13,500	338	0.00	0.01	0.00
Maple Leaf Cement Factory Limited	-	82,500	82,000	500	34	0.00	0.00	0.00

### COMMERCIAL BANKS

Askari Bank Limited	-	143,500	143,500	-	-	-	-	-
Habib Bank Limited	-	36,500	36,500	-	-	-	-	-
United Bank Limited	-	500	500	-	-	-	-	-

# NAFA INCOME OPPORTUNITY FUND

Name and sector of the investee company	As at July 1, 2017	Purchased during the period	Sold during the period	As at December 31, 2017	Market value as at December 31, 2017	Market value as a percentage of net assets	Market value as a percentage of total investments	Investment as a percentage of paid-up capital of the investee company
	-----Number of shares-----				Rs in '000	-----%-----		
<b>FERTILIZER</b>								
Engro Fertilizers Limited	-	261,500	260,500	1,000	68	0.00	0.00	0.00
Engro Corporation Limited	-	54,500	54,000	500	137	0.00	0.00	0.00
Fauji Fertilizer Bin Qasim Limited	-	264,000	260,500	3,500	277	0.00	0.01	0.00
Fauji Fertilizer Company Limited	-	41,500	41,500	-	-	-	-	-
<b>FOOD AND PERSONAL CARE PRODUCTS</b>								
Engro Foods Limited	-	58,500	58,500	-	-	-	-	-
<b>OIL AND GAS EXPLORATION COMPANIES</b>								
Oil and Gas Development Company Limited	-	47,500	47,500	-	-	-	-	-
Pakistan Petroleum Limited	-	1,000	1,000	-	-	-	-	-
<b>OIL AND GAS MARKETING COMPANIES</b>								
Pakistan State Oil Company Limited	-	220,000	207,000	13,000	3,810	0.05	0.10	0.00
<b>POWER GENERATION AND DISTRIBUTION</b>								
The Hub Power Company Limited	-	213,500	211,500	2,000	182	0.00	0.00	0.00
K-Electric Limited	-	3,238,000	2,981,500	256,500	1,619	0.02	0.04	0.00
<b>REFINERY</b>								
Attock Refinery Limited	-	323,000	321,000	2,000	351	0.00	0.01	0.00
<b>TEXTILE COMPOSITE</b>								
Nishat Mills Limited	-	63,000	63,000	-	-	-	-	-
Nishat (Chunian) Limited	-	104,000	104,000	-	-	-	-	-
<b>CABLE AND ELECTRICAL GOODS</b>								
Pak Elektron Limited	-	1,673,000	1,660,000	13,000	617	0.01	0.02	0.00
					<u>8,169</u>	<u>0</u>	<u>0</u>	
Carrying value before mark to market as at December 31, 2017					<u>8,175</u>			

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

Issue Date	Tenor	Face value				Market value as at December 31, 2017	Investment as a percentage	
		As at July 01, 2017	Purchased during the period	Sold / matured during the period	As at December 31, 2017		Net assets	Market value of total investments
		-----Rupees in '000-----				-----%-----		
<b>Market treasury bills</b>								
June 22, 2017	3 Months	170,000	-	170,000	-	-	-	-
March 2, 2017	6 Months	-	1,000,000	1,000,000	-	-	-	-
July 6, 2017	3 Months	-	130,000	130,000	-	-	-	-
August 31, 2017	3 Months	-	170,000	170,000	-	-	-	-
August 31, 2017	3 Months	-	1,300,000	1,300,000	-	-	-	-
November 9, 2017	3 Months	-	200,000	-	200,000	198,948	2.41	5.19
<b>Pakistan investment bonds</b>								
July 22, 2010	10 Years	100,000	-	100,000	-	-	-	-
						<u>198,948</u>		
Carrying value before mark to market as at December 31, 2017						<u>198,996</u>		



# NAFA INCOME OPPORTUNITY FUND

## 5.5 Term finance certificates - unlisted at fair value through profit or loss - held for trading

Name of the investee company	Number of certificates				Market value as at December 31, 2017	Investment as a percentage of		
	As at July 1, 2017	Purchased during the year	Sold / matured during the year	As at December 31, 2017		Net assets	Market value of total investments	Issue size
					Rs in '000		%	
Habib Bank Limited	-	2,000	-	2,000	198,113	2.40%	5.16%	0.10%
JS Bank Limited (December 14, 2016)	60,000	-	-	60,000	299,909	3.63%	7.82%	10.00%
Jahangir Siddiqui and Company Limited (April 08, 2014)	15,000	-	-	15,000	35,767	0.43%	0.93%	10.00%
Jahangir Siddiqui and Company Limited (June 24, 2016)	20,000	-	-	20,000	88,616	1.07%	2.31%	10.00%
Jahangir Siddiqui and Company Limited (July 18, 2017)	-	23,340	-	23,340	118,891	1.44%	3.10%	7.78%
Silk Bank Limited	-	20,000	-	20,000	94,693	1.15%	2.47%	5.00%
					<u>835,989</u>			
					<u>842,389</u>			

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

## 5.5.1 Other particulars of term finance certificates - unlisted outstanding as at December 31, 2017 are as follows:

Name of the investee company	Face value (unredeemed)	Mark-up rate per annum	Rating	Issue date	Maturity date
Habib Bank Limited	99,940	6 months KIBOR offer rate + 0.5%	AAA	19-Feb-16	19-Feb-26
JS Bank Limited (December 14, 2016)	4,998	6 months KIBOR offer rate + 1.4%	A+	14-Dec-16	16-Dec-23
Jahangir Siddiqui and Company Limited (April 08, 2014)	2,375	6 months KIBOR offer rate + 1.75%	AA+	8-Apr-14	8-Apr-19
Jahangir Siddiqui and Company Limited (June 24, 2016)	4,998	6 months KIBOR offer rate + 1.65%	AA+	24-Jun-16	24-Jun-21
Jahangir Siddiqui and Company Limited (July 18, 2017)	4,998	6 months KIBOR offer rate + 1.4%	AA+	18-Jul-17	18-Jul-22
Silk Bank Limited	5,000	6 months KIBOR offer rate + 1.85%	A-	10-Aug-17	10-Aug-25

## 5.6 Equity securities - listed - available for sale

Name of the investee company	Note	Number of shares				Market value as at December 31, 2017	Investment as a percentage of		
		As at July 01, 2017	Purchased during the period	Sold during the period	As at December 31, 2017		Net assets	Market value of total investments	Paid-up capital of the investee
						Rs in '000		%	
Agritech Limited	5.6.1	4,040,090	-	-	4,040,090	19,675	0.24	0.51	1.03
						<u>36,281</u>			
						<u>18,584</u>			

All shares have a nominal face value of Rs. 10 each.

### Chemicals

- 5.6.1 On April 12, 2012, a share transfer and debt swap agreement was entered into between the Financial Institutions and Azgard Nine Limited (the issuer), whereby the issuer agreed to transfer its entire holding in Agritech Limited to the existing lenders / creditors, including the Term Finance Certificate (TFC) holders at the agreed settlement price, in partial settlement of the outstanding principal / redemption obligations. As part of the above arrangement, the Fund settled its investment in TFC of Azgard Nine Limited amounted to Rs. 141,403,150 in consideration of 4,040,090 ordinary shares at the value of Rs. 35 per share of Agritech Limited against the partial settlement of its outstanding exposure. The fair value of an ordinary share was Rs. 12.30 at transaction date i.e. October 31, 2012. Accordingly, the same have been recorded at fair value and the resultant effect recorded through income statement as recovery on partial settlement of investment.

# NAFA INCOME OPPORTUNITY FUND

As per the terms of the Share Transfer and Debt Swap Agreement, Agritech Limited shares shall be held by the respective trustees for the TFC issues in their name for and on behalf of the TFC Holders who shall be the beneficial owners of the subjected shares in proportion to their holdings. Accordingly, the Trustees for the TFC issue pursuant to shareholders investors agreement hold the said ordinary shares for and on behalf of TFC holders for a period of five years from the date of transfer. The lock in period has expired on Oct 31, 2017 and accordingly an application for transfer of shares from ANL TFC Trustee's (Pak Brunei Investment Company Limited) CDC account has been made to facilitate sale of Agritech shares.

## 5.7 Term finance certificate - listed - available for sale

Name of the investee company	Note	Number of certificates				Market value as at December 31, 2017	Investment as a percentage of		
		As at July 01, 2017	Purchased during the period	Sold / matured during the period	As at December 31, 2017		Net assets	Market value of total investments	Issue size
Rs in '000							----- % -----		
Worldcall Telecom Limited	5.7.1	45,000	-	-	45,000	-	-	-	5.63%
						-			
Carrying value as at December 31, 2017						88,456			
Accumulated impairment						88,456			

5.7.1 This represents investment in listed term finance certificates with a term of 5 years. On April 07, 2012, the investee company defaulted on its obligation on account of principal and profit payment and accordingly has been classified as non performing asset by MUFAP since November 8, 2012. 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 circulars.

5.7.2 Other particulars of sukuks outstanding as at December 31, 2016 are as follows:

Name of the investee company	Face value (unredeemed)	Mark- up rate per annum	Rating	Issue date	Maturity date
Worldcall Telecom Limited	1,966	6 Month KIBOR offer rate + 1.6%	Not rated	7-Oct-08	7-Oct-13

## 5.8 Term finance certificate - unlisted - Available for sale

Name of the investee company	Note	Number of certificates				Market value as at December 31, 2017	Investment as a percentage of		
		As at July 01, 2017	Purchased during the period	Sold / matured during the period	As at December 31, 2017		Net assets	Market value of total investment	Issue size
						Rs in '000	%		
Azgard Nine Limited III	5.8.1	50,000	-	-	50,000	-	-	-	10.00%
Azgard Nine Limited V	5.8.1	16,436	-	-	16,436	-	-	-	2.35%
Dewan Cement Limited	5.8.2	30,000	-	-	30,000	-	-	-	7.50%
New Allied Electronics Industries (Private) Limited	5.8.3	15,000	-	-	15,000	-	-	-	8.33%
Agritech Limited V	5.8.4	6,464	-	-	6,464	-	-	-	10.00%
Agritech Limited I	5.8.5	30,000	-	-	30,000	-	-	-	10.00%
Carrying value as at December 31, 2017						554,444			
Accumulated impairment						554,444			



# NAFA INCOME OPPORTUNITY FUND

- 5.8.1** These zero coupon privately placed term finance certificates were issued against the interest receivable on TFCs of Azgard Nine Limited under an agreement dated June 28, 2012 between the Management Company of the Fund and Azgard Nine Limited. These privately placed term finance certificates were issued against non performing securities, therefore the management, as a matter of prudence has recognized these at nil value. MUFAP classified these as non-performing since June 21, 2010 and December 7, 2012 respectively. 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 circulars.
- 5.8.2** The Fund had advanced an amount of Rs. 150 million in respect of Pre-IPO placement of Dewan Cement Limited (DCL) under an agreement, which required public offering to be completed within 270 days of the date of agreement (which was 09 January 2008). DCL failed to complete the public offering within the said time period and has also defaulted in payment of principal and profit. 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 circulars.
- 5.8.3** These represent investments in privately placed term finance certificates (term: 4 years) and sukuks (term: 5 years) of the investee company. The investee company had defaulted on its obligation on account of principal and profit payment and accordingly had been classified as non performing asset by MUFAP since January 9, 2009. 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 circulars.
- 5.8.4** These zero coupon privately placed term finance certificates were issued against the interest receivable on TFCs of Azgard Nine Limited (disclosed in note 5.9.1) under an agreement dated June 28, 2012 between the Management Company of the Fund and Azgard Nine Limited. These privately placed term finance certificates were issued against non performing securities, therefore the management, as a matter of prudence has recognized these at nil value. MUFAP classified these as non-performing since June 21, 2010 and December 7, 2012 respectively. 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 circulars.
- 5.8.5** This represents investment in listed term finance certificates with a term of seven years. On May 30, 2010, Agritech Limited defaulted in payment of principal and mark-up due and accordingly has been classified as non performing asset by MUFAP since June 14, 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 circulars.
- 5.8.6** Other particulars of term finance certificate - unlisted outstanding as at December 31, 2017 are as follows:

Description	Face value (unredeemed)	Mark-up rate per annum	Rating	Issue date	Maturity date
Azgard Nine Limited III	2,168	6 months KIBOR offer rate + 2.25%	Not rated	4-Dec-07	4-Dec-14
Azgard Nine Limited V	5,000	-	Not rated	31-Mar-12	31-Mar-19
Dewan Cement Limited	5,000	6 months KIBOR offer rate + 2%	Not rated	14-Jan-08	14-Jan-14
New Allied Electronics Industries (Private) Limited	2,114	3 months KIBOR offer rate + 3%	Not rated	15-May-07	15-May-11
Agritech Limited V	5,000	11% fixed rate	Not rated	1-Jul-11	1-Jan-18
Agritech Limited I	4,995	6 months KIBOR offer rate + 1.75%	Not rated	29-Nov-07	29-Nov-14

# NAFA INCOME OPPORTUNITY FUND

## 5.9 Sukuks - available for sale

Name of the investee company	Note	Number of certificates				Market value as at December 31, 2017	Investment as a percentage of		
		As at July 01, 2017	Purchased during the period	Sold / matured during the period	As at December 31, 2017		Net assets	Market value of total investments	Issue size
						Rs in '000	----- % -----		
New Allied Electronics Industries (Private) Lin	5.8.3	9,000	-	-	9,000	-	-	-	6.00
Eden Housing Limited	5.9.1	9,200	-	-	9,200	-	-	-	2.30
BRR Guardian Modaraba	5.9.2	10,000	-	-	10,000	-	-	-	6.25
						<u>                    </u>			
						<u>                    </u>			
Carrying value as at December 31, 2017						<u>63,501</u>			
Accumulated impairment						<u>63,501</u>			

5.9.1 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 non performing asset by MUFAP since January 9, 2009. 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 circulars.

5.9.2 This represents investment in privately placed sukuks. The investee company had defaulted on its obligation on account of principal and profit payment and accordingly has been classified as non performing asset by MUFAP since January 26, 2015. The investment has been fully provided. The amount of provision as per circular no 1 of 2009 and circular 33 of 2012 has been maintained by valuing the investment in terms of the said circular.

### 5.9.3 Other particulars of sukuks - available for sale outstanding as at December 31, 2017 are as follows:

Name of the investee company	Face value (unredeemed)	Mark-up rate per annum	Rating	Issue date	Maturity date
New Allied Electronics Industries (Private) Limited	4,905	6 months KIBOR offer rate + 2.2%	Not rated	3- Dec- 07	3- Dec- 12
Eden Housing Limited	984	6 months KIBOR offer rate + 2.2%	Not rated	29- Mar- 08	29- Sep- 15
BRR Guardian Modaraba	1,419	6 months KIBOR offer rate + 2.2%	Not rated	7- Jun- 08	7- Dec- 16

### 5.10 Net unrealised (loss) / gain on re-measurement of investments at fair value through profit or loss - held for trading

Market value of investments	1,208,453	899,980
Less: carrying value of investments	(1,407,774)	(1,089,761)
	(199,321)	(189,781)
Add: provision against non-performing investments	191,154	191,153
	(8,167)	1,372

(Un-audited) (Audited)  
December 31, June 30,  
2017 2017  
-----Rupees in '000-----

# NAFA INCOME OPPORTUNITY FUND

	(Un-audited) December 31, 2017	(Audited) June 30, 2017
	-----Rupees in '000-----	
<b>5.11 Net unrealised (loss) / gain on re-measurement of investments classified as 'available for sale'</b>		
Market value of investments	19,675	36,281
Less: carrying value of investments	(761,266)	(763,586)
	(741,591)	(727,305)
Add: provision against non-performing investments	724,985	728,881
	(16,606)	1,576
<b>5.12 Details of provision against investments</b>		
Provisions related to investments classified as "fair value through profit or loss - held for trading"	191,154	191,153
Provisions related to investments classified as "available for sale"	724,985	728,881
	916,139	920,034
<b>5.13 Movement in provision against non performing investments</b>		
Opening balance	920,035	932,405
Add: charge for the period / year	-	-
Less: reversal of provision due to recovery	(3,896)	(12,370)
Closing balance	916,139	920,035
<b>5.14</b> The term finance certificates and sukuk held by the Fund are generally secured against hypothecation of stocks and receivables and mortgage / pledge of fixed assets of the investee company.		
<b>5.15</b> This represents advance amounting to Rs. 100 million paid on December 27, 2017 in relation to term finance certificates to be issued by JS Bank Limited, having face value of Rs. 5,000 each.		
<b>5.16</b> This represents advance amounting to Rs. 483 million paid on November 16, 2017 in relation to Sukuk certificates to be issued by Dawood Hercules Corporation Limited, having face value of Rs. 5,000 each.		
<b>5.17</b> These represent term deposits having original maturity period of less than three months. These carry mark-up rate of 6.60% to 7.95% per annum (June 30, 2017: 8.35% per annum).		
<b>5.18</b> This carries return of 6.50% per annum (June 30, 2017: Nil)		
<b>6. RECEIVABLE AGAINST MARGIN TRADING SYSTEM</b>		
This carried average mark-up rate of 7.83% (June 30, 2017: 9.61%) and are matured at the option of financee subject to maximum period of 60 days.		

# NAFA INCOME OPPORTUNITY FUND

		(Un-audited) December 31, 2017	(Audited) June 30, 2017
	Note	-----Rupees in '000-----	
7. PAYABLE TO NBP FULLERTON ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Remuneration of the Management Company	7.1	7,081	8,475
Sindh Sales Tax on remuneration of the Management Company	7.2	921	1,102
Operational expenses	7.3	4,394	12,541
Sales load		486	336
Sindh Sales Tax and Federal Excise Duty on sales load		1,622	1,602
		14,504	24,056

- 7.1 Under the provisions of the NBFC Regulations, 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 a 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 had made certain amendments in the NBFC Regulations through S.R.O 1160(1)/2015. As per the provision of amended NBFC Regulations, the applicable rate has been changed from 2% to 1.5%.

The Management Company has charged management remuneration at the rate of 1.5% per annum until December 06, 2015. Thereafter from December 07, 2015, the Management Company has charged management remuneration at the rate of 1% per annum.

- 7.2 This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (June 30, 2017: 13%) on the services provided by the Management Company as required by the Sindh Sales Tax on Services Act, 2011.
- 7.3 This represents reimbursement of certain expenses to the Management Company. As per regulation 60(3)(s) of the NBFC Regulations, fee and expense pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the scheme, maximum up to 0.1% of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged 0.1% of the average annual net assets, being lower amount, to the Fund.

		(Un-audited) December 31, 2017	(Audited) June 30, 2017
	Note	-----Rupees in '000-----	
8. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE			
Remuneration of the Trustee	8.1	664	1690
Sindh Sales Tax on remuneration of the Trustee	8.2	83	220
		<hr/> 747	<hr/> 1,910

# NAFA INCOME OPPORTUNITY FUND

- 8.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the net assets of the Fund. The remuneration is payable to the Trustee monthly in arrears.

The applicability of Tariff Structure to the Fund is same as that disclosed in note 10.1 to the annual audited financial statements of the fund for the year ended June 30, 2017.

- 8.2 This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (June 30, 2017: 13%) on remuneration of the Trustee through the Sindh Sales Tax on Services Act, 2011.

## 9. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

- 9.1 Under the provisions of the NBFC Regulations, a collective investment scheme categorised as Income Scheme is required to pay as annual fee to the Securities and Exchange Commission of Pakistan, an amount equal to 0.075 percent of the average annual net assets of the Fund. The fee is paid annually in arrears.

		(Un-audited) December 31, 2017	(Audited) June 30, 2017
	Note	-----Rupees in '000-----	
10. ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration		468	422
Provision for Sindh Workers' Welfare Fund	10.1	15,182	10,469
Federal Excise Duty on remuneration of the Management Company	10.2	39,241	39,241
Brokerage charges		100	3,963
Settlement charges		1,038	1,410
Withholding tax		736	21,466
Capital gain tax		336	58,399
Legal and professional charges		566	3
Payable against redemption of units	10.3	45	362
Printing charges		139	201
Dividend payable		-	1,554
Others		662	480
		58,513	137,970

- 10.1. The legal status of applicability of Worker's Welfare Fund and Sindh Workers' Welfare Fund is same as that disclosed in note 17 to the annual audited financial statements of the Fund for the year ended June 30, 2017.

The Fund, being prudent, recognised provision for SWWF amounting to Rs. 15.182 million for the half year ended December 31, 2017 in this condensed interim financial information, Had the provision not been made, net assets value per unit at December 31, 2017 would have been higher by Rs. 0.0202 per unit (June 30, 2017: Rs. 0.0137 per unit).

- 10.2. The legal status of applicability of Federal Excise Duty on the Fund is same as disclosed in note 12.1 to the annual audited financial statements of the Fund for the year ended June 30, 2017, and the appeal, filed by tax authorities against the order in the Honourable Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

In view of above, the Management Company, being prudent, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 39.24 million. Had the provision not been retained, NAV per unit of the Fund as at December 31, 2017 would have been higher by Rs. 0.0521 per unit (June 30, 2017: 0.0408 per unit).

- 10.3 This mainly represents amounts payable to other collective investment schemes being managed by the Management Company of the Fund. These amounts are payable in respect of units redeemed by various unit holders based on their request for transfer of units from the Fund to the other collective investment schemes.

# NAFA INCOME OPPORTUNITY FUND

	(Un-audited)	(Audited)
	December 31,	June 30,
	2017	2017
Note	-----Rupees in '000-----	

## 11. CONTINGENCIES AND COMMITMENTS

### 11.1 Contingencies

There are no contingencies as at December 31, 2017 and June 30, 2017.

### 11.2 Commitments:

Margin trading system transactions entered into by the Fund in respect of which release transactions have not been settled		45,869	9,836
Sale of future stock contracts	11.3	8,233	-

11.3 This represents the investment in future stock contracts with settlement date of January 26, 2018.

## 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 ninety percent of its accounting income for the year, as reduced by capital gains whether realized or unrealized is distributed amongst the unit holders (excluding distribution made by issuance of bonus units). Furthermore, as per regulation 63 of the NBFC Regulations the Fund is required to distribute ninety percent of accounting income other than capital gains whether realized or unrealized to the unit holders. The Fund intends to distribute such accounting income for the year ending June 30, 2018 to its unit holders. Accordingly, no provision in respect of taxation has been made in the current period.

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

## 13. EARNINGS PER UNIT

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

## 14. TOTAL EXPENSE RATIO

Total expense ratio (all the expenses incurred during the period divided by average net assets for the period) is 1.64% per annum including 0.32% representing government levies on Collective Investment scheme such as Sales tax and Securities and Exchange Commission of Pakistan fee for the period.

## 15. DETAILS OF NON-COMPLIANT INVESTMENTS

The Securities and Exchange Commission of Pakistan (SECP) 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 SECP vide circular no. 16 dated July 07, 2010, prescribed specific disclosures for the scheme holding investments that are non-compliant either with the minimum investment criteria specified for the category assigned to such schemes or with investment requirements of their constitutive documents.

# NAFA INCOME OPPORTUNITY FUND

Following is the detail of non-compliant investments:

Name of non-compliant investment	Non-compliance of clause	Type of investment	Value of investment before provision	Provision held, if any	Value of investment after provision	% of net assets	% of gross assets
				Rupees in '000		(%)	
Azgard Nine Limited III	Rating is below investment grade as prescribed in clause 9 (v) of the annexure of circular 7 of 2009	Term finance certificates (17.1)	108,377	(108,377)	-	-	-
Azgard Nine Limited V	Rating is below investment grade as prescribed in clause 9 (v) of the annexure of circular 7 of 2009	Term finance certificates (17.1)	82,180	(82,180)	-	-	-
Agritech Limited I	Rating is below investment grade as prescribed in clause 9 (v) of the annexure of circular 7 of 2009	Term finance certificates (15.1)	149,860	(149,860)	-	-	-
Agritech Limited V	Rating is below investment grade as prescribed in clause 9 (v) of the annexure of circular 7 of 2009	Term finance certificates (15.1)	32,320	(32,320)	-	-	-
BRR Guardian Modaraba	Rating is below investment grade as prescribed in clause 9 (v) of the annexure of circular 7 of 2009	Sukuks (15.1)	10,296	(10,296)	-	-	-
Dewan Cement Limited	Rating is below investment grade as prescribed in clause 9 (v) of the annexure of circular 7 of 2009	Term finance certificates (15.1)	150,000	(150,000)	-	-	-
Eden Housing Limited	Rating is below investment grade as prescribed in clause 9 (v) of the annexure of circular 7 of 2009	Sukuks (15.1)	9,056	(9,056)	-	-	-
New Allied Electronics Industries (Private) Limited	Rating is below investment grade as prescribed in clause 9 (v) of the annexure of circular 7 of 2009	Term finance certificates (15.1)	31,707	(31,707)	-	-	-
New Allied Electronics Industries (Private) Limited	Rating is below investment grade as prescribed in clause 9 (v) of the annexure of circular 7 of 2009	Sukuks (15.1)	44,149	(44,149)	-	-	-
Pace Pakistan Limited	Rating is below investment grade as prescribed in clause 9 (v) of the annexure of circular 7 of 2009	Term finance certificates (15.1)	149,820	(149,820)	-	-	-
Saudi Pak Leasing Company Limited	Rating is below investment grade as prescribed in clause 9 (v) of the annexure of circular 7 of 2009	Term finance certificates (15.1)	41,321	(41,321)	-	-	-
Worldcall Telecom Limited	Rating is below investment grade as prescribed in clause 9 (v) of the annexure of circular 7 of 2009	Term finance certificates (15.1)	88,456	(88,456)	-	-	-
Azgard Nine Limited (Non-voting)	Rating is below investment grade as prescribed in clause 9 (v) of the annexure of circular 7 of 2009	Shares (15.1)	13	(13)	-	-	-
Agritech Limited	Rating is below investment grade as prescribed in clause 9 (v) of the annexure of circular 7 of 2009	Shares (15.1)	38,259	(18,584)	19,675	0.24%	0.24%
				(916,139)			

# NAFA INCOME OPPORTUNITY FUND

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

## 16.1 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS AND RELATED PARTIES

Connected persons and related parties include NBP Fullerton Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan being the Parent of the Management Company and Alexandra Fund Management Pte. Limited being the sponsor of the Management Company. It also includes associated companies of Management Company due to common directorship, post-employment benefit funds of the Management Company, its parent and sponsor. It also includes subsidiaries and associated companies of the Parent of the Management Company and other collective investment schemes (CIS) managed by the Management Company, directors and key management personnel of the Management Company and any person or company beneficially owning directly or indirectly 10% or more of the units in issue / net assets of the Fund.

- 16.2 The transactions with connected persons are carried out in the normal course of business, at contracted rates and terms determined in accordance with the market norms.

- 16.3 Remuneration of the Management Company is determined in accordance with the provisions of the NBFC Regulations.

- 16.4 Remuneration of the Trustee is determined in accordance with the provisions of the Trust Deed.

- 16.5 Details of Transactions with connected persons and related parties are as follows:

	Half year ended	
	December 31, 2017	December 31, 2016
	----- Rupees in '000 -----	
<b>NBP Fullerton Asset Management Limited (Management Company)</b>		
Remuneration of the Management Company	43,943	75,884
Sindh Sales Tax on remuneration of the Management Company	5,713	9,865
Federal Excise Duty on remuneration of Management Company	-	-
Reimbursement of operational expenses to the Management Company	4,394	5,837
Sales load and related Sindh Sales Tax and Federal Excise Duty	49	1,364
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration of the Trustee	3,883	4,893
Sindh sales tax on remuneration of the Trustee	505	636
CDS charges	1,565	518
<b>Employees of the Management Company</b>		
Units issued / transferred in 3,127,619 units (2016: 7,239,518 units)	33,688	78,826
Units redeemed / transferred out 2,808,017 units (2016: 7,719,372 units)	30,314	84,363
<b>Muhammad Murtaza Ali - Company Secretary of Management Company</b>		
Units issued / transferred in 92,128 units (2016: Nil)	1,000	-
<b>NAFA Government Securities Liquid Fund (CIS managed by Management Company)</b>		
Sell of market treasury bill	-	324,495
<b>NAFA Financial Sector Income Fund (CIS managed by Management Company)</b>		
Purchase of market treasury bill	-	68,308
<b>Summit Bank Limited (Common directorship with the Management Company)</b>		
Mark-up on term deposits	-	-
Placement of term deposits	-	-
Mark-up on saving accounts	-	38
Balance in current accounts	-	11,196
Balance in saving accounts	-	2,099
Units issued / transferred in (2016: 905,674 units)	-	10,000
Units redeemed / transferred out (2016: 2,124,849 units)	-	23,465



# NAFA INCOME OPPORTUNITY FUND

## 16.5 Details of Transactions with connected persons and related parties are as follows:

Half year ended	
December 31, 2017	December 31, 2016
----- Rupees in '000 -----	

### Telenor Employees Gratuity Fund

(Gratuity Fund of the entity managed by the Management Company)

Units issued / transferred in 92,128 units (2015: Nil)	19,570	-
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### Pakistan Centre For Philanthropy

(Entity managed by the Management Company)

Units issued / transferred in 116,604 units (2016: Nil)	1,260	-
Units redeemed / transferred out 151,772 units (2016: Nil)	1,640	

### Cherat Cement Company Limited

(Common directorship with the Management Company)

Units issued / transferred in (2016: 4,567,253 units)	-	50,000
Units redeemed / transferred out (2016: 4,567,253 units)	-	50,262

## 16.6 Amounts outstanding as at period / year end are as follows:

### NBP Fullerton Asset Management Limited (Management Company)

Remuneration of the Management Company	7,081	8,475
Sindh sales tax on remuneration of the Management Company	921	1,102
Federal Excise Duty on remuneration of the Management Company	39,242	39,241
Operational expenses	4,394	12,541
Sales load	486	336
Sindh Sales Tax and Federal Excise Duty on sales load	1,622	1,602
Contingent load	-	23,161

### Central Depository Company of Pakistan Limited (Trustee)

Remuneration of the trustee	664	807
Sindh Sales Tax on remuneration of the trustee	83	225
CDC charges payable	-	232
Security deposit	100	100

### National Bank of Pakistan (Parent of the Management Company)

Bank balance	33,183	19,491
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### Summit Bank Limited (Common Directorship with the Management Company)

Bank balance	16,002	16,732
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### BankIslami Pakistan Limited (Common Directorship with the Management Company)

Bank Balance	1,843	1,596
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### Askari Bank Limited (Common Directorship with the Management Company)

Bank Balance	5,359	2,247
Accrued markup on bank balance	-	1

### NBP Employees Pension Fund

(Pension Fund of the parent of the Management Company)

Investment held in the Fund: 84,145,983 units (June 2017: 79,127,910 units)	922,450	875,036
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### NBP Employees Benevolent Fund Trust

(Benevolent Fund of the parent of the Management Company)

Investment held in the Fund: 2,857 units (June 2017: 2,726 units)	31	30
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# NAFA INCOME OPPORTUNITY FUND

	(Un-audited) December 31, 2017	(Audited) June 30, 2017
	----- Rupees in '000 -----	
<b>Employees of the Management Company</b>		
Investment held in the Fund: 1,079,277 units (June 2017: 1,462,163 units)	11,832	16,169
<b>Amount receivable / (payable) against issue of units from:</b>		
NAFA Financial Sector Income Fund	-	9,009
NAFA Islamic Income Fund	-	-
NAFA Islamic Asset Allocation Fund	-	1,440
NAFA Islamic Asset Allocation Fund Plan-II	-	-
NAFA Islamic Stock Fund	-	3,212
NAFA Money Market Fund	-	-
NAFA Multi Asset Fund	-	-
NAFA Savings Plus Fund	-	-
NAFA Stock Fund	-	3,281

## 17 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**Fair value hierarchy:**

**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 Fund's financial assets which are carried at fair value:

(Unaudited)				
----- As at December 31, 2017 -----				
	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----			
<b>Assets</b>				
<b>At fair value through profit or loss</b>				
- held for trading				
Government securities	-	198,948	-	198,948
Term finance certificates and sukus	-	1,001,336	-	1,001,336
Equity securities - listed (spread transactions)	8,169	-	-	8,169
<b>Investments - available for sale</b>				
Equity securities - listed	19,675	-	-	19,675
(Audited)				
----- As at June 30, 2017 -----				
	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----			
<b>Assets</b>				
<b>At fair value through profit or loss</b>				
- held for trading				
Government securities	-	282,911	-	282,911
Term finance certificates and sukus	-	617,069	-	617,069
<b>Investments - available for sale</b>				
Equity securities - listed	36,281			36,281

# NAFA INCOME OPPORTUNITY FUND

There were no transfers between above levels during the period.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The Fund has not disclosed the fair values for other financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

## 18. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on February 22, 2018 by the Board of directors of the Management Company.

## 19. GENERAL

19.1 Figures have been rounded off the nearest thousand rupees.

19.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation.

**For NBP Fullerton Asset Management Limited  
(Management Company)**

**Chief Financial Officer**

**Chief Executive Officer**

**Director**



NBP Fullerton  
Asset Management Ltd.

A Subsidiary of  
National Bank of Pakistan

## Head Office

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