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

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY 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.

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NAFA ISLAMIC ACTIVE ALLOCATION EQUITY 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 Shahr-e-Faisal, Karachi.

Bankers to the Fund

Bank Islami Pakistan Limited
Habib Bank Limited
United Bank Limited
Dubai Islamic Bank Limited
Silk Bank Limited
Al Baraka Bank Limited

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

Auditors

A.F. Ferguson & Co. Chartered Accountants
State Life Building No. 1-C
I.I. Chundrigar Road,
P.O.Box 4716
Karachi.

Legal Advisor

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

Head Office:

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

Lahore Office:

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

Islamabad Office:

Plot No. 395, 396
Industrial Area, 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 ISLAMIC ACTIVE ALLOCATION EQUITY FUND

DIRECTORS' REPORT

The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the reviewed financial statements of **NAFA Islamic Active Allocation Equity Fund (NIAAEF)** for the half year ended December 31, 2017.

Fund's Performance

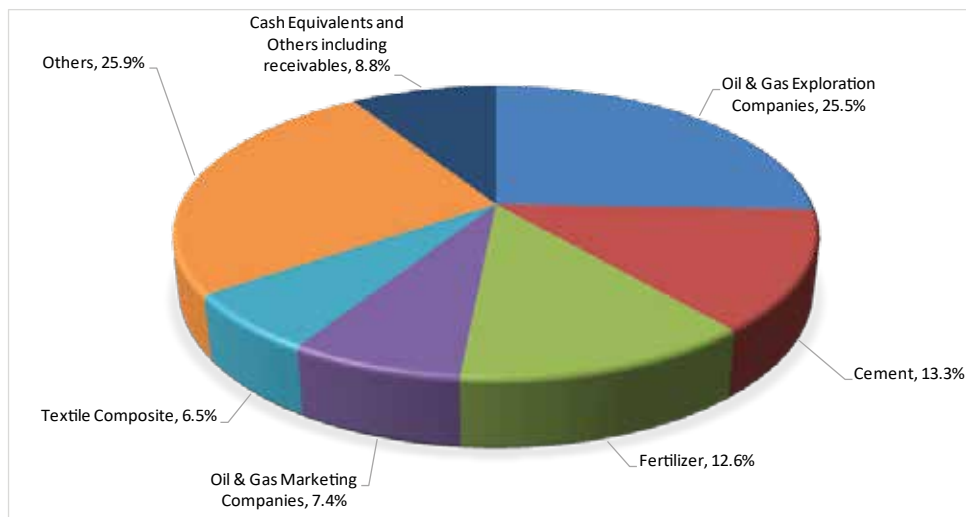
The size of NAFA Islamic Active Allocation Equity Fund (NIAAEF) at the end of the period stood at Rs.2,527 million . During the period, the unit price of NAFA Islamic Active Allocation Equity Fund has decreased from Rs.13.2099 (Ex-Div) on June 30, 2017 to Rs.11.2016 on December 31, 2017, thus showing a decrease of 15.20%. The Benchmark, KMI-30 Index decreased by 12.71% during the same period. Thus, the Fund has underperformed its Benchmark by 2.49% during the period under review. Since inception the NAV of the Fund has increased from Rs. 8.5497 (Ex-Div) on January 18, 2016 to Rs. 11.2016 on December 31, 2017, thus showing an increase of 31.02%. During the said period, the Benchmark increased by 31.37%, translating into underperformance of 0.35%. This performance is net of management fee and all other expenses.

During 1HFY18, the stock market remained in a corrective mode. The euphoria surrounding the up-gradation of KSE-100 Index from MSCI Frontier Market to MSCI Emerging Market petered out and the ongoing heightened political noise took center stage. In addition to this, deteriorating external account position also weighed on investors' sentiments that resulted in a sizeable decline of 13% in the KSE-100 Index during the period under review. Political uncertainty, rising current account deficit, and tension in the US – Pakistan relationship were key reasons for the stock market decline.

To augment the precarious external account position the government issued international bond of USD2.5bn in addition to the measured PKR devaluation of around 5% against the US Dollar, which allayed the concerns of the market to some extent. Foreign investors remained net sellers during the period with net foreign portfolio outflow of USD155 million while Companies, Insurance, and Banks/DFIs remained net buyers in the market. In terms of sector performance, Oil & Gas Exploration, Fertilizer, Commercial Banks, and Textile sectors fared better compared with the market, while Cement, Refinery, Engineering, and Chemical sectors lagged behind.

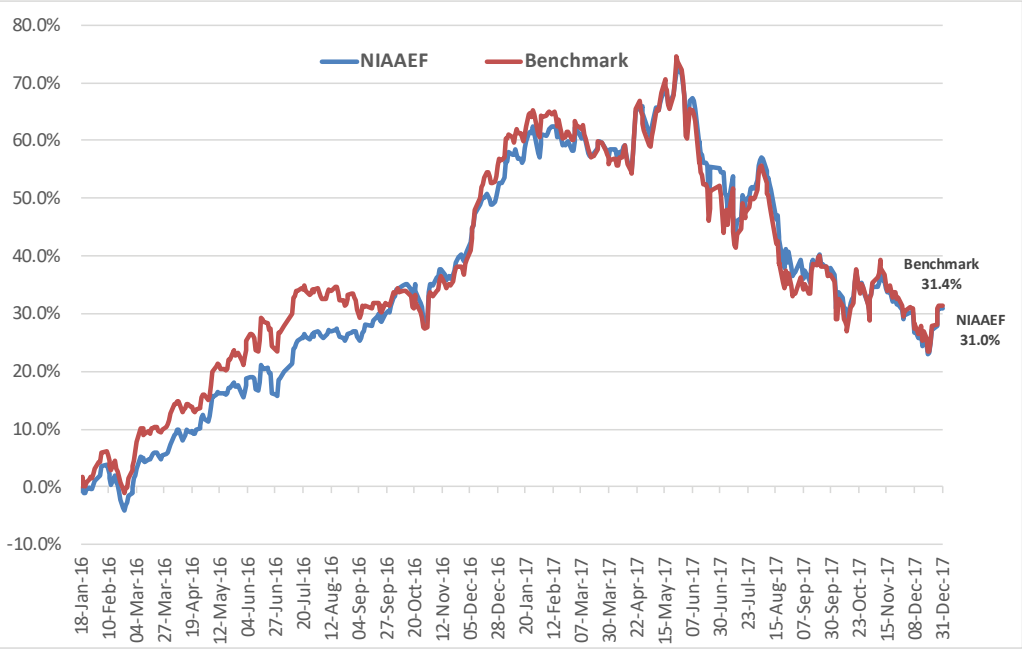
The Fund has incurred loss of Rs.591.101 million during the period. After accounting for expenses of Rs.54.903 million, the net loss is Rs.646.004 million.

The asset allocation of the Fund as on December 31, 2017 is as follows:



NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

NIAAEF Performance versus Benchmark (Since Inception)



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.

ڈائریکٹرز رپورٹ

NBP فلٹرن ایسیٹ منیجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بصورت 31 دسمبر 2017ء کو ختم ہونے والی ششماہی کے لیے NAFA اسلامک ایلیٹو ایلیکشن ایکویٹی فنڈ (NIAAEF) کے جانچ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

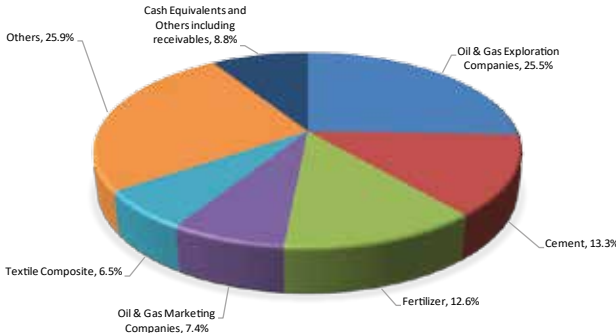
فنڈ کی کارکردگی

اس مدت کے اختتام پر (NIAAEF) کا حجم 2,527 ملین روپے رہا۔ اس مدت میں NAFA اسلامک ایلیٹو ایلیکشن ایکویٹی فنڈ کے یونٹ کی قیمت 30 جون 2017 کو 13.20,999 روپے (Ex-Div) سے کم ہو کر 31 دسمبر 2017 کو 11.2016 روپے تک پہنچ چکی ہے، لہذا 15.20% کی کمی ہوئی۔ اسی مدت کے دوران بیچ مارک، KMI-30، 12.71% سے کم ہوا۔ اس طرح فنڈ نے زیر جائزہ مدت کے دوران اپنے بیچ مارک سے 2.49% خراب کارکردگی دکھائی۔ اپنے قیام سے اب تک فنڈ کا NAV 18 جنوری 2016 کو 8.5497 روپے (Ex-Div) سے بڑھ کر 31 دسمبر 2017 کو 11.2016 روپے ہو گیا، لہذا 31.02% کا اضافہ ہوا۔ اس مدت کے دوران، بیچ مارک میں 31.37% اضافہ ہوا، جس نے 0.35% خراب کارکردگی کا مظاہرہ کیا۔ فنڈ کی یہ کارکردگی منیجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

مالیاتی سال 18 کی پہلی ششماہی میں مارکیٹ میں مندی کا رجحان برقرار رہا۔ KSE 100 انڈیکس کی MSCI فرنیچر مارکیٹ سے MSCI ایرجنٹ مارکیٹ میں درجہ بندی کی خبر کا اثر مارکیٹ سے ختم ہو گیا اور اس کی جگہ زبردست سیاسی گرمی نے مرکزی حیثیت اختیار کر لی۔ اس کے علاوہ بیرونی اکاؤنٹس کی بگڑتی ہوئی صورتحال سے سرمایہ کاروں پر ڈینی دباؤ پڑا جس کے نتیجے میں زیر جائزہ مدت میں KSE 100 انڈیکس نمایاں طور پر 13% نیچے آ گیا۔ سیاسی غیر یقینی کیفیت، بڑھتا ہوا کرنٹ اکاؤنٹ کا خسارہ اور امریکہ - پاکستان کے تعلقات میں کھپاؤ اسٹاک مارکیٹ میں انحطاط کی بنیادی وجوہات تھیں۔

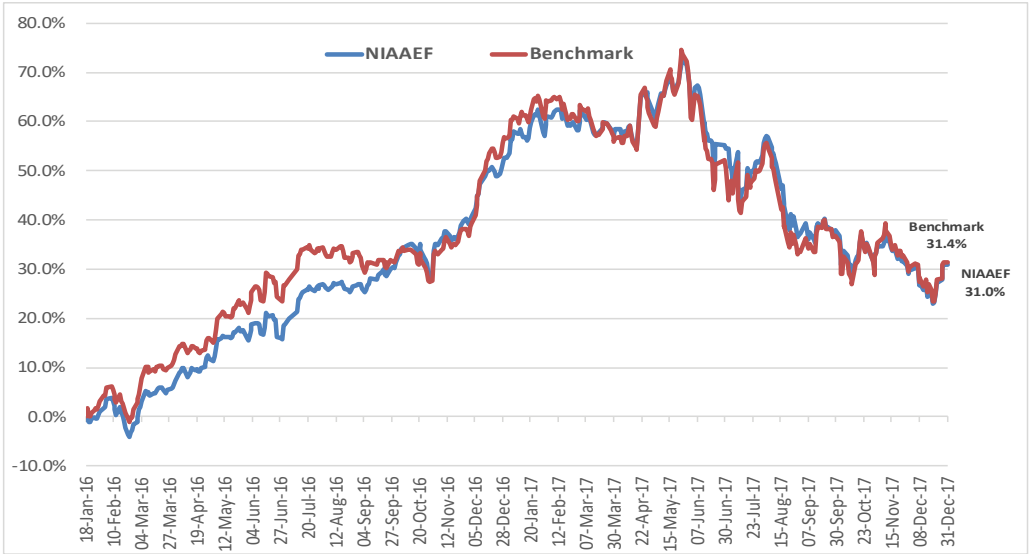
بیرونی اکاؤنٹس کی غیر یقینی صورت حال کو تقویت دینے کیلئے امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں 5% کمی کی گئی اور ساتھی حکومت نے 2.5 بلین امریکی ڈالر کے انٹرنیشنل بانڈ جاری کئے جس سے مارکیٹ میں کافی حد تک خدشات دور کرنے میں مدد ملی۔ اس عرصہ میں بیرونی سرمایہ کار بدستور خالص فروخت کنندہ رہے جس سے 155 ملین ڈالر کا سرمایہ بیرون ملک چلا گیا۔ جب کہ ہیرا کپنیاں اور بینک DFIs خالص خریدار رہے۔ شعبہ جات کی کارکردگی کے لحاظ سے آئل اینڈ گیس ایکسپلوریشن، فرٹیلائزر، کمرشل بینکس اور ٹیکسٹائل بہتر رہے جبکہ سیمنٹ، ریفا نیچری، انجینئرنگ اور کیمیکل کے شعبہ جات کی کارکردگی نسبتاً اتر رہی۔

فنڈ کو اس مدت کے دوران 591.101 ملین روپے کا نقصان ہوا۔ 54.903 ملین روپے کے اخراجات منہا کرنے کے بعد کل نقصان 646.004 ملین روپے ہے۔ فنڈ کی ایسیٹ ایلیکشن 31 دسمبر 2017 کو درج ذیل ہے:



NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

بچہ مارک کے مقابلے میں NIAAEF کی کارکردگی (اپنے قیام سے اب تک)



اظہار تشکر

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

منجانب بورڈ آف ڈائریکٹرز

NBP فلٹرن ایسٹ منجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

بتاریخ

22 فروری 2018

مقام: کراچی

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

TRUSTEE REPORT TO THE UNIT HOLDERS NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of NAFA Islamic Active Allocation Equity 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 ISLAMIC ACTIVE ALLOCATION EQUITY FUND

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

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **NAFA Islamic Active Allocation Equity 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 and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial information'), for the half year ended December 31, 2017. The Management Company (NBP Fullerton Asset Management Limited) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures included in the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2017 and December 31, 2016 have not been reviewed, 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 the 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 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

A.F. Ferguson & Co.
Chartered Accountants
Engagement Partner: **Noman Abbas Sheikh**
Dated: February 22, 2018
Karachi

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY 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)			
ASSETS			
Balances with banks	4	455,596	407,765
Investments	5	2,304,995	4,310,778
Dividend and profit receivable	6	12,331	15,206
Security deposits and other receivables		11,609	11,699
Receivable against sale of units		141,996	92,805
Preliminary expenses and floatation costs	7	610	710
Total assets		2,927,137	4,838,963
LIABILITIES			
Payable to NBP Fullerton Asset Management Limited - Management Company	8	18,261	23,745
Payable to the Central Depository Company of Pakistan Limited - Trustee	9	332	543
Payable to the Securities and Exchange Commission of Pakistan	10	1,611	3,390
Payable against redemption of units		49,238	-
Payable against purchase of investments		296,406	19,878
Accrued expenses and other liabilities	11	34,753	33,306
Total liabilities		400,601	80,862
NET ASSETS		2,526,536	4,758,101
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		2,526,536	4,758,101
CONTINGENCIES AND COMMITMENTS	12	-----Number of units-----	
NUMBER OF UNITS IN ISSUE		225,550,955	354,586,208
		----- (Rupees) -----	
NET ASSET VALUE PER UNIT	13	11.2016	13.4187

The annexed notes 1 to 20 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 ISLAMIC ACTIVE ALLOCATION EQUITY 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,		December 31,	
		2017	2016	2017	2016
		----- Rupees in '000 -----			
INCOME					
(Loss) / gain on sale of investments -net		(318,258)	28,925	(211,272)	22,722
Dividend income		87,249	72,472	67,786	51,530
Profit on balances with banks - savings accounts		11,256	9,446	5,584	4,718
Unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	5.3	(371,348)	606,134	(8,002)	424,159
Total (loss) / income		(591,101)	716,977	(145,904)	503,129
EXPENSES					
Remuneration of NBP Fullerton Asset Management Limited					
- Management Company	8.1	33,908	26,888	13,689	15,998
Sindh sales tax on remuneration of the Management Company	8.2	4,408	3,495	1,779	2,079
Accounting and operational charges	8.4	1,695	1,344	684	799
Selling and marketing expense		6,782	-	2,738	-
Remuneration of the Central Depository Company of Pakistan Limited - Trustee		2,200	1,849	937	1,053
Sindh sales tax on remuneration of the Trustee	9.1	286	240	122	136
Annual fee of the Securities and Exchange Commission of Pakistan		1,611	1,277	651	760
Amortisation of preliminary expenses and floatation costs	7	100	100	50	50
Auditors' remuneration		121	246	27	208
Settlement and bank charges		219	199	74	89
Legal and professional charges		25	43	11	21
Securities transaction cost		3,239	1,834	1,764	1,006
Mutual fund rating fee		90	-	45	-
Shariah advisor fee		219	147	111	55
Total expenses		54,903	37,662	22,682	22,254
Net (loss) / income from operating activities		(646,004)	679,315	(168,586)	480,875
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - net	3.2	-	190,826	-	153,206
Net (loss) / income for the period before taxation		(646,004)	870,141	(168,586)	634,081
Taxation	14	-	-	-	-
Net (loss) / income for the period after taxation		(646,004)	870,141	(168,586)	634,081
(Loss) / earnings per unit	15				
Allocation of net (loss) / income for the period					
Net (loss) / income for the period after taxation		(646,004)	870,141	(168,586)	634,081
Income already paid on units redeemed		-	-	-	-
		(646,004)	870,141	(168,586)	634,081
Accounting income available for distribution:					
-Relating to capital gains		-	-	-	-
-Excluding capital gains		-	-	-	-

The annexed notes 1 to 20 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 ISLAMIC ACTIVE ALLOCATION EQUITY FUND

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

	Half year ended December 31,		Quarter ended December 31,	
	2017	2016	2017	2016
	----- Rupees in '000 -----			
Net (loss) / income for the period after taxation	(646,004)	870,141	(168,586)	634,081
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss) / income for the period	<u>(646,004)</u>	<u>870,141</u>	<u>(168,586)</u>	<u>634,081</u>

The annexed notes 1 to 20 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 ISLAMIC ACTIVE ALLOCATION EQUITY FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	For the half year ended December 31, 2017				For the half year ended December 31, 2016			
	Rupees				Rupees			
	Capital Value	Undistributed income / (loss)	Unrealised (losses) / gains on investment	Total	Capital Value	Undistributed income / (loss)	Unrealised (losses) / gains on investment	Total
Net assets at beginning of the period (audited)	3,849,854	908,247	-	4,758,101	1,401,599	233,925	-	1,635,524
Issue of 57,555,117 units (December 31, 2016: 140,048,973 units)								
- Capital value (at net asset value per unit at the beginning of the period)	762,833	-	-	762,833				
- Element of income	(97,458)	-	-	(97,458)				
Total proceeds on issuance of units	665,375	-	-	665,375	1,604,236	221,167	-	1,825,403
Redemption of 186,590,370 units (December 31, 2016: 15,167,179 units)								
- Capital value (at net asset value per unit at the beginning of the period)	2,503,800	-	-	2,503,800				
- Amount paid out of element of income	-	-	-	-				
- Relating to 'Net income for the period after taxation'	-	-	-	-				
- Relating to 'Other comprehensive income for the period'	-	-	-	-				
- Refund / adjustment on units as element of income	(303,855)	-	-	(303,855)				
Total payments on redemption of units	2,199,945	-	-	2,199,945	172,114	30,341	-	202,454
Element of (loss) / income and capital losses included in prices of units issued less those in units redeemed - net	-	-	-	-	-	(190,826)	-	(190,826)
Income already paid on units redeemed								
Total comprehensive (loss) / income for the period	-	(646,004)	-	(646,004)	-	870,141	-	870,141
Distribution during the period								
- Re. 0.1883 per unit on September 15, 2017 (September 23, 2016: 0.3212)	-	(50,991)	-	(50,991)	-	(60,008)	-	(60,008)
Net (loss) / income for the period less distribution (un-audited)	-	(696,995)	-	(696,995)	-	810,133	-	810,133
Net assets at end of the period	2,315,284	211,252	-	2,526,536	2,833,721	1,044,058	-	3,877,780
Undistributed income brought forward								
- Realised		417,241				132,271		
- Unrealised		491,006				101,654		
		908,247				233,925		
Accounting income available for distribution								
- Relating to capital gains		-						
- Excluding capital gains		-						
Net (loss) / income for the period after taxation		(646,004)				870,141		
Distribution during the period		(50,991)				(60,008)		
Undistributed income carried forward		211,252				1,044,058		
Undistributed income carried forward								
- Realised income		582,600				437,924		
- Unrealised (loss) / income		(371,348)				606,134		
		211,252				1,044,058		
			(Rupees)				(Rupees)	
Net assets value per unit at beginning of the period			13.4187				11.6690	
Net assets value per unit at end of the period			11.2016				14.6308	

The annexed notes 1 to 20 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 ISLAMIC ACTIVE ALLOCATION EQUITY FUND

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	Half year ended December 31, 2017	Half year ended December 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
	(Rupees in '000)	
Net (loss) / income for the period before taxation	(646,004)	870,141
Adjustments for:		
Unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	371,348	(606,134)
Profit on balances with banks - savings accounts	(11,256)	(9,446)
Dividend income	(87,249)	(72,472)
Amortisation of preliminary expenses and floatation costs	100	100
Element of (income) / loss and capital (gains) / losses included in the prices of units issued less those in units redeemed - net	-	(190,826)
	(373,061)	(8,637)
Decrease / (increase) in assets		
Investments	1,634,435	(1,645,677)
Advances, deposit, prepayments and other receivables	90	(7,510)
	1,634,525	(1,653,187)
(Decrease) / increase in liabilities		
Payable to NBP Fullerton Asset Management Limited - Management company	(5,484)	4,837
Payable to the Central Depository Company of Pakistan Limited - Trustee	(211)	197
Payable against purchase of investments	276,528	114,288
Payable to the Securities and Exchange Commission of Pakistan	(1,779)	855
Accrued expenses and other liabilities	1,447	1,245
	270,501	121,422
Profit received	11,356	8,470
Dividend received	90,024	62,087
Net cash generated from / (used in) operating activities	1,633,345	(1,469,845)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts from issuance of units	616,184	2,235,403
Payments on redemption of units	(2,150,707)	(202,454)
Distributions paid	(50,991)	(60,008)
Net cash (used in) / generated from financing activities	(1,585,514)	1,972,941
Net increase in cash and cash equivalents during the period	47,831	503,096
Cash and cash equivalents at the beginning of the period	407,765	206,160
Cash and cash equivalents at the end of the period	455,596	709,256

The annexed notes 1 to 20 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 ISLAMIC ACTIVE ALLOCATION EQUITY 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 Islamic Active Allocation Equity Fund (the Fund) was established under a Trust Deed executed between NBP Fullerton Asset Management Limited as Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on November 03, 2015 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 7th floor, Clifton Diamond Building, Block 4, Scheme No. 5, Clifton, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).

The Fund's pre-IPO investment was received on January 18, 2016. The Fund has been categorised as an Open-Ended "Equity Scheme" as per the criteria laid down by the SECP for categorisation of Collected Investment Schemes (CISs).

The objective of the Fund is to provide investors with long term capital growth from an actively managed portfolio of Shariah Compliant listed equities.

The Pakistan Credit Rating Agency (PACRA) has assigned an asset manager rating of AM1 to the Management Company and performance rating of "3 star" to the Fund as at September 26, 2017.

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

2 STATEMENT OF COMPLIANCE

This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. The approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations and the directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of the IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2017.

This condensed interim financial information is unaudited. However, a limited scope review has been performed by the statutory auditors in accordance with the requirements of the Code of Corporate Governance. In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company declare that this condensed interim financial information gives a true and fair view of the state of affairs of the Fund as at December 31, 2017.

3 SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ESTIMATES, JUDGMENTS AND CHANGES THEREIN

- 3.1 The accounting policies adopted and the methods of computation of balances in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2017 except for change in accounting policy as stated in note 3.2.

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

- 3.2 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 revised 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 revised regulations.

Previously, an equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' was set up, 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 pertains to unrealised appreciation / (diminution) was held in the Unit Holder's Fund 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 recognised 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 disclosure requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from July 1, 2017 based on clarification issued by SECP. 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 through the aforementioned SRO issued by the SECP.

Had the element of income been recognised as per the previous accounting policy, the loss of the Fund would have been lower by Rs 206.397 million. 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.

- 3.3 The preparation of the condensed interim financial information in conformity with approved accounting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of 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. In preparing the condensed interim financial information, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2017. The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2017.

3.4 Amendments to published approved accounting standards that are effective in the current period

There are certain amendments to the approved accounting standards that are mandatory for accounting periods beginning on or after July 1, 2017 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are, therefore, not detailed in this condensed interim financial information.

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

Standards and amendments to published approved accounting standards that are not yet effective

During the current period the SECP has adopted IFRS 9: 'Financial Instruments' and IFRS 15: 'Revenue from Customers', which are applicable with effect from July 1, 2018. The management is currently assessing the impacts of these standards on the Fund's future financial statements. There are certain other new standards, interpretations and amendments to the approved accounting standards that are mandatory for the Fund's annual accounting periods beginning on or after July 1, 2018. However, these are not expected to have any significant impact on the Fund's operations and are, therefore, not detailed in this condensed interim financial information.

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

4 BALANCES WITH BANKS

Savings accounts	4.1	455,596	407,765
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4.1 These saving accounts carry mark-up at rates ranging from 5.60% to 6.80% (June 30, 2017: 5.45% to 6.10%) per annum. Deposits in these accounts include a balance of Rs. 455.021 million (June 30, 2017: Rs. 407.205 million) maintained with BankIslami Pakistan Limited, a related party, which carries mark up at rate of 6.00% (June 30, 2017: 5.6%) per annum.

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

5 INVESTMENTS

Financial assets at fair value through profit or loss - net	5.1	<u>2,304,995</u>	<u>4,310,778</u>
- Listed equity securities			

5.1 Listed equity securities

All shares have a nominal face value of Rs.10 each except for the shares of Agriauto Industries Limited, Thal Limited and Shabbir Tiles & Ceramics Limited which have face value of Rs. 5 each and shares of K-Electric Limited which have a face value of Rs. 3.5 each.

Name of the investee company	Number of shares					Market value as at December 31, 2017	Market value as a percentage of		Holding as a percentage of Paid up capital of the investee
	As at July 1, 2017	Purchased during the period	Bonus / right shares received during	Sold during the period	As at December 31, 2017		Net assets of the fund	Total market value of investments	
						Rupees in '000'		-----%-----	
Automobile Assembler									
Honda Atlas Cars (Pakistan) Limited	115,300	-	-	72,900	42,400	21,726	0.86	0.94	0.02
Indus Motor Company Limited	76630	-	-	56,900	19,730	33,150	1.31	1.44	0.04
Millat Tractors Limited	96100	-	-	58,780	37,320	43,725	1.73	1.90	0.10
Pak Suzuki Motor Co., Limited	33300	-	-	33,300	-	-	-	-	-
Sazgar Engineering Works	9000	-	-	9,000	-	-	-	-	-
						98.601	3.90	4.28	

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

Name of the investee company	Number of shares					Market value as at December 31, 2017	Market value as a percentage of		Holding as a percent age of Paid up capital of the investee
	As at July 1, 2017	Purchased during the period	Bonus / right shares received during	Sold during the period	As at December 31, 2017		Net assets of the fund	Total market value of investments	
						Rupees in '000'		-----%-----	
Automobile Parts & Accessories									
Agriauto Industries Limited	3,600	-	-	-	3,600	1,145	0.05	0.05	* -
Atlas Battery Limited	5,300	-	-	-	5,300	2,566	0.10	0.11	0.01
Thal Limited	41,100	-	-	29,050	12,050	6,156	0.24	0.27	0.01
						9,867	0.39	0.43	
Cable & Electrical Goods									
Pak Elektron Limited	1,179,250	381,000	-	1,084,000	476,250	22,617	0.90	0.98	-
Cement									
Attock Cement Pakistan Limited	470,200	8,100	-	-	478,300	86,577	3.43	3.76	0.08
Cherat Cement Co. Limited	608,900	164,500	-	21,800	751,600	83,360	3.30	3.62	0.05
D.G. Khan Cement Co. Limited (Note: 5.2)	670,900	157,500	-	528,200	300,200	40,143	1.59	1.74	0.01
Fauji Cement Co. Limited	1,673,900	-	-	1,673,900	-	-	-	-	-
Kohat Cement Co. Limited	250,800	80,900	-	70,000	261,700	37,151	1.47	1.61	0.02
Lucky Cement Limited	274,350	22,000	-	163,450	132,900	68,764	2.72	2.98	0.02
Maple Leaf Cement Factory	356,000	-	28,250	356,000	28,250	1,933	0.08	0.08	* -
Pioneer Cement Limited	696,800	-	-	398,300	298,500	18,841	0.75	0.82	0.01
						336,769	13.34	14.61	
Chemical									
Akzo Nobel Pakistan	28,100	-	-	28,100	-	-	-	-	-
Engro Polymer & Chemicals	1,700,000	314,500	-	1,566,500	448,000	12,795	0.51	0.56	* -
						12,795	0.51	0.56	
Commercial Banks									
Meezan Bank Limited	215,900	271,500	12,954	-	500,354	33,574	1.33	1.46	* -
Engineering									
Amreli Steels Limited	727,000	98,100	-	422,800	402,300	37,277	1.48	1.62	0.01
Crescent Steel & Allied Products	116,000	-	-	105,000	11,000	1,400	0.06	0.06	* -
International Industries Limited	121,200	-	-	-	121,200	29,101	1.15	1.26	0.02
International Steels Limited	381,500	253,500	-	165,000	470,000	49,994	1.98	2.17	0.01
Ittefaq Iron Industries	1,500,000	-	-	1,072,500	427,500	7,242	0.29	0.31	0.01
Mughal Iron & Steel Industries	745,900	-	-	402,500	343,400	19,952	0.79	0.87	0.01
						144,966	5.75	6.29	
Fertilizer									
Dawood Hercules Corporation	323,600	-	-	23,000	300,600	33,631	1.33	1.46	0.01
Engro Corporation Limited (Note: 5.2)	722,100	294,900	-	442,000	575,000	157,981	6.25	6.85	0.03
Engro Fertilizers Limited (Note: 5.2)	1,575,000	950,000	-	737,500	1,787,500	12,1050	4.79	5.25	0.01
Fatima Fertilizer Company Limited	1,318,000	54,000	-	1,199,500	172,500	5,327	0.21	0.23	* -
						317,989	12.58	13.79	
Food & Personal Care Products									
Al Shaheer Corporation Limited (Note: 5.4)	1,028,305	-	-	723,500	304,805	6,773	0.27	0.29	* -
Glass & Ceramics									
Shabbir Tiles & Ceramics Limited	2,450,500	-	-	2,043,500	407,000	5,995	0.24	0.26	* -
Tariq Glass Industries Limited	655,500	-	-	150,000	505,500	48,017	1.90	2.08	0.07
						54,012	2.14	2.34	
Oil & Gas Exploration Companies									
Mari Petroleum Co. Limited	157,170	2,420	-	82,800	76,790	111,412	4.41	4.83	0.10
Oil & Gas Development Co.	915,600	444,000	-	284,400	1,075,200	175,032	6.93	7.59	* -
Pakistan Oilfields Limited (Note: 5.2)	316,300	120,350	-	131,050	305,600	181,606	7.19	7.88	0.08
Pakistan Petroleum Limited (Note: 5.2)	1,163,000	316,600	-	617,700	861,900	177,474	7.02	7.70	0.01
						645,524	25.55	28.00	

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

Name of the investee company	Number of shares					Market value as at December 31, 2017	Market value as a percentage of		Holding as a percent age of Paid up capital of the investee
	As at July 1, 2017	Purchas ed during the period	Bonus / right shares receive d during	Sold during the period	As at December 31, 2017		Net assets of the fund	Total market value of investm ents	
Oil & Gas Marketing Companies									
Attock Petroleum Limited	68,800	-	-	17,500	51,300	26,834	1.06	1.16	0.03
Pakistan State Oil Co. Limited (Note: 5.2 & 5.4)	362,500	123,200	45,840	261,500	270,040	79,151	3.13	3.43	0.02
Shell (Pakistan) Limited	174,500	8,250	-	83,800	98,950	30,395	1.20	1.32	0.03
Sui Northern Gas Pipelines	568,000	760,600	-	804,500	524,100	49,585	1.96	2.15	0.01
						185,965	7.35	8.06	
Paper & Board									
Cherat Packaging Limited	5,000	41,000	6,210	-	52,210	10,390	0.41	0.45	0.03
Pharmaceuticals									
Abbott Lab (Pakistan) Limited	24,600	-	-	11,700	12,900	8,999	0.36	0.39	0.01
Ferozsons Laboratories Limited	37,850	-	-	-	37,850	7,714	0.31	0.33	0.03
GlaxoSmithKline Consumer Healthcare Pakistan Limited	16,500	-	-	2,300	14,200	4,605	0.18	0.20	* -
GlaxoSmithKline Pakistan	218,300	-	-	134,900	83,400	14,001	0.55	0.61	* -
The Searle Company Limited (Note: 5.4)	74,190	-	5,228	57,450	21,968	6,917	0.27	0.30	* -
						42,236	1.67	1.83	
Power Generation & Distribution									
Hub Power Company Limited (Note: 5.2)	1,168,100	510,300	-	624,900	1,053,500	95,869	3.79	4.16	0.01
K-Electric Limited	5,733,500	9,906,000	-	12,006,500	3,633,000	22,924	0.91	0.99	* -
Kot Addu Power Company (Note: 5.2)	989,600	-	-	794,000	195,600	10,543	0.42	0.46	* -
						129,336	5.12	5.61	
Refinery									
Attock Refinery Limited	84,500	78,000	-	162,500	-	-	-	-	-
National Refinery Limited	15,500	-	-	15,500	-	-	-	-	-
						-	-	-	
Technology & Communication									
NetSol Technologies Limited	713,500	-	-	499,000	214,500	13,589	0.54	0.59	0.02
Systems Limited	272,500	91,500	-	-	364,000	26,907	1.06	1.17	0.02
						40,496	1.60	1.76	
Textile Composite									
Kohinoor Textile Mills Limited (Note: 5.4)	1,254,863	23,900	76,694	632,800	722,657	47,876	1.89	2.08	0.02
Nishat Mills Limited	973,000	521,000	-	723,800	770,200	115,145	4.56	5.00	0.03
						163,021	6.45	7.08	
Transport									
Pakistan National Shipping Corporation	25,500	-	-	24,000	1,500	156	0.01	0.01	* -
Miscellaneous									
Synthetic Products Limited (Note: 5.4)	919,750	6,000	-	100,000	825,750	49,908	1.98	2.17	0.06
Total as at December 31, 2017					20,891,874	2,304,995	91.25	100.00	
Carrying value as at December 31, 2017						2,676,343			
Total as at June 30, 2017						4,310,778			
Carrying value as at June 30, 2017						3,819,772			

* Percentage not presented due to rounding off.

5.2 The above investments include shares having a market value (in aggregate) amounting to Rs 136.169 million (June 30, 2017: Rs 147.209 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the Securities & Exchange Commission of Pakistan. The details of shares which have been pledged are as follows:

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

Name of the Company	(Un-Audited) December 31, 2017		(Audited) June 30, 2017	
	Number of shares pledged	Market value of pledged shares Rupees in '000	Number of shares pledged	Market value of pledged shares Rupees in '000
D.G. Khan Cement Company Limited	100,000	13,372	100,000	21,316
Engro Fertilizers Limited	100,000	6,772	100,000	5,524
Engro Corporation Limited	100,000	27,475	100,000	32,591
Hub Power Company Limited	200,000	18,200	200,000	23,486
Kot Addu Power Company	100,000	5,390	100,000	7,202
Pakistan Oilfields Limited	50,000	29,713	50,000	22,908
Pakistan Petroleum Limited	100,000	20,591	100,000	14,814
Pakistan State Oil Co. Limited	50,000	14,656	50,000	19,368
	<u>800,000</u>	<u>136,169</u>	<u>800,000</u>	<u>147,209</u>

5.3 Unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss¹

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

Market value of securities	2,304,995	4,310,778
Less: carrying value of securities	(2,676,343)	(3,819,772)
	<u>(371,348)</u>	<u>491,006</u>

- 5.4 The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001. As a result of these amendments, companies are liable to withhold bonus shares at the rate of 5 percent. In accordance with the requirement of the Ordinance these shares shall only be released to a shareholder if the Company collects from the shareholder tax equal to 5 percent of the value of the bonus shares issued. The value of tax is computed on the basis of day-end price on the first day of book closure.

In this regard, a constitution petition has been filed by Collective Investment Schemes (CISs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by CISs, which is pending adjudication. The petition is based on the fact that because CISs are exempt from deduction of income tax under Clause 99 Part I to the Second Schedule of the Income Tax Ordinance 2001, the withholding tax provision should not be applicable on bonus shares received by CISs. A stay order has been granted by the High Court of Sindh in favour of CISs.

As at December 31, 2017, the following bonus shares of the Fund were withheld by certain companies at the time of declaration. The Fund has included these shares in its portfolio, as the management believes that the decision of the constitutional petition will be in favour of the CISs.

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

Name of Company	(Un-Audited)		(Audited)	
	December 31, 2017		June 30, 2017	
	Bonus shares		Bonus shares	
	Number of shares	Market value	Number of shares	Market value
	Rs in '000		Rs in '000	
Al-Shaheer Corporation Limited	9,289	206	9,289	373
Kohinoor Textile Mills Limited	522	35	522	55
Pakistan State Oil Company Limited	2,292	672	-	-
Synthetic Products Enterprises Limited	4,163	252	4,163	314
The Searle Company Limited	1,176	370	769	394
		<u>1,535</u>		<u>1,136</u>

		(Un-Audited) December 31, 2017	(Audited) June 30, 2017
	Note	Rupees in '000	
6 DIVIDEND AND PROFIT RECEIVABLE			
Dividend receivable		10,385	13,160
Profit receivable on balances with banks		<u>1,946</u>	<u>2,046</u>
		<u>12,331</u>	<u>15,206</u>
7 PRELIMINARY EXPENSES AND FLOATATION COSTS			
At the beginning of the period		710	910
Less: amortisation during the period		<u>(100)</u>	<u>(200)</u>
Closing balance	7.1	<u>610</u>	<u>710</u>
7.1	Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund and are being amortised over a period of five years commencing from January 19, 2016 as per the requirements set out in the Trust Deed of the Fund.		

		(Un-Audited) December 31, 2017	(Audited) June 30, 2017
	Note	Rupees in '000	
8 PAYABLE TO NBP FULLERTON ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Remuneration of the Management Company	8.1	4,195	7,961
Sindh Sales Tax on remuneration of the Management Company	8.2	545	1,035
Federal excise duty on remuneration of the Management Company	8.3	1,420	1,420
Accounting and operational charges	8.4	1,695	3,568
Selling and marketing expense	8.5	6,782	6,137
Preliminary expenses and floatation costs		1,000	1,000
Other payable		<u>2,624</u>	<u>2,624</u>
		<u>18,261</u>	<u>23,745</u>

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

- 8.1** The Management company has charged remuneration at the rate of 2% (June 30, 2017: 2%) per annum based on the daily net assets of the Fund. The fee is payable to the Management Company monthly in arrears.
- 8.2** The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 13% (June 30, 2017: 13%) on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.
- 8.3** As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company and sales load was applied effective from June 13, 2013. The Management Company was of the view that since the remuneration and sales load are already subject to the provincial sales tax, further levy of FED results in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Funds Association of Pakistan with the Sindh High Court (SHC) on September 4, 2013.

The SHC while disposing of the Constitutional Petition No. D-3184 of 2014 relating to levy of FED on Mutual Funds had declared the said provisions to be ultra vires and as a result no FED was payable with effect from July 1, 2011, (i.e., the date on which Sindh Sales Tax on Services Act, 2011 came into force). However, the tax authorities subsequently filed an appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for decision.

Effective July 1, 2016, mutual funds have been excluded from levy of FED vide Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 1.420 million (June 30, 2017: Rs 1.420 million) is being retained in this condensed interim financial information of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been made, the Net Asset Value of the Fund as at December 31, 2017 would have been higher by Re 0.006 (June 30, 2017: Re. 0.004) per unit.

- 8.4** In accordance with Regulation 60 of the NBFC Regulations the Management Company has charged expenses at the rate of 0.1% of the average net assets of the Fund being lower than actual expenses chargeable to the Fund for the period.
- 8.5** SECP vide a circular no.40 SCD/PRDD/ Circular/361/2016 dated December 30, 2016 (later amended vide circular no. 05 of 2017 dated February 13, 2017), allowed the Asset Management Companies to charge selling and marketing expenses to open end equity, asset allocation and index funds, initially for three years (from January 1, 2017 till December 31, 2019). Maximum cap of selling and marketing expense shall be 0.4% per annum of net assets of the fund or actual expenses whichever is lower. Accordingly, such expenses have been charged effective from March 1, 2017 at the rate of 0.4% of net assets of the Fund, being lower than the actual expenses incurred.

9	PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN - TRUSTEE	Note	(Un-Audited) December 31, 2017	(Audited) June 30, 2017
			Rupees in '000	
	Remuneration payable to the Trustee		294	480
	Sindh Sales Tax on Trustee remuneration	9.1	38	63
			<u>332</u>	<u>543</u>
9.1 Sindh Sales Tax at 13% (June 30, 2017: 13%) has been charged on Trustee fee.				
10	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN			
	Annual fee	10.1	<u>1,611</u>	<u>3,390</u>

- 10.1** Under the provision of the NBFC Regulations, a collective investment scheme categorized as equity scheme is required to pay to the SECP an amount equal to 0.095% per annum of the average daily net assets of the Fund.

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

	Note	(Un-Audited) December 31, 2017	(Audited) June 30, 2017
11 ACCRUED EXPENSES AND OTHER LIABILITIES		Rupees in '000	
Auditors' remuneration		176	229
Settlement charges		3	71
Shariah advisory fee		223	423
Charity payable	11.1	3,724	2,423
Provision against Sindh Workers' Welfare Fund	11.2	29,057	29,057
Brokerage payable		778	877
Others		792	226
		<u>34,753</u>	<u>33,306</u>

11.1 According to the instructions of the Shariah Advisor, income earned by the Fund from prohibited sources should be donated to charitable purposes.

During the current period, Non Shariah compliant income amounting to Rs 1.301 million (December 31, 2017: Rs 1.289 million) was charged as an expense in the books of the Fund. This will be distributed as charity after the approval of Shariah Advisor. The dividend income is recorded net of charity portion.

11.2 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF.

Had the provision for SWWF not been recorded in this condensed interim financial information of the Fund for the period from May 21, 2015 to June 30, 2017, the net asset value of the Fund as at December 31, 2017 would have been higher by Re. 0.129 per unit (June 30, 2017: Re 0.082).

12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2017 and June 30, 2017.

13 NET ASSET VALUE PER UNIT

The net asset value (NAV) per unit, as disclosed in the condensed interim statement of assets and liabilities, is calculated by dividing the net assets of the Fund by the number of units in issue at the period end.

14 TAXATION

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Furthermore, as per regulation 63 of the NBFC Regulations, the Fund is required to distribute 90 percent of the net accounting income other than capital gains to the unitholders. The Fund has not recorded any tax liability as the Fund has incurred a net loss during the period.

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

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.

15 LOSS / EARNINGS PER UNIT

Loss / 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.

16 TOTAL EXPENSE RATIO

Total Expense Ratio (all the expenses incurred during the period divided by Average net assets value for the period) is 3.25 % per annum including 0.38% representing government levies on collective investment scheme such as sales tax, worker's welfare fund and SECP fee for the period.

17 TRANSACTIONS WITH CONNECTED PERSONS

17.3 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, employee benefit and contribution plans of the Management Company, other collective investment schemes managed by the Management Company and directors and officers of the Management Company. These also include any person or company beneficially owning directly or indirectly 10% or more of the units in issue / net assets of the Fund.

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

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

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

17.7 Details of transactions with connected persons are as follows:

NBP Fullerton Asset Management Limited - Management Company

	(Un-Audited) Half year ended December 31, 2017	Half year ended December 31, 2016
Remuneration of the Management Company	33,908	26,888
Sindh sales tax on remuneration of the Management Company	4,408	3,495
Accounting and operational charges to the Management Company	1,695	1,344
Selling and marketing expense	6,782	-

NAFA Islamic Active Allocation Fund-I (Plan I)

Units issued during the period 13,837,933 units (2016:7,898,828 Units)	155,412	111,894
Units redeemed during the period 40,967,736 units (2016: 5,011,034 Units)	470,283	63,807
Cash Dividend	6,762	18,953

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

	(Un-Audited)	
	Half year ended December 31, 2017	Half year ended December 31, 2016
	Rupees in '000	
NAFA Islamic Active Allocation Fund-I (Plan II)		
Units issued during the period - 8,220,044 units (2016:7,563,079 Units)	92,446	107,768
Units redeemed during the period - 33,284,298 units (2016: 2,249,928 units)	387,324	28,649
Cash Dividend	6,216	14,767
NAFA Islamic Active Allocation Fund-I (Plan III)		
Units issued during the period - 742,578 units (2016:60,115,472 Units)	8,831	769,082
Units redeemed during the period - 35,217,508 units (2016: NIL Units)	423,315	-
Cash Dividend	8,831	26,288
NAFA Islamic Active Allocation Fund-I (Plan IV)		
Units issued during the period - 545,574 units (2016:64,471,595 Units)	6,488	836,660
Units redeemed during the period - 21,072,429 units (2016:7,906,218 Units)	257,327	110,000
Cash Dividend	6,488	-
NAFA Islamic Active Allocation Fund-I (Plan V)		
Units issued during the period 1,187,307 Units	14,119	-
Units redeemed during the period - 40,834,925 Units	485,041	-
Cash Dividend	14,119	-
NAFA Islamic Active Allocation Fund-II (Plan VI)		
Units issued during the period 4,859,890 Units	62,636	-
Units redeemed during the period - 14,690,378 Units	170,795	-
Cash Dividend	6,725	-
NAFA Islamic Active Allocation Fund-II (Plan VII)		
Units issued during the period 3,661,782 Units	46,410	-
Units redeemed during the period - 523,098 Units	5,860	-
Cash Dividend	1,850	-
NAFA Islamic Active Allocation Fund-II (Plan VIII)		
Units issued during the period 24,500,011 Units	279,033	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	2,200	1,849
Sales Tax	286	240
Cherat Cement Company Limited - Common Directorship		
Shares purchased - 164,500	26,426	-
Shares sold - 21,800	1,993	-
International Steel Limited - Common Directorship		
Shares purchased - 253,500	28,140	-
Shares sold - 165,000	18,201	-
Fatima Fertilizer Company Limited - Common Directorship		
Shares purchased - 54,000	1,654	-
Shares sold - 1,199,500	34,363	-
Cherat Packaging Limited - Common Directorship		
Shares purchased - 41,000	8,269	-
Right issue - 6,210	776	-
Taurus Securities Limited - Subsidiary of Parent Company		
Brokerage expense	225	-

* Prior period comparative has not been shown as the company was not a connected person as at December 31, 2016.

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

	(Un-Audited) December 31, 2017	(Audited) June 30, 2017
	Rupees in '000	
17.8 Amounts / balances outstanding as at period end:		
NBP Fullerton Asset Management Limited - Management Company		
Management remuneration payable	4,195	7,961
Sindh sales tax on remuneration	545	1,035
Federal excise duty on remuneration	1,420	1,420
Preliminary expenses and floatation cost payable	1,000	1,000
Payable against selling and marketing expense	6,782	6,137
Other payable	2,624	2,624
Accounting and operational charges	1,695	3,568
NAFA Islamic Active Allocation Fund-I (Plan I)		
Units held - 20,876,034 (2017: 48,005,837)	233,845	644,176
Receivable against issuance of units	34,607	-
NAFA Islamic Active Allocation Fund-I (Plan II)		
Units held - 21,325,020 (2017: 46,389,274)	238,874	622,484
Receivable against issuance of units	23,155	-
NAFA Islamic Active Allocation Fund-I (Plan III)		
Units held - 33,864,105 (2017: 68,339,035)	379,332	917,021
NAFA Islamic Active Allocation Fund-I (Plan IV)		
Units held - 27,814,934 (2017 :48,341,789)	311,572	648,684
Payable against redemption of units	4,161	-
NAFA Islamic Active Allocation Fund-I (Plan V)		
Units held - 60,008,826 (2017:99,656,444)	672,195	1,337,260
Payable against redemption of units	14,941	-
NAFA Islamic Active Allocation Fund-II (Plan VI)		
Units held - 27,107,246 (2017:36,937,734)	303,645	495,656
Payable against redemption of units	30,136	-
NAFA Islamic Active Allocation Fund-II (Plan VII)		
Units held - 10,054,779 (2017:6,916,095)	112,630	92,805
Receivable against issuance of units	6,721	-
NAFA Islamic Active Allocation Fund-II (Plan VIII)		
Units held - 24,500,011	279,033	-
Receivable against issuance of units	77,513	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	294	480
Sindh Sales Tax payable on remuneration of Trustee	38	63
Security deposit	100	100
Atlas Battery Limited - Common Directorship		
Shares held - 5,300 (2017: 5,300)	2,566	4,390

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

	(Un-Audited) December 31, 2017	(Audited) June 30, 2017
	Rupees in '000	
Fatima Fertilizer Company Limited- Common Directorship		
Shares held - 172,500	5,327	-
Cherat Packaging Limited - Common Directorship		
Shares held - 52,210 (2017: 5,000)	10,390	1,189
Cherat Cement Company Limited - Common Directorship		
Shares held - 751,600 (2017: 608,900)	83,360	108,859
International Industries Limited - Common Directorship		
Shares held - 121,200 (2017: 121,200)	29,101	44,671
Dividend receivable	-	455
International Steels Limited - Common Directorship		
Shares held - 470,000 (2017: 381,500)	49,994	48,790
BankIslami Pakistan Limited - Common Directorship		
Balance with bank	455,022	407,205
Profit receivable	1,946	2,045
Taurus Securities Limited - Subsidiary of Parent Company		
Brokerage payable	55	-

18 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or liability can be settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

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.

Fair value of investments is determined as follows:

- Fair value of listed equity securities is determined on the basis of closing market prices quoted on the respective stock exchange.
- The fair value of all other financial assets and financial liabilities of the Fund approximate their carrying amounts due to short term maturities of these instruments.

18.3 Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities.
- Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at December 31, 2016, the Fund held the following financial instruments measured at fair value:

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

	Unaudited			
	As at December 31, 2017			
	Level 1	Level 2	Level 3	Total
	Rupees in '000			
ASSETS				
Investment - financial assets 'at fair value through profit or loss' - net				
- Listed equity securities	2,304,995	-	-	2,304,995
	Audited			
	As at June 30, 2017			
	Level 1	Level 2	Level 3	Total
	Rupees in '000			
ASSETS				
Investment - financial assets 'at fair value through profit or loss' - net				
- Listed equity securities	4,310,778	-	-	4,310,778

19 DATE OF AUTHORISATION FOR ISSUE

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

20 GENERAL

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

20.4 Corresponding figures have been rearranged and reclassified wherever necessary for the purpose of better presentation. However, no significant reclassifications have been made during the current period.

**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

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