



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

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

QUARTERLY REPORT

**March
31 2017**



Your investments & "NAFA" grow together



**FULLERTON FUND
MANAGEMENT**

Joint - Venture Partners

MISSION STATEMENT



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

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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. Nausherwan Adil	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Aamir Sattar	Director
Mr. Abdul Hadi Palekar	Director
Mr. Foo Chiah Shiung (Kelvin Foo)	Director
Mr. Lui Mang Yin (Martin Lui)	Director
Mr. Kamal Amir Chinoy	Director
Mr. Shehryar Faruque	Director
Mr. Humayun Bashir	Director

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

Mr. Shehryar Faruque	Chairman
Mr. Foo Chiah Shiung (Kelvin Foo)	Member
Mr. Aamir Sattar	Member

Human Resource and Remuneration Committee

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

Trustee

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

Bankers to the Fund

Bank Islami Pakistan Limited
Burj Bank Limited
Habib Bank Limited
National Bank of Pakistan
United Bank Limited
Dubai Islamic Bank Limited
Silk 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 unaudited financial statements of NAFA Islamic Active Allocation Equity Fund (NIAAEF) for the period ended March 31, 2017.

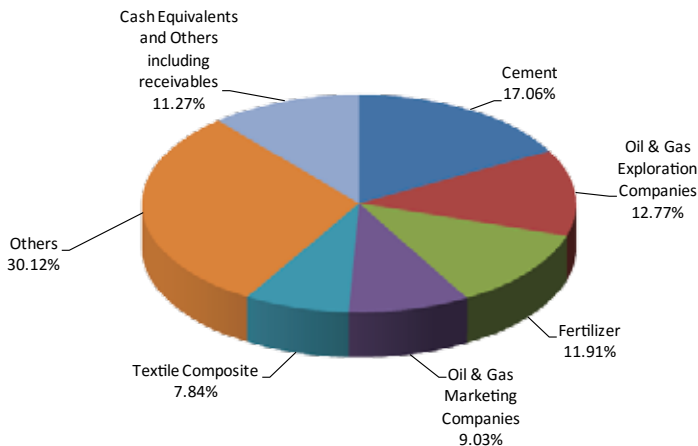
Fund's Performance

The Fund size of NIAAEF at the end of the period stood at Rs.4,391 million. During the period, the unit price of NAFA Islamic Active Allocation Equity Fund has increased from Rs.11.3756 (Ex-Div) on June 30, 2016 to Rs.15.1799 on March 31, 2017, thus showing an increase of 33.44%. The Benchmark, KMI-30 Index increased by 23.67% during the same period. Thus, the Fund has outperformed its Benchmark by 9.77% during the period under review. Since inception the NAV of the Fund has increased from Rs. 9.5784 (Ex-Div) on January 18, 2016 to Rs. 15.1799 on March 31, 2017, thus showing an increase of 58.48%. During the said period, the Benchmark increased by 56.67%, translating into outperformance of 1.81%. This performance is net of management fee and all other expenses.

After lackluster stock market performance in FY16, the stock market bounced back sharply in 9MFY17, delivering impressive return of 27.5%. It is however worthwhile to note that most of the gains were made during 1HFY17 in which the benchmark KSE-100 index surged by 26.5%. Favorable macroeconomic indicators such as modest inflation, record low interest rates, all time high forex reserves coupled with reclassification of PSX into MSCI emerging market index from frontier market underpinned the strong run-up in the market during 1HFY17. Though the market carried on its momentum entering into 3QFY17 as KSE-100 index crested at all time high level of 50,192 on 26th January, the market remained quite jittery in the subsequent period. Rising political uncertainty unnerved the investors, triggering panic sell-off by the investors. Rising risks to the external account from widening current account deficit and stagnating foreign remittances further soured the investors' sentiments.

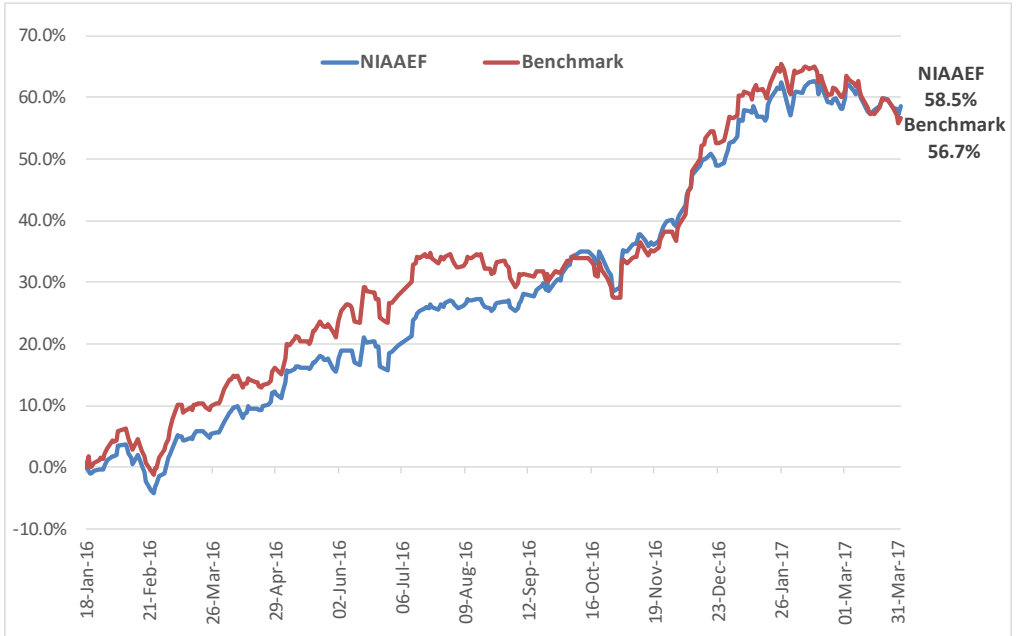
Engineering, Chemicals, Autos, Oil & Gas Marketing Companies and Textiles delivered superior returns during 9MFY17, while Fertilizers, E&Ps, Pharmaceuticals and Power sector underperformed the market during the period. Foreign investors remained large net sellers with outflows of USD483 mn during the aforesaid period. On the local side, Mutual Funds remained the main net buyers taking fresh equity exposure worth USD419 mn absorbing most of the foreign selling. Other than Mutual Funds, Insurance and other Companies also remained net buyers investing USD152 mn and USD131 mn, respectively. Amongst the local investors, Banks/DFIs significantly liquidated their equity position worth USD181 mn.

The Fund has earned total income of Rs.1,204.04 million during the period. After deducting expenses of Rs.95.581 million, the net income is Rs.1,108.46 million. The below chart presents the asset allocation of NIAAEF.



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: April 28, 2017
Place: Karachi.

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

ڈائریکٹرز رپورٹ

NBP فلٹرن ایسیٹ منجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز نے 31 مارچ 2017ء کو ختم ہونے والی مدت کے لیے NAFA اسلامک ایکٹیو ایلیکشن ایکویٹی فنڈ (NIAAEF) کے غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

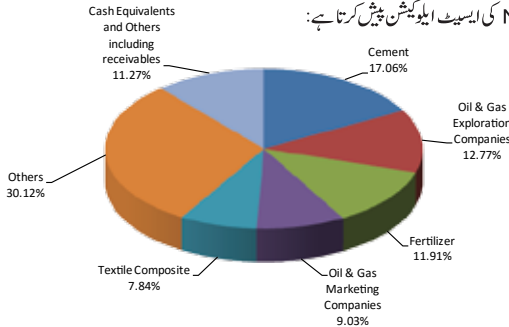
فنڈ کی پرفارمنس

اس مدت کے اختتام پر (NIAAEF) کا حجم 4,391 ملین روپے رہا۔ اس مدت میں NAFA اسلامک ایکٹیو ایلیکشن ایکویٹی فنڈ کی قیمت 30 جون 2016ء کو 11.3756 روپے (Ex-Div) سے بڑھ کر 31 مارچ 2017ء کو 15.1799 روپے تک پہنچ چکی ہے، لہذا 33.44% کا اضافہ ہوا۔ اسی مدت کے دوران شیئ مارک KMI-30 بڑھ کر 23.67% ہو گیا۔ اس طرح فنڈ نے زیر جائزہ مدت کے دوران اپنے شیئ مارک سے 9.77% بہتر کارکردگی دکھائی۔ اپنے قیام سے اب تک فنڈ کا NAV 18 جنوری 2016ء کو 9.5784 روپے (Ex-Div) سے بڑھ کر 31 مارچ 2017ء کو 15.1799 روپے ہو گیا، لہذا 58.48% کا اضافہ ہوا۔ اس مدت کے دوران، شیئ مارک میں 56.67% اضافہ ہوا، جس نے 1.81% بہتر کارکردگی کا مظاہرہ کیا۔ فنڈ کی یہ کارکردگی منجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

مالی سال 2016ء میں اسٹاک مارکیٹ کی بے یقینی کی کیفیت کے بعد مالی سال 2017ء کے نو ماہ میں اسٹاک مارکیٹ میں خاطر خواہ تیزی آئی، اور منافع میں 27.5% کا متاثر کن اضافہ حاصل ہوا۔ تاہم یہ بات قابل قدر ہے کہ زیادہ اضافہ مالی سال 2017ء کی پہلی ششماہی میں ہوا جس میں KSE-100 انڈیکس کی معیاری سطح میں 26.5% اضافہ ہوا۔ کلیاتی معیشت کے مثبت اشارے، جیسے معتدل افراط زر، شرح سود میں ریکارڈ کمی، اس وقت تک کے سب سے زیادہ زرمبادلہ کے ذخائر مع پاکستان اسٹاک ایکسچینج کی IMSCI ایئر جنٹ مارکیٹ انڈیکس میں دوبارہ شمولیت کی بدولت مالی سال 2017ء کی پہلی ششماہی میں مارکیٹ میں ایک مستحکم تیزی آنے سے تقویت حاصل ہوئی۔ اگرچہ مالی سال 2017ء کی تیسری سہ ماہی کے آغاز میں مارکیٹ کی آگے بڑھنے کی رفتار برقرار رہی جسکی بناء پر 26 جنوری کو KSE-100 انڈیکس اس وقت تک کی بلند ترین سطح یعنی 50,192 تک پہنچ گیا تاہم اس کے بعد کے عرصہ میں مارکیٹ میں بیچانی کیفیت کا شکار رہی۔ سیاسی بے یقینی کے باعث سرمایہ کار گھبراہٹ کا شکار ہوئے جس کے نتیجے میں انہوں نے حصص فروخت کرنے شروع کر دیئے۔ کرنٹ اکاؤنٹ کے بڑھتے ہوئے خسارے کی وجہ سے بیرونی اکاؤنٹس میں خدشات میں بھی اضافہ ہوا اور بیرون ملک سے ترسیل زرمیں بھی ٹھیراؤ آ گیا جس سے سرمایہ کاروں کا جوش و خروش مزید ٹھنڈا ہو گیا۔

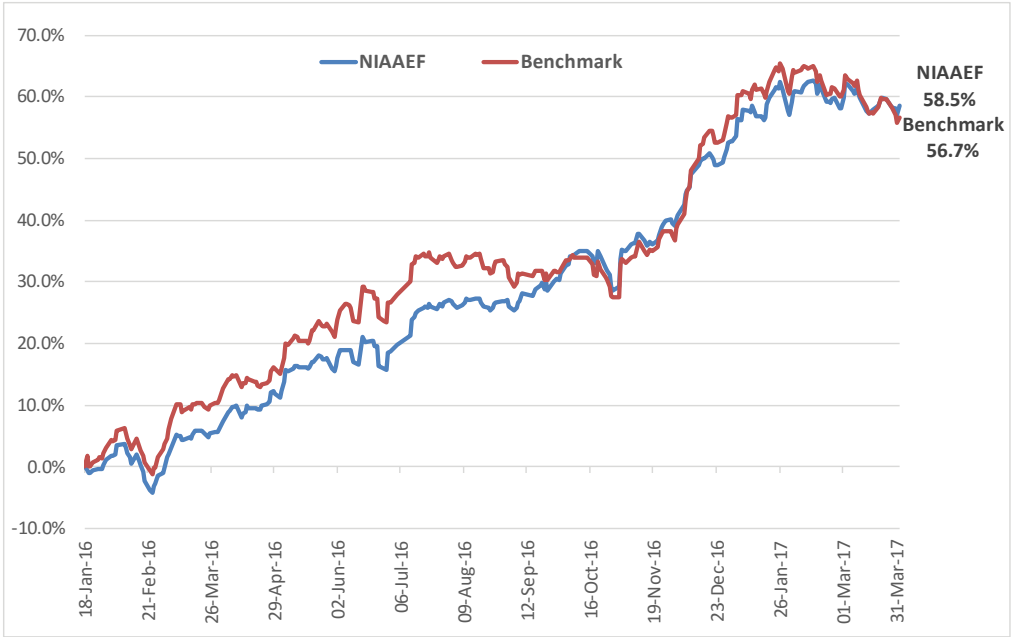
انجینئرنگ، کیمیکلز، آٹو، آئل اینڈ گیس مارکیٹنگ کمپنیوں اور ٹیکسٹائل کے شعبہ نے مالی سال 2017ء کے نو ماہ میں بہترین منافع دیا جب کہ اس عرصہ میں فرملائزرز، تلاش اور پیداوار کی کمپنیوں، فارماسیوٹیکلز اور پاور کے شعبہ کی کارکردگی معمول سے بھی کم رہی۔ مذکورہ مدت میں غیر ملکی سرمایہ کار بڑے فروخت کنندہ رہے اور \$483 ملین کی رقم بیرون ملک چلی گئی۔ ملکی سطح پر میوچل فنڈز کے \$419 ملین کے حصص کے خریدار رہے جس نے غیر ملکی سرمایہ کاروں کی جانب سے کی گئی فروخت کے اثر کو زائل کیا۔ میوچل فنڈز کے علاوہ انشورنس اور دیگر کمپنیاں بھی خالص خریداروں میں شامل رہیں اور انہوں نے بالترتیب 152 ملین یو ایس ڈالر اور 131 ملین یو ایس ڈالر کی سرمایہ کاری کی۔ مقامی سرمایہ کاروں میں بینکس DFIs نے \$18 ملین حصص کی فروخت کی۔

فنڈ نے اس مدت کے دوران 1,204.04 ملین روپے کی مجموعی منافع دیا۔ 95.58 ملین روپے کے اخراجات منہا کرنے کے بعد خالص منافع 1,108.46 ملین روپے ہے۔ درج ذیل چارٹ NIAAEF کی ایسیٹ ایلیکشن پیش کرتا ہے:



NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

NIAAEF کی کارکردگی بمقابلہ بیچ مارک (قیام سے اب تک)



اظہار تشکر

بورڈ اس موقع کا فائدہ اٹھاتے ہوئے منجھٹ کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر پونٹ 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 رٹسٹی 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 منجھٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

بتاریخ

28 اپریل 2017ء

مقام: کراچی

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

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

	Note	(Un-audited) March 31, 2017	Audited June 30, 2016
(Rupees in '000)			
ASSETS			
Balances with banks		510,691	206,160
Investments	4	3,895,852	1,445,817
Dividend and profit receivable		20,874	2,393
Preliminary and floatation costs		760	910
Receivable against sale of unit		-	410,000
Receivable against sale of investment		1,827	-
Advances, deposit, prepayments and other receivables		11,609	4,098
Total assets		4,441,613	2,069,378
LIABILITIES			
Payable to NBP Fullerton Asset Management Limited - Management Company		17,385	8,028
Payable to Central Depository Company of Pakistan Limited - Trustee		520	222
Payable to Securities and Exchange Commission of Pakistan		2,289	422
Payable against purchase of investments		-	424,397
Accrued expenses and other liabilities		30,496	785
Total liabilities		50,690	433,854
NET ASSETS		<u>4,390,923</u>	<u>1,635,524</u>
UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)		<u>4,390,923</u>	<u>1,635,524</u>
CONTINGENCIES AND COMMITMENTS	5	-	-
-----Number of units-----			
Number of units in issue		<u>289,259,831</u>	<u>140,159,977</u>
------(Rupees)-----			
NET ASSET VALUE PER UNIT		<u>15.1799</u>	<u>11.6690</u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2017

	Note	NINE MONTH ENDED MARCH 31, 2017	QUARTER ENDED MARCH 31, 2017	For the period from January 18, 2016 to March 31, 2016
(Rupees in '000)				
INCOME				
Net Gain on sale of investments		101,658	72,733	4,175
Dividend Income		102,892	30,420	9,202
Profit on bank deposits		15,399	5,953	1,602
Net unrealised appreciation on re-measurement as 'financial assets at fair value through profit or loss'		697,965	91,831	35,619
Total income		917,914	200,937	50,598
EXPENSES				
Remuneration of NBP Fullerton Asset Management Limited Management Company		48,184	21,296	2,690
Sindh sales tax on remuneration of the Management Company		6,264	2,769	437
FED on remuneration of the Management Company		-	-	430
Accounting and operational charges to the Management Company		2,409	1,065	134
Remuneration to Central Depository Company of Pakistan Limited-Trustee		3,160	1,311	269
Sindh Sales Tax on remuneration of the Trustee		411	171	38
Annual fee - Securities and Exchange Commission of Pakistan		2,289	1,012	128
Securities transaction cost		2,363	529	980
Settlement and bank charges		308	109	73
Legal & Professional charges		86	43	-
Auditors' remuneration		350	104	66
Shariah Advisor Fee		302	155	-
Fund Rating Fee		135	135	-
Selling & Marketing Expenses	9	1,452	1,452	-
Sindh worker's welfare fund - Previous year		5,096	5,096	-
Amortization of Formation Cost		150	50	40
Total Expenses		72,959	35,297	5,285
Net Income from operating activities		844,955	165,640	45,313
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		286,130	95,304	10,478
Provision for Sindh Workers' Welfare Fund	6	(22,622)	(22,622)	-
Net Income for the period before taxation		1,108,463	238,322	55,791
Taxation	7	-	-	-
Net Income for the period after taxation		1,108,463	238,322	55,791

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2017

Note	NINE MONTH ENDED MARCH 31, 2017	QUARTER ENDED MARCH 31, 2017 (Rupees in '000)	For the period from January 18, 2016 to March 31, 2016
Net Income for the period after taxation	1,108,463	238,322	55,791
Other Comprehensive Income	-	-	-
Total comprehensive Income for the period	<u>1,108,463</u>	<u>238,322</u>	<u>55,791</u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2017

	NINE MONTH ENDED MARCH 31, 2017	QUARTER ENDED MARCH 31, 2017 (Rupees in '000)	For the period from January 18, 2016 to March 31, 2016
Undistributed income brought forward			
Realised income	132,271	437,924	-
Unrealised Gain	<u>101,654</u>	<u>606,134</u>	<u>-</u>
	233,925	1,044,058	
Net Income for the period after taxation	1,108,463	238,322	55,791
Final distribution for the year ended June 30, 2016 : 3.21% -Cash Distribution	(60,008)	-	
Undistributed Income carried forward	<u>1,282,380</u>	<u>1,282,380</u>	<u>55,791</u>
Undistributed income comprising of:			
Realised income	584,415	146,491	20,172
Unrealised Gain	<u>697,965</u>	<u>91,831</u>	<u>35,619</u>
	<u>1,282,380</u>	<u>1,282,380</u>	<u>55,791</u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2017

	NINE MONTH ENDED MARCH 31, 2017	QUARTER ENDED MARCH 31, 2017	For the period from January 18, 2016 to March 31, 2016
	(Rupees in '000)		
Net assets at the beginning of the period	1,635,524	3,877,780	-
Issue of 232,346,061 units	3,221,181	1,395,778	994,000
Redemption of 83,246,208 units	(1,228,107)	(1,025,653)	(130,581)
	1,993,074	370,125	863,419
Element of (income) / loss and capital gains / (losses) included in the prices of units issued less those in units redeemed-Transferred to income statement	(286,130)	(95,304)	(10,478)
Net unrealised appreciation / (diminution) on re-measurement as 'financial assets at fair value through profit or loss'	697,965	91,831	35,619
Capital Gain on sale of investments - net	101,658	72,733	4,175
Other income (net of expenses) for period	308,840	73,758	15,997
	1,108,463	238,322	55,791
Final distribution for the year ended June 30, 2016 : 3.21% - Cash distribution	(60,008)	-	-
	(60,008)	-	-
Net assets at the end of the period	4,390,923	4,390,923	908,732

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2017

	NINE MONTH ENDED MARCH 31, 2017	QUARTER ENDED MARCH 31, 2017	For the period from January 18, 2016 to March 31, 2016
	(Rupees in '000)		
CASH FLOW FROM OPERATING ACTIVITIES			
Net Income for the period before taxation	1,108,463	238,322	55,791
Adjustments			
Amortization of Formation Cost	150	50	40
Net unrealised (appreciation)/ diminution on re-measurement as 'financial assets at fair value through profit or loss'	(697,965)	(91,831)	(35,619)
Element of (income) / loss and capital (gain) / losses included in prices of units issued less those in units redeemed - net	(286,130)	(95,304)	(10,478)
	<u>124,518</u>	<u>51,237</u>	<u>9,734</u>
(Increase) / decrease in assets			
Investments	(1,752,070)	(106,393)	(783,692)
Dividend and profit receivable	(18,481)	(7,120)	(9,717)
Receivable against sale of investment	(1,827)	(1,827)	(4,508)
Preliminary and floatation costs	-	-	(1,000)
Advances, deposit, prepayments and other receivables	(7,511)	(1)	(17)
	<u>(1,779,889)</u>	<u>(115,341)</u>	<u>(798,934)</u>
Increase / (decrease) in liabilities			
Payable to NBP Fullerton Asset Management Limited - Management Company	9,357	4,520	3,160
Payable to Central Depository Company of Pakistan Limited - Trustee	298	101	157
Payable to Securities and Exchange Commission of Pakistan	1,867	1,012	128
Payable against purchase of investments	(424,397)	(538,685)	-
Accrued expenses and other liabilities	29,710	28,465	718
	<u>(383,165)</u>	<u>(504,587)</u>	<u>4,163</u>
Net cash generated from operating activities	(2,038,536)	(568,691)	(785,037)
CASH FLOW FROM FINANCING ACTIVITIES			
Net receipts from issue of units	3,631,182	1,395,779	994,000
Net payments on redemption of units	(1,228,107)	(1,025,653)	(130,581)
Distributions Paid	(60,008)	-	-
Net cash used in financing activities	2,343,067	370,126	863,419
Net increase in cash and cash equivalents during the period	304,531	(198,565)	78,382
Cash and cash equivalents at the beginning of the period	206,160	709,256	-
Cash and cash equivalents at the end of the period	<u>510,691</u>	<u>510,691</u>	<u>78,382</u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

NOTES TO AND FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS (Un-Audited) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 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 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) on November 03, 2015. under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

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

The Pakistan Credit Rating Agency (PACRA) has assigned an asset manager rating of "AM1" w.e.f April 21, 2017 to the Management Company.

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

2 BASIS OF PREPARATION

2.1 Statement of Compliance

This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of 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 these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'.

The directors of the Management Company hereby declare that this condensed interim financial statements give a true and fair view of the state of the Fund's affairs as at March 31, 2017

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Principle accounting policies adopted for the preparation of these condensed interim financial statements for the nine month ended March 31, 2017 are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2016.

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

4 INVESTMENTS

Investment at fair value through profit or loss - net

- Listed equity securities

Note	(Un-Audited) March 31, 2017	(Audited) June 30, 2016
4.1	3,895,852	1,445,817

(Rupees in '000)

4.1 Investments in shares of companies at fair value through profit or loss

Name of the investee company	As at July 1, 2016	Number of shares				Market value as at March 31, 2017	Market value as a percentage of		Paid up capital as a % of investee company held
		Purchased during the period	Bonus / Right shares issued during the period	Sold during the period	As at March 31, 2017		Net assets	Total investments	
REFINERY									
Attock Refinery Limited	74,000	38,200	-	27,700	84,500	37,924	0.86	0.97	0.10
National Refinery Limited	25,200	-	-	9,700	15,500	11,051	0.25	0.28	0.02
OIL AND GAS EXPLORATION COMPANIES									
Mari Petroleum Limited	67,800	93,650	-	17,260	144,190	219,237	4.99	5.63	0.13
Oil and Gas Development Company Limited	296,700	547,400	-	170,500	673,600	99,902	2.28	2.56	0.02
Pakistan Oilfields Limited	185,500	137,800	-	22,000	301,300	134,094	3.05	3.44	0.13
Pakistan Petroleum Limited	300,900	437,700	-	45,700	692,900	107,337	2.44	2.76	0.04
OIL AND GAS MARKETING COMPANIES									
Attock Petroleum Limited	35,100	37,100	-	3,400	68,800	43,674	0.99	1.12	0.08
Pakistan State Oil Company Limited	261,200	354,800	-	114,600	501,400	212,353	4.84	5.45	0.18
Shell Pakistan Limited	134,100	143,400	-	62,000	215,500	140,560	3.20	3.61	0.20
FERTILIZER									
Dawood Hercules Corporation Limited	284,900	57,000	-	18,300	323,600	42,880	0.98	1.10	0.07
Engro Fertilizers Limited	672,500	1,886,500	-	237,000	2,322,000	145,497	3.31	3.73	0.17
Engro Corporation Limited	360,600	531,300	-	122,600	769,300	283,117	6.45	7.27	0.15
Fatima Fertilizer Company Limited	-	1,518,000	-	200,000	1,318,000	51,389	1.17	1.32	0.06
Fauji Fertilizer Bin Qasim Limited	160,000	697,000	-	857,000	-	-	-	-	-
AUTOMOBILE ASSEMBLER									
Honda Atlas Cars (Pakistan) Limited	77,600	68,200	-	39,000	106,800	80,305	1.83	2.06	0.07
Indus Motor Company Limited	39,750	42,980	-	6,100	76,630	121,961	2.78	3.13	0.10
Pak Suzuki Motor Company Limited	-	42,500	-	42,500	-	-	-	-	-
Sazgar Engineering Works Limited	176,500	52,500	-	217,500	11,500	1,063	0.02	0.03	0.06
Millat Tractors Limited	-	99,900	-	-	99,900	131,509	3.00	3.38	0.23
ENGINEERING									
Amreli Steels Limited	143,500	456,500	-	113,000	487,000	46,241	1.05	1.19	0.16
Crescent Steel and Allied Products Limited	138,500	34,000	-	9,500	163,000	40,799	0.93	1.05	0.21
Mughal Iron and Steel Industries Limited	20,500	296,700	-	135,000	382,200	53,902	1.23	1.38	0.30
International Industries Limited	-	151,000	-	50,000	101,000	24,492	0.56	0.63	0.08
International Steels Limited	-	276,500	-	59,000	217,500	28,045	0.64	0.72	0.05

Rupees in '000'

-----%-----

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

Name of the investee company	As at July 1, 2016	Number of shares				Market value as at March 31, 2017	Market value as a percentage of		Paid up capital as a % of investee company held
		Purchased during the period	Bonus / Right shares issued during the period	Sold during the period	As at March 31, 2017		Net assets	Total investments	
CEMENT									
Attock Cement Pakistan Limited	265,400	286,700	-	69,000	483,100	164,254	3.74	4.22	0.42
D.G. Khan Cement Company Limi	342,100	257,800	-	78,500	521,400	121,173	2.76	3.11	0.12
Fauji Cement Company Limited	1,530,500	289,400	-	196,000	1,623,900	69,308	1.58	1.78	0.12
Lucky Cement Limited	110,500	180,750	-	33,400	257,850	215,921	4.92	5.54	0.08
Maple Leaf Cement Limited	265,000	148,000	-	57,000	356,000	44,165	1.01	1.13	0.07
Pioneer Cement Limited	184,000	615,800	-	75,000	724,800	103,646	2.36	2.66	0.32
Kohat Cement Limited	-	122,100	-	6,500	115,600	30,448	0.69	0.78	7.48
Cherat Cement Company Limited	-	24,000	-	24,000	-	-	-	-	-
AUTOMOBILE PARTS AND ACCESSORIES									
Thal Limited *	43,600	-	-	2,500	41,100	21,783	0.50	0.56	0.05
Atlas Battery Limited	-	5,300	-	-	5,300	4,982	0.11	0.13	3.05
Agriautos Industries Limited	-	3,600	-	-	3,600	1,038	0.02	0.03	0.01
CHEMICAL									
Akzo Nobel Pakistan Limited	-	28,100	-	-	28,100	6,609	0.15	0.17	6.05
TEXTILE COMPOSITE									
Kohinoor Textile Mills Limited	549,925	1,089,938	-	-	1,639,863	183,648	4.18	4.71	0.58
Nishat Mills Limited	644,500	406,000	-	77,500	973,000	160,740	3.66	4.13	0.28
POWER GENERATION & DISTRIE									
Kot Addu Power Company Limited	503,000	486,600	-	-	989,600	79,376	1.81	2.04	0.11
K-Electric Limited *	4,592,500	2,364,000	-	1,223,000	5,733,500	46,900	1.07	1.20	0.25
The Hub Power Company Limited	484,000	685,000	-	99,500	1,069,500	140,169	3.19	3.60	0.09
COMMERCIAL BANKS									
Meezan Bank Limited	180,000	47,400	-	11,500	215,900	15,437	0.35	0.40	0.02
PHARMACEUTICALS									
Abbot Laboatories (Pakistan) Limite	13,600	7,700	-	-	21,300	20,012	0.46	0.51	0.02
GlaxoSmithKline (Pakistan) Limited	72,400	100,400	-	8,500	164,300	37,069	0.84	0.95	0.05
GlaxoSmithKline Consumer Healthcare (Pakistan) Limited	16,500	-	-	-	16,500	1,436	0.03	0.04	0.17
Ferozsons Laboratories Limited	-	19,100	-	-	19,100	10,755	0.24	0.28	6.33
The Searle Company Limited	29,310	37,432	10,848	3,400	74,190	46,882	1.07	1.20	0.06
TECHNOLOGY & COMMUNICATION									
Avanceon Limited	135,500	-	-	135,500	-	-	-	-	-
NetSol Technologies Limited	262,500	-	-	100,000	162,500	12,176	0.28	0.31	0.18
CABLE AND ELECTRICAL GOODS									
Pak Elektron Limited	281,750	1,136,500	-	126,000	1,292,250	119,016	2.71	3.05	0.26
FOOD & PERSONAL CARE PRODUCTS									
Al-Shaheer Corporation Limited	390,000	915,530	185,775	463,000	1,028,305	48,125	1.10	1.24	0.83
GLASS & CERAMICS									
Tariq Glass Industries Limited	410,000	154,500	-	-	564,500	66,701	1.52	1.71	0.77

Rupees in '000'

-----%-----

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

Name of the investee company	As at July 1, 2016	Number of shares				Market value as at March 31, 2017	Market value as a percentage of		Paid up capital as a % of investee company held
		Purchased during the period	Bonus / Right shares issued during the period	Sold during the period	As at March 31, 2017		Net assets	Total investments	
						Rupees in '000'	-----%-----		
PAPER & BOARD									
Packages Limited	6,200	-	-	6,200	-	-	-	-	-
TRANSPORT									
Pakistan National Shipping Corpor	-	38,000	-	12,500	25,500	4,471	0.10	0.11	1.93
MISCELLANEOUS									
Synthetic Products Limited	351,500	491,000	83,250	10,000	915,750	62,280	1.42	1.60	1.18
Total as at March 31, 2017						3,895,852	89	100	
Carrying value as at March 31, 2017						3,197,887			

* All shares have a nominal face value of Rs 10 each except for shares of Thal Limited and K-Electric Limited which have a face value of Rs 5 and Rs. 3.5 each respectively.

4.1.1 Investments include shares with market value of Rs 159.461 million which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular number 11 dated October 23, 2007 issued by the SECP.

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 constitutional 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 the CISs are exempt from deduction of income tax under Clause 99 of Part I to the Second Schedule to the Income Tax Ordinance 2001, the withholding tax provision should not be applicable on bonus shares received by the CISs. A stay order has been granted by the High Court of Sindh in favour of the CISs.

5 CONTINGENCIES AND COMMITMENTS

There were no contingencies outstanding as at March 31, 2017 and June 30, 2016.

6 PROVISION FOR SINDH WORKERS' WELFARE FUND

The Sindh Revenue Board (SRB) had written to few mutual funds in January 2016 to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after December 31, 2013. The Mutual Fund Association of Pakistan (MUFAP) reviewed the issue and based on an opinion decided that SWWF is not applicable on mutual funds as they are not financial institutions as required by SWWF Act, 2014. The MUFAP wrote to the SRB that mutual funds are not establishments and are pass through vehicles hence, they do not have any worker and no SWWF is payable by them. The SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, therefore SWWF is applicable on mutual funds. The MUFAP has taken up this matter before the Sindh Finance Ministry to exclude mutual funds from SWWF.

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

In view of the above developments regarding the applicability of SWWF on CISs / mutual funds the MUFAP has recommended that the provision in respect of SWWF should be made on a prudent basis on January 12, 2017 with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015).

Accordingly, the provision for SWWF is being made by the Funds on a daily basis going forward. The above decision was communicated to the SECP and the Pakistan Stock Exchange Limited on January 12, 2017 and the SECP vide its letter dated February 1, 2017 has advised the MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs/ mutual funds. Accordingly, the Fund has recorded this adjustment in its books on January 12, 2017.

The scheme has maintained provision against Sindh Workers' Welfare Fund's liability to the tune of Rs 27.718/- million. If the same were not been made, the NAV per unit of the scheme would have been higher by Rs 0.0958.

7 TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the period, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders. The management intends to distribute at least 90% of the Fund's net accounting income earned by the year end to the unit holders. Accordingly, no provision for taxation has been made in this condensed interim financial information.

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.

8 Total Expense Ratio

Total Expense Ratio (all the expenses incurred during the period divided by Average net assets value for the period) is 3.96 % per annum including 1.52 % representing government levies on collective investment scheme such as sales tax, worker's welfare fund and SECP fee for the period.

9 SELLING AND MARKETING EXPENSE

During the current period, the SECP through its Circular No. SCD/PRDD/Circular/361/2016 (Circular No. 40 of 2016) dated December 30, 2016 introduced allowance for charging of selling and marketing expenses initially for three years (effective from January 01, 2017 till December 31, 2019) to the open end equity, asset allocation, and index funds maximum of 0.4% of the average annual net assets or the actual expenses, whichever is lower, subject to the conditions mentioned in the aforementioned Circular and its amendment of condition 05 through Circular No. SCD/PRDD/Circular/418/2016 (Circular No. 05 of 2017) dated February 13, 2017.

Based on the requirements to fulfil for charging selling and marketing expense, the Management Company has started accruing the expense to the Fund at the rate of 0.4% per annum of the average annual net assets of the Fund w.e.f March 01, 2017.

10 TRANSACTIONS WITH CONNECTED PERSONS

- 10.1 Connected persons include NBP Fullerton Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan and Alexandra Fund Management Pte. Limited being the sponsors, NAFA provident Trust Fund being the employee contribution plan of the Management Company, other collective investment schemes managed by the Management Company and directors and officers of the Management Company.
- 10.2 The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 10.3 Remuneration and front-end load payable to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.
- 10.4 Remuneration payable to the Trustee is determined in accordance with the provisions of the NBFC regulation and the Trust Deed.

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

	NINE MONTH ENDED MARCH 31, 2017	QUARTER ENDED MARCH 31, 2017	For the period from January 18, 2016 to March 31, 2016
	(Rupees in '000)		
10.5 Details of the transactions with connected persons are as follows:			
NBP Fullerton Asset Management Limited - Management Company			
Remuneration of the Management Company	48,184	21,296	2,690
Sindh sales tax on remuneration of the Management Company	6,264	2,769	437
FED on remuneration of the Management Company	-	-	430
Accounting and operational charges to the Management Company	2,409	1,065	134
NAFA ISLAMIC ACTIVE ALLOCATION FUND (PLAN I)			
8,624,467 Units issued during the period Units	122,878	10,984	640,000
16,511,101 Units redeemed during the period Units	237,155	173,348	130,581
Cash Dividend	18,953	-	-
NAFA ISLAMIC ACTIVE ALLOCATION FUND (PLAN II)			
8,170,333 Units issued during the period Units	116,959	9,191	354,000
12,095,656 Units redeemed during the period - Units	177,119	148,470	-
Cash Dividend	14,767	-	-
NAFA ISLAMIC ACTIVE ALLOCATION FUND (PLAN III)			
60,115,471 Units issued during the period Units	769,082	-	-
33,351,220 Units redeemed during the period - NIL Units	501,887	501,887	-
Cash Dividend	26,288	-	-
NAFA ISLAMIC ACTIVE ALLOCATION FUND (PLAN IV)			
65,105,868 Units issued during the period Units	846,261	9,601	-
21,288,230 Units redeemed during the period - Units	311,946	201,946	-
Cash Dividend	-	-	-
NAFA ISLAMIC ACTIVE ALLOCATION FUND (PLAN V)			
90,329,922 Units issued during the period Units	1,366,000	1,366,000	-
Nil Units redeemed during the period - Units	-	-	-
Cash Dividend	-	-	-
Central Depository Company of Pakistan Limited - Trustee			
Remuneration	3,160	1,311	269
Sales Tax	411	171	38
International Industries Limited			
(Common Directorship with the Management Company)			
151,000 shares purchased (2016 : Nil shares purchased)	18,875	-	-
50,000 shares sold (2016: Nil shares sold)	7,674	1,230	-
International Steels Limited			
(Common Directorship with the Management Company)			
276,500 shares purchased (2015 : Nil shares purchased)	16,698	-	-
59,000 shares sold (2016: Nil shares sold)	5,841	5,841	-
Cherat Cement Company Limited			
(Common Directorship with the Management Company)			
24,000 shares purchased (2015 : Nil shares purchased)	3,048	-	-
24,000 shares sold (2016 : Nil shares sold)	4,224	4,224	-
Atlas Battery Limited			
(Common Directorship with the Management Company)			
5,300 shares purchased (2016 : Nil shares purchased)	4,390	-	-
Nil shares sold (2016 : Nil shares sold)	-	-	-
Taurus Securities Limited (Subsidiary of the Parent Company)			
Brokerage charges	99	5	-

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

	(Un-Audited) March 31, 2017	(Audited) June 30, 2016
10.6 Amounts outstanding as at period end	-----	-----
Rupees in '000		
NBP Fullerton Asset Management Limited - Management Company		
Management remuneration payable	7,504	2,270
Sindh sales tax on remuneration	976	369
Federal excise duty on remuneration	1,420	1,420
Preliminary expenses and floatation cost payable	1,000	1,000
Other payable	2,624	2,525
Selling and marketing expenses	1,452	
Allocation of operational expenses payable	2,409	444
NAFA Islamic Active Allocation Fund (Plan I)		
51,121,011 Units held units (June 30,2016 units 59,007,644)	776,012	688,559
NAFA Islamic Active Allocation Fund (Plan II)		
42,047,852 Units held units (June 30,2016 units 45,973,176)	638,282	536,460
NAFA ISLAMIC ACTIVE ALLOCATION FUND (PLAN III)		
61,943,408 Units Held units (June 30,2016 units 35,179,156)	940,295	410,505
NAFA ISLAMIC ACTIVE ALLOCATION FUND (PLAN IV)		
43,817,638 Units Held units (June 30,2016 units 35,179,156)	665,147	-
NAFA ISLAMIC ACTIVE ALLOCATION FUND (PLAN V)		
90,329,921 Units Held units (June 30,2016 units 35,179,156)	1,371,199	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	460	195
Sales Tax	60	27
International Industries Limited		
(Common Directorship with the Management Company)		
Ordinary shares 101,000 held (2016: Nil)	24,492	-
International Steels Limited		
(Common Directorship with the Management Company)		
Ordinary shares 217,500 held (2016: Nil)	28,045	-
Atlas Battery Limited		
(Common Directorship with the Management Company)		
Ordinary shares 5,300 held (2016: Nil)	4,982	-

11 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on 28 April, 2017.

12 GENERAL

12.1 Figures have been rounded off to the nearest thousand rupees.

12.2 Comparative information for nine month ended march 31, 2016 is not available as the Fund commenced its operations on January 18, 2016.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director



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

Head Office

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