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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 2016**




Your investments & "NAFA" grow together



**FULLERTON FUND
MANAGEMENT**

Joint - Venture Partners

MISSION STATEMENT



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

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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. Saiyed Hashim Ishaque	Director

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

Mr. Shehryar Faruque	Chairman
Mr. 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

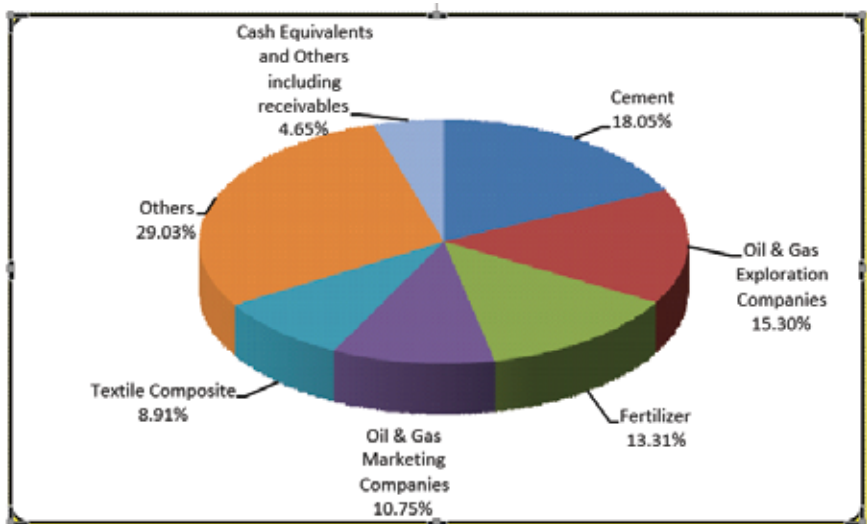
The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the reviewed financial statements of NAFA Islamic Active Allocation Equity Fund (NIAAEF) for the half year ended December 31, 2016.

Fund's Performance

The Fund size of NIAAEF at the end of the period stood at Rs.3,878 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.14.6308 on December 31, 2016, thus showing an increase of 28.62%. The Benchmark, KMI-30 Index increased by 23.63% during the same period. Thus, the Fund has outperformed its Benchmark by 4.99% 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. 14.6308 on December 31, 2016, thus showing an increase of 52.75%. During the said period, the Benchmark increased by 56.61%, translating into underperformance of 3.86%. This performance is net of management fee and all other expenses.

During 1HFY17, riding on the positive momentum built on the Pakistan Stock Exchange (PSX) reclassification into MSCI Emerging Market and driven primarily by the price-to-earnings (PE) re-rating, the stock market delivered a handsome return of about 27%. Positives on the macroeconomic front such as improved economic growth outlook coupled with benign inflation reading and anchored near-term expectations; and stable exchange rate helped the market achieve historic highs. Domestic liquidity unleashed amid low interest rates that helped counter heavy foreign selling of USD298mn. Automobile Assembler, Engineering, Oil & Gas Marketing Companies, and Textile Composite sectors performed better than the market whereas, Power Generation & Distribution Companies and Fertilizer sectors lagged behind. Going forward, expected domestic and foreign liquidity flows amid low interest rates, expected amnesty scheme, and MSCI upgrade theme are likely to keep the market strong while, rising global policy uncertainty pose downside risk.

The Fund has earned total income of Rs.907.80 million during the period. After deducting expenses of Rs.37.66 million, the net income is Rs.870.14 million. The below chart presents the asset allocation of NIAAEF.



NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

Acknowledgement

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

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

On behalf of the Board of
NBP Fullerton Asset Management Limited

Chief Executive

Director

Date: February 28, 2017

Place: Karachi.

ڈائریکٹرز رپورٹ

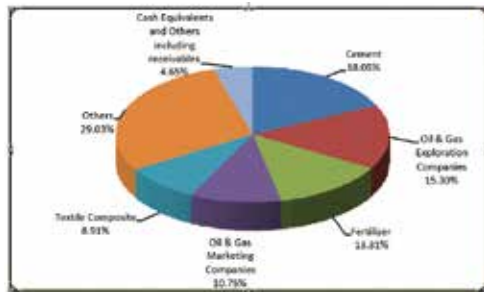
NBP فلٹرن ایسیٹ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بصد مسرت 31 دسمبر 2016ء کو ختم ہونے والی ششماہی کے لیے NAFA اسلامک ایکٹیو ایلوکیشن ایکویٹی فنڈ (NIAAEF) کے جانچ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

فنڈ کی پرفارمنس

اس مدت کے اختتام پر (NIAAEF) کا حجم 3,878 ملین روپے رہا۔ اس مدت میں NAFA اسلامک ایکٹیو ایلوکیشن ایکویٹی فنڈ کی قیمت 30 جون 2016 کو 11.3756 روپے (Ex-Div) سے بڑھ کر 31 دسمبر 2016 کو 14.6308 روپے تک پہنچ چکی ہے، لہذا 28.62% اضافہ ہوا۔ اسی مدت کے دوران بیچ مارک KMI-30 بڑھ کر 23.63% ہو گیا۔ اس طرح فنڈ نے زیر جائزہ مدت کے دوران اپنے بیچ مارک سے 4.99% بہتر کارکردگی دکھائی۔ اپنے قیام سے اب تک فنڈ کا NAV 18 جنوری 2016 کو 9.5784 روپے (Ex-Div) سے بڑھ کر 31 دسمبر 2016 کو 14.6308 روپے ہو گیا، لہذا 52.75% اضافہ ہوا۔ اس مدت کے دوران، بیچ مارک میں 56.61% اضافہ ہوا، جس نے 3.86% خراب کارکردگی کا مظاہرہ کیا۔ فنڈ کی یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

مالی سال 2017 کی پہلی ششماہی کے دوران مثبت رجحان کے ساتھ MSCI ایرجنگ مارکیٹ میں پاکستان اسٹاک ایکسچینج (PSX) کی اسرز نو تشکیل ہوئی اور اس میں نرخ آمدن تناسب کی دوبارہ درجہ بندی بنیادی طور پر کارفرما تھی، اسٹاک مارکیٹ نے تقریباً 27% کا شاندار منافع فراہم کیا۔ کلیاتی معاشیات کے مثبت پہلو جیسے ترقی کے بہتر امکانات، افراط زر میں کمی، مستقبل قریب میں بہتری کی توقعات اور مستحکم شرح مبادلہ مارکیٹ کو تاریخی اونچائی حاصل کرنے میں معاون ثابت ہوئی۔ گھریلو لیکویڈیٹی کم شرح سود کا باعث بنا جس کی بدولت USD 298mn کی بھاری غیر ملکی فروخت کے اثر کو زائل کرنے میں مدد ملی۔ آٹوموبیل اسمبلرز، آئینگز، آئل اور گیس کی مارکیٹنگ کمپنیاں اور ٹیکسٹائل کمپوزٹ سیکٹرز نے مارکیٹ کے مقابلے میں بہتر کارکردگی کا مظاہرہ کیا جب کہ پاور جنریشن، ڈسٹریبیوشن کمپنیاں اور فریٹ لائزر سیکٹرز کی کارکردگی نسبتاً اتر رہی۔ آگے بڑھتے ہوئے، متوقع ملکی اور غیر ملکی لیکویڈیٹی کا بہاؤ، کم شرح سود کی متوقع رعایتی اسکیموں اور MSCI کی اسرز شمولیت مارکیٹ کو مضبوط کرنے کا باعث ہے، جبکہ بڑھتی ہوئی عالمی منصوبہ سازی کی غیر یقینی صورتحال خطرے کے منفی پہلو کو ظاہر کرتی ہے۔

فنڈ نے اس مدت کے دوران 907.80 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 37.66 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 870.14 ملین روپے ہے۔ درج ذیل چارٹ NIAAEF کی ایسیٹ ایلوکیشن پیش کرتا ہے:



اظہارِ تشکر

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

منجانب بورڈ آف ڈائریکٹرز
NBP فلٹرن ایسیٹ مینجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

بتاریخ

28 فروری 2017

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) 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, 2016 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 27, 2017

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

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **NAFA Islamic Active Allocation Equity Fund** as at December 31, 2016 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, 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, 2016. 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 of the condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of unit holders' fund and condensed interim cash flow statement for the quarter ended December 31, 2016 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2016.

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 as of and for the half year ended December 31, 2016 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: **Shahbaz Akbar**
Dated: February 28, 2017
Karachi

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2016

	Note	(Un-audited) December 31, 2016	Audited June 30, 2016
(Rupees in '000)			
ASSETS			
Balances with banks	4	709,256	206,160
Investments	5	3,697,629	1,445,817
Dividend and profit receivable	6	13,754	2,393
Receivable against sale of units		-	410,000
Security deposits and other receivables		11,608	4,098
Preliminary expenses and floatation costs	7	810	910
Total assets		4,433,057	2,069,378
LIABILITIES			
Payable to NBP Fullerton Asset Management Limited - Management Company	8	12,865	8,028
Payable to the Central Depository Company of Pakistan Limited - Trustee	9	420	222
Payable to the Securities and Exchange Commission of Pakistan	10	1,277	422
Payable against purchase of investments		538,685	424,397
Accrued expenses and other liabilities	11	2,030	785
Total liabilities		555,277	433,854
NET ASSETS		<u>3,877,780</u>	<u>1,635,524</u>
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		<u>3,877,780</u>	<u>1,635,524</u>
CONTINGENCIES AND COMMITMENTS	12	-----Number of units-----	
NUMBER OF UNITS IN ISSUE		<u>265,041,771</u>	<u>140,159,977</u>
NET ASSET VALUE PER UNIT	14	<u>14.6308</u>	<u>11.6690</u>

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

	Note	Half year ended December 31, 2016	Quarter ended December 31, 2016
(Rupees in '000)			
INCOME			
Capital gain on sale of investments -net		28,925	22,722
Dividend Income		72,472	51,530
Profit on bank deposits		9,446	4,718
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	5.2	606,134	424,159
Total income		716,977	503,129
EXPENSES			
Remuneration of NBP Fullerton Asset Management Limited - Management Company	8.1	26,888	15,998
Sindh Sales Tax on remuneration of the Management Company	8.2	3,495	2,079
Accounting and operational charges	8.4	1,344	799
Remuneration of the Central Depository Company of Pakistan Limited - Trustee		1,849	1,053
Sindh Sales Tax on remuneration of the Trustee	9.1	240	136
Annual fee of the Securities and Exchange Commission of Pakistan		1,277	760
Amortisation of preliminary expenses and floatation costs	7	100	50
Auditors' remuneration		246	208
Settlement and bank charges		199	89
Legal and professional charges		43	21
Securities transaction cost		1,834	1,006
Shariah advisor fee		147	55
Total operating expenses		37,662	22,254
Net income from operating activities		679,315	480,875
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - net		190,826	153,206
Net income for the period before taxation		870,141	634,081
Taxation	15	-	-
Net income for the period after taxation		870,141	634,081
Earnings per unit	16		

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

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

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

	Half year ended December 31, 2016	Quarter ended December 31, 2016
	(Rupees in '000)	
Undistributed income at the beginning of the period		
Realised gain	132,271	228,002
Unrealised gain	<u>101,654</u>	<u>181,975</u>
	233,925	409,977
Net income for the period after taxation	870,141	634,081
Final distribution made during the period		
Cash dividend for the period ended June 30, 2016 at the rate of Re. 0.3212 per unit declared on September 23, 2016	(60,008)	-
Undistributed income carried forward	<u>1,044,058</u>	<u>1,044,058</u>
Undistributed income at the end of the period comprising of:		
Realised gain	437,924	437,924
Unrealised gain	<u>606,134</u>	<u>606,134</u>
	<u>1,044,058</u>	<u>1,044,058</u>

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

	Note	Half year ended December 31, 2016	Quarter ended December 31, 2016
(Rupees in '000)			
Net assets at the beginning of the period		1,635,524	2,411,364
Issue of 140,048,973 units		1,825,403	1,187,995
Redemption of 15,167,179 units		(202,454)	(202,454)
		1,622,949	985,541
Element of (income) / loss and capital (gains) / losses included in the prices of units issued less those in units redeemed - net		(190,826)	(153,206)
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		606,134	424,159
Capital gain on sale of investments - net		28,925	22,722
Other net income for the period		235,082	187,200
Net income for the period		870,141	634,081
Final distribution made during the period			
Cash dividend for the period ended June 30, 2016 at the rate of Re. 0.3212 per unit declared on September 23, 2016		(60,008)	-
Net assets at the end of the period		3,877,780	3,877,780

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

	Half year ended December 31, 2016	Quarter ended December 31, 2016
(Rupees in '000)		
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	870,141	634,081
Adjustments for:		
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(606,134)	(424,159)
Profit on bank deposits	(9,446)	(4,718)
Dividend Income	(72,472)	(51,530)
Amortisation of preliminary expenses and floatation costs	100	50
Element of (income) / loss and capital (gains) / losses included in the prices of units issued less those in units redeemed - net	<u>(190,826)</u>	<u>(153,206)</u>
	(8,637)	518
Decrease / (Increase) in assets		
Investments	<u>(1,645,677)</u>	<u>(1,025,184)</u>
Advances, deposit, prepayments and other receivables	<u>(7,510)</u>	<u>(7,108)</u>
	(1,653,187)	(1,032,292)
(Decrease) / Increase in liabilities		
Payable to NBP Fullerton Asset Management Limited - Management company	<u>4,837</u>	<u>2,461</u>
Payable to the Central Depository Company of Pakistan Limited - Trustee	<u>197</u>	<u>107</u>
Payable against purchase of investments	<u>114,288</u>	<u>430,698</u>
Payable to the Securities and Exchange Commission of Pakistan	<u>855</u>	<u>760</u>
Accrued expenses and other liabilities	<u>1,245</u>	<u>764</u>
	121,422	434,790
Profit received	8,470	4,912
Dividend received	<u>62,087</u>	<u>59,915</u>
Net cash used in operating activities	<u>(1,469,845)</u>	<u>(532,157)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts from issuance of units	2,235,403	1,187,995
Payments on redemption of units	(202,454)	(202,454)
Distributions paid	<u>(60,008)</u>	<u>-</u>
Net cash generated from financing activities	<u>1,972,941</u>	<u>985,541</u>
Net increase in cash and cash equivalents during the period	503,096	453,384
Cash and cash equivalents at the beginning of the period	206,160	255,872
Cash and cash equivalents at the end of the period	<u><u>709,256</u></u>	<u><u>709,256</u></u>

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

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, 2016

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) 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. Due to a fire incident in the month of June 2016 at the registered office of the Management Company, its office was temporarily shifted to 2nd floor, Ex - NDFC Building, Tariq Road, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).

The Fund's pre-IPO investment was received on January 18, 2016. The Fund has been categorised as an open-end 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 AM2++ to the Management Company. The Fund has not yet been rated.

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

Comparative information is not available as the Fund was launched in January 2016.

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 for interim financial reporting. 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 Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the Securities and Exchange Commission of Pakistan (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 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 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 published annual audited financial statements of the Fund for the period ended June 30, 2016.

In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2016.

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

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

3.1 The accounting policies applied in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual published financial statements of the Fund for the period ended June 30, 2016.

3.2 The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in application of its accounting policies. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The significant judgments made by management in applying the accounting policies and the key sources of estimation of uncertainty were the same as those that applied to the financial statements as at and for the period ended June 30, 2016. The developments regarding provision against Sindh Workers Welfare Fund have been explained in note 13 of this condensed interim financial information.

3.3 The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the period ended June 30, 2016.

3.4 Standards, interpretations and amendments to published approved accounting standards that are effective in the current period

There are certain amended standards and interpretations that are mandatory for accounting periods beginning on or after July 01, 2016 but are considered not to be relevant or do not have any significant effect on the Fund's financial statements and are, therefore, not disclosed in this condensed interim financial information.

	Note	(Un-Audited) December 31, 2016	(Audited) June 30, 2016
(Rupees in '000)			
4 BALANCES WITH BANKS			
Profit and loss savings accounts	4.1	<u>709,256</u>	<u>206,160</u>
4.1 These carry profits at rates ranging from 4.54% to 6.10% per annum.			
5 INVESTMENTS			
Investments at fair value through profit or loss - net			
- Listed equity securities	5.1	<u>3,697,629</u>	<u>1,445,817</u>

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

5.1 Investments in listed equity securities

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

Name of the investee company	Number of shares					Market value as at December 31, 2016	Market value as a percentage of		Holding as a percentage of Paid up capital of the investee company
	As at July 1, 2016	Purchased during the period	Bonus / right shares received during the period	Sold during the period	As at December 31, 2016		Net assets of the fund	Total market value of investments	
						Rupees in '000'	-----%-----		
REFINERY									
Attock Refinery Limited	74,000	38,200	-	23,200	89,000	37,852	0.98	1.02	0.10
National Refinery Limited	25,200	-	-	9,700	15,500	8,852	0.23	0.24	0.02
						46,704	1.21	1.26	
OIL AND GAS EXPLORATION COMPANIES									
Mari Petroleum Limited	67,800	89,950	-	-	157,750	216,892	5.59	5.87	0.14
Oil and Gas Development Company Limited	296,700	449,300	-	112,000	634,000	104,832	2.70	2.84	0.01
Pakistan Oilfields Limited	185,500	117,600	-	8,000	295,100	157,766	4.07	4.27	0.12
Pakistan Petroleum Limited	300,900	318,200	-	15,000	604,100	113,680	2.93	3.07	0.03
						593,170	15.29	16.05	
OIL AND GAS MARKETING COMPANIES									
Attock Petroleum Limited	35,100	37,100	-	-	72,200	49,430	1.27	1.34	0.09
Pakistan State Oil Company Limited	261,200	297,400	-	43,100	515,500	223,835	5.77	6.05	0.19
Shell Pakistan Limited	134,100	143,400	-	-	277,500	143,550	3.70	3.88	0.26
						416,815	10.74	11.27	
FERTILIZER									
Dawood Hercules Corporation Limited	284,900	57,000	-	-	341,900	49,346	1.27	1.33	0.07
Engro Fertilizers Limited	672,500	1,769,500	-	-	2,442,000	166,007	4.28	4.49	0.18
Engro Corporation Limited	360,600	439,800	-	25,600	774,800	244,907	6.32	6.62	0.15
Fatima Fertilizer Company Limited	-	1,518,000	-	-	1,518,000	55,999	1.44	1.51	0.07
Fauji Fertilizer Bin Qasim Limited	160,000	697,000	-	857,000	-	-	-	-	-
						516,259	13.31	13.95	
AUTOMOBILE ASSEMBLER									
Honda Atlas Cars (Pakistan) Limited	77,600	68,200	-	20,000	125,800	84,115	2.17	2.27	0.09
Indus Motor Company Limited	39,750	42,980	-	6,100	76,630	123,721	3.19	3.35	0.10
Pak Suzuki Motor Company Limited	-	42,500	-	42,500	-	-	-	-	-
Sazgar Engineering Works Limited	176,500	52,500	-	103,000	126,000	11,966	0.31	0.32	0.70
Millat Tractors Limited	-	94,400	-	-	94,400	85,400	2.20	2.31	0.21
						305,202	7.87	8.25	
ENGINEERING									
Amreli Steels Limited	143,500	350,000	-	92,000	401,500	26,736	0.69	0.72	0.14
Crescent Steel and Allied Products Limited	138,500	34,000	-	-	172,500	26,596	0.69	0.72	0.22
Mughal Iron and Steel Industries Limited	220,500	296,700	-	41,500	475,700	41,938	1.08	1.13	0.38
International Industries Limited	-	151,000	-	44,000	107,000	21,799	0.56	0.59	0.09
International Steels Limited	-	276,500	-	-	276,500	27,022	0.70	0.73	0.06
						144,091	3.72	3.89	

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

Name of the investee company	Number of shares					Market value as at December 31, 2016	Market value as a percentage of		Holding as a percentage of Paid up capital of the investee company
	As at July 1, 2016	Purchased during the period		Sold during the period	As at December 31, 2016		Net assets of the fund	Total market value of investments	
						Rupees in '000'	----- % -----		
CEMENT									
Attock Cement Pakistan Limited	265,400	286,700	-	69,000	483,100	162,447	4.19	4.39	0.42
D.G. Khan Cement Company Limited	342,100	257,800	-	51,000	548,900	121,708	3.14	3.29	0.13
Fauji Cement Company Limited	1,530,500	289,400	-	113,000	1,706,900	76,947	1.98	2.08	0.12
Lucky Cement Limited	110,500	71,050	-	16,900	164,650	142,630	3.68	3.86	0.05
Maple Leaf Cement Limited	265,000	148,000	-	38,000	375,000	47,843	1.23	1.29	0.07
Pioneer Cement Limited	184,000	615,800	-	36,500	763,300	108,457	2.80	2.93	0.34
Kohat Cement Company Limited	-	122,100	-	-	122,100	35,609	0.92	0.96	0.08
Cherat Cement Company Limited	-	24,000	-	-	24,000	4,177	0.11	0.11	0.01
						699,818	18.05	18.91	
AUTOMOBILE PARTS AND ACCESSORIES									
Thal Limited	43,600	-	-	-	43,600	22,172	0.57	0.60	
Atlas Battery Limited	-	5,300	-	-	5,300	4,425	0.11	0.12	
Agriaautos Industries Limited	-	3,600	-	-	3,600	1,289	0.03	0.03	0.03
						27,886	0.71	0.75	
CHEMICAL									
Akzo Nobel Pakistan Limited	-	28,100	-	-	28,100	6,576	0.17	0.18	
TEXTILE COMPOSITE									
Kohinoor Textile Mills Limited	549,925	1,046,938	-	-	1,596,863	185,556	4.79	5.02	
Nishat Mills Limited	644,500	406,000	-	-	1,050,500	159,960	4.13	4.33	
						345,516	8.92	9.35	
POWER GENERATION & DISTRIBUTION									
Kot Addu Power Company Limited	503,000	486,600	-	-	989,600	77,981	2.01	2.11	0.11
K-Electric Limited	4,592,500	1,037,000	-	991,000	4,638,500	43,463	1.12	1.18	0.20
The Hub Power Company Limited	484,000	194,000	-	68,500	609,500	75,260	1.94	2.04	0.05
						196,704	5.07	5.33	
COMMERCIAL BANKS									
Meezan Bank Limited	180,000	47,400	-	-	227,400	15,488	0.40	0.42	0.02
PHARMACEUTICALS									
Abbot Laboratories (Pakistan) Limited	13,600	-	-	-	13,600	13,016	0.34	0.35	0.01
GlaxoSmithKline (Pakistan) Limited	72,400	100,400	-	-	172,800	40,314	1.04	1.09	0.05
GlaxoSmithKline Health care	16,500	-	-	-	16,500	1,023	0.03	0.03	0.01
The Searle Company Limited	29,310	37,432	4,103	-	70,845	46,318	1.19	1.25	0.06
						100,671	2.60	2.72	
TECHNOLOGY & COMMUNICATION									
Avanceon Limited	135,500	-	-	-	135,500	4,722	0.12	0.13	0.13
NetSol Technologies Limited	262,500	-	-	-	262,500	14,249	0.37	0.39	0.29
						18,971	0.49	0.52	
CABLE AND ELECTRICAL GOODS									
Pak Elektron Limited	281,750	1,037,500	-	56,000	1,263,250	90,045	2.32	2.44	0.25

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

Name of the investee company	Number of shares					Market value as at December 31, 2016	Market value as a percentage of		Holding as a percentage of Paid up capital of the investee compan	
	As at July 1, 2016	Purchased during the period		Sold during the period	As at December 31, 2016		Net assets of the fund	Total market value of investments		
						Rupees in '000'	-----%-----			
FOOD & PERSONAL CARE PRODUCTS										
Al-Shaheer Corporation Limited	390,000	915,530	185,775	230,000	1,261,305	72,399	1.87	1.96	1.02	
GLASS & CERAMICS										
Tariq Glass Industries Limited	410,000	154,500	-	-	564,500	56,704	1.46	1.53	0.77	
PAPER & BOARD										
Packages Limited	6,200	-	-	6,200	-	-	-	-	-	
TRANSPORT										
Pakistan National Shipping Corporation Limited	-	38,000	-	12,500	25,500	4,115	0.11	0.11	0.02	
MISCELLANEOUS										
Synthetic Products Enterprises Limited	351,500	287,500	-	10,000	629,000	40,495	1.04	1.10	0.81	
Total as at December 31, 2016						<u>27,389,593</u>	<u>3,697,629</u>	<u>95.35</u>	<u>100.00</u>	
Carrying value as at December 31, 2016						<u>3,091,495</u>				

5.1.1 Investments include shares with market value of Rs 138.705 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.

Name of the Company	(Un-Audited) December 31, 2016	
	Number of shares pledged	Market value of pledged shares (Rupees in '000)
D.G. Khan Cement Company Limited	100,000	22,173
Engro Fertilizers Limited	100,000	6,798
Engro Corporation Limited	100,000	31,609
The Hub Power Company Limited	200,000	24,696
Kot Addu Power Company Limited	100,000	7,880
Pakistan Oilfields Limited	50,000	26,731
Pakistan Petroleum Limited	100,000	18,818
Pakistan State Oil Company Limited	50,000	21,710
	<u>800,000</u>	<u>138,705</u>

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

	(Un-Audited) December 31, 2016	(Audited) June 30, 2016
	(Rupees in '000)	
5.2 Unrealised appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss'		
Market value of investments	3,697,629	1,445,817
Carrying value of investments	<u>(3,091,495)</u>	<u>(1,344,163)</u>
	<u>606,134</u>	<u>101,654</u>

5.3 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, 2016, 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.

Name Of Company	(Un-Audited)		(Audited)	
	December 31, 2016		June 30, 2016	
	Bonus shares		Bonus shares	
	Number of shares	Market value Rs in '000	Number of shares	Market value Rs in '000
The Searle Company Limited	1,205	788	1,000	52
Al-Shaheer Corporation Limited	9,811	563	522	42
Kohinoor Textile Mills Limited	166	19	166	89
		<u>1,370</u>		<u>183</u>

	(Un-Audited) December 31, 2016	(Audited) June 30, 2016
	(Rupees in '000)	
6 DIVIDEND AND PROFIT RECEIVABLE		
Dividend receivable	12,121	1,736
Profit receivable on balances with banks	<u>1,633</u>	<u>657</u>
	<u>13,754</u>	<u>2,393</u>
7 PRELIMINARY EXPENSES AND FLOATATION COSTS		
At the beginning of the period	910	-
Incurred during the period	-	1,000
Less: amortisation during the period	<u>(100)</u>	<u>(90)</u>
Closing balance	<u>810</u>	<u>910</u>

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

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.

	Note	(Un-Audited) December 31, 2016	(Audited) June 30, 2016
8 PAYABLE TO NBP FULLERTON ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY			
		(Rupees in '000)	
Remuneration of the Management Company	8.1	5,732	2,270
Sindh sales tax on remuneration of the Management Company	8.2	745	369
Federal excise duty on remuneration of the Management Company	8.3	1,420	1,420
Preliminary expenses and floatation costs		1,000	1,000
Accounting and operational charges	8.4	1,344	444
Other payable		2,624	2,525
		12,865	8,028

8.1 The Management company has charged remuneration at the rate of 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% on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.

8.3 As per the requirements of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax as explained in note 8.2, further levy of FED may result in double taxation, which does not appear to be the spirit of the law.

On September 4, 2013, a Constitutional Petition was filed in the Honorable Sindh High Court (SHC) jointly by various asset management Companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.

During the period the SHC has passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) have been set aside. The Deputy Commissioner Inland Revenue, Zone II has filed a petition for leave to appeal against the SHC order with the Supreme Court of Pakistan.

Further with effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016. In view of the above, the Fund has discontinued making further provision in respect of FED on management fee from July 01, 2016. However, the provision made till June 30, 2016, aggregating to Rs. 0.612 million has not been reversed as the management believes that the Federal Government retains the right to appeal against the said order in the Supreme Court. Had the said provision for FED not been recorded in the condensed interim financial information of the Fund, the net asset value of the Fund as at December 31, 2016 would have been higher by Re 0.0054 (June 30, 2016: Re 0.01) per unit.

8.4 Last year, the SECP vide S.R.O No 1160(I) / 2015 dated November 25, 2015 introduced amendments in the NBFC regulations. As a result of these amendments, the Management Company of the Fund is entitled to reimbursement of fees and expenses incurred by the Management Company in relation to registrar services, accounting, operation and valuation services related to Collective Investment Scheme upto a maximum of 0.1% of the average annual net assets of the Scheme or actual whichever is less. The Management Company has charged operating expenses to the Fund at the rate of 0.1% per annum of the average annual net assets of the Fund amounting to Rs. 1.344 million (June 30, 2016: Rs. 0.444 million) for the period from July 1, 2016 to December 31, 2016.

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

	Note	(Un-Audited) December 31, 2016	(Audited) June 30, 2016
9 PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN - TRUSTEE		(Rupees in '000)	
Remuneration payable to the Trustee		372	195
Sindh Sales Tax on Trustee remuneration	9.1	<u>48</u>	<u>27</u>
		<u>420</u>	<u>222</u>

9.1 The Sindh Revenue Board through Circular No. SRB 3-4/TP/01/2015/86554 dated June 13, 2015 has amended the definition of services and has levied Sindh Sales Tax on custodianship services. Accordingly, Sindh Sales Tax of 13% has been charged on Trustee fee under section 2(79A) of the Sindh Finance Bill, 2010 during the period.

	Note	(Un-Audited) December 31, 2016	(Audited) June 30, 2016
10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN		(Rupees in '000)	
Annual fee	10.1	<u>1,277</u>	<u>422</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.

	Note	(Un-Audited) December 31, 2016	(Audited) June 30, 2016
11 ACCRUED EXPENSES AND OTHER LIABILITIES		(Rupees in '000)	
Auditors' remuneration		142	150
Settlement charges		40	69
Shariah advisory fee		342	195
Haram portion of dividend	11.1	1,450	262
Others		<u>56</u>	<u>109</u>
		<u>2,030</u>	<u>785</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 1.289 million (June 30, 2016: Rs. 0.262 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 haram portion.

12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2016 and June 30, 2016.

13 PROVISION FOR WORKER'S 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. If this adjustment had been made on December 31, 2016 would have resulted in decrease in the net asset value per unit of the Fund by Re. 0.0849 per unit.

14 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.

15 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 as cash dividend. The management intends to distribute atleast 90% of the Fund's net accounting income earned by the period end to the unit holders as cash dividend. Accordingly, no provision for taxation has been made in this condensed interim financial information.

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.

16 EARNINGS PER UNIT

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

17 TOTAL EXPENSE RATIO

Total Expense Ratio (all the expenses incurred during the period divided by Average net assets value for the period) is 2.82 % 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.

18 TRANSACTIONS WITH CONNECTED PERSONS

- 18.1 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, 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.
- 18.2 The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 18.3 Remuneration payable to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.
- 18.4 Remuneration payable to the Trustee is determined in accordance with the provisions of the NBFC regulations and the Trust Deed.

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

	(Un-Audited).....	
		Half year ended December 31, 2016	Quarter ended December 31, 2016
		----- Rupees in '000 -----	
18.5	Details of transactions with connected persons are as follows:		
	NBP Fullerton Asset Management Limited - Management Company		
	Remuneration of the Management Company	26,888	15,998
	Sindh sales tax on remuneration of the Management Company	3,495	2,079
	Accounting and operational charges	1,344	799
	NAFA ISLAMIC ACTIVE ALLOCATION FUND (PLAN I)		
	Units issued during the period: 7,898,828 units	111,894	92,941
	Units redeemed during the period: 5,011,034 units	63,807	63,807
	Cash distribution	18,953	-
	NAFA ISLAMIC ACTIVE ALLOCATION FUND (PLAN II)		
	Units issued during the period: 7,563,079 units	107,768	93,001
	Units redeemed during the period: 2,249,928 units	28,649	28,649
	Cash distribution	14,767	-
	NAFA ISLAMIC ACTIVE ALLOCATION FUND (PLAN III)		
	Units issued during the period: 60,115,472 units	769,082	165,394
	Cash distribution	26,288	-
	NAFA ISLAMIC ACTIVE ALLOCATION FUND (PLAN IV)		
	Units issued during the period: 64,471,595 units	836,660	836,660
	Units redeemed during the period: 7,906,218 units	110,000	110,000
	Central Depository Company of Pakistan Limited - Trustee		
	Remuneration of Trustee	1,849	1,053
	Sindh sales tax on remuneration of Trustee	240	136
		(Un-Audited)	(Audited)
		December 31, 2016	June 30, 2016
		----- Rupees in '000 -----	
18.6	Amounts / balances outstanding as at period end:		
	NBP Fullerton Asset Management Limited - Management Company		
	Remuneration of the Management Company	5,732	2,270
	Sindh sales tax on remuneration of the Management Company	745	369
	Federal excise duty on remuneration of the Management Company	1,420	1,420
	Preliminary expenses and floatation costs	1,000	1,000
	Accounting and operational charges	1,344	444
	Other payable	2,624	2,525
	NAFA ISLAMIC ACTIVE ALLOCATION FUND (PLAN I)		
	Units Held: 61,895,438 (June 2016: 59,007,644) units	905,580	688,559
	NAFA ISLAMIC ACTIVE ALLOCATION FUND (PLAN II)		
	Units Held: 51,286,327 (June 2016: 45,973,176) units	750,360	536,460
	NAFA ISLAMIC ACTIVE ALLOCATION FUND (PLAN III)		
	Units Held: 95,294,628 (June 2016: 35,179,156) units	1,394,237	410,505
	Receivable against sale of units	-	410,000
	NAFA ISLAMIC ACTIVE ALLOCATION FUND (PLAN IV)		
	Units Held: 56,565,377 units	827,597	-
	Central Depository Company of Pakistan Limited - Trustee		
	Remuneration payable	372	195
	Sindh sales tax on remuneration of Trustee	48	27

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

19 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.

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:

	----- Unaudited -----			
	----- As at December 31, 2016 -----			
	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	3,697,629	-	-	3,697,629
	----- Audited -----			
	----- As at June 30, 2016 -----			
	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	1,445,817	-	-	1,445,817

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

20 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 28, 2017.

21 GENERAL

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

21.2 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 Executive

Director



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Asset Management Ltd.
A Subsidiary of
National Bank of Pakistan

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