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

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

ANNUAL REPORT 2017



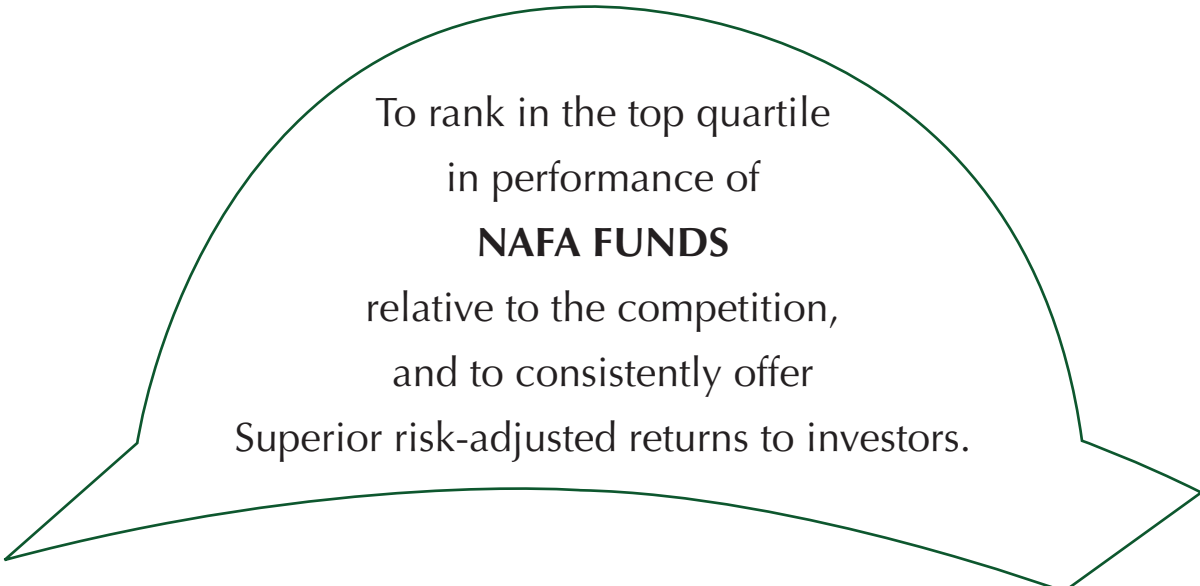
Your investments & "NAFA" grow together



**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.

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

FUND'S INFORMATION

Management Company

NBP Fullerton Asset Management Limited – Management Company

Board of Directors of the Management Company

Mr. Mudassir Husain Khan	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Dr. Foo Chiah Shiung (Kelvin Foo)	Director
Mr. Lui Mang Yin (Martin Lui)	Director
Mr. Kamal Amir Chinoy	Director
Mr. Shehryar Faruque	Director
Mr. Tariq Jamali	Director
Mr. Abdul Hadi Palekar	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
Dr. Foo Chiah Shiung (Kelvin Foo)	Member
Mr. Tariq Jamali	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
Habib Bank Limited
United Bank Limited
Dubai Islamic Bank Limited
Silk Bank Limited
Habib Metropolitan Bank Limited
Al Baraka Bank Limited
Allied Bank Limited
JS Bank Limited

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

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 FUND-I

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Board of Directors



Dr. Amjad Waheed, CFA
Chief Executive Officer



Mr. Mudassir Husain Khan
Chairman



Mr. Kamal Amir Chinoy
Director



Mr. Lui Mang Yin (Martin Lui)
Director



Mr. Tariq Jamali
Director



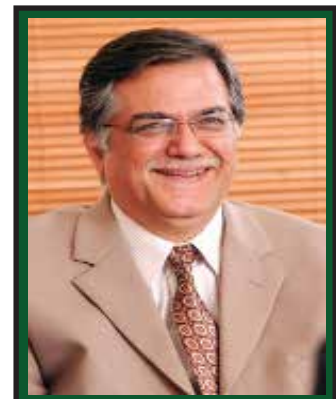
Mr. Shehryar Faruque
Director



Dr. Foo Chiah Shiung (Kelvin Foo)
Director



Mr. Abdul Hadi Palekar
Director



Mr. Humayun Bashir
Director

Senior Management



Dr. Amjad Waheed, CFA
Chief Executive Officer



Mr. Sajjad Anwar, CFA
Chief Investment Officer



Mr. M. Murtaza Ali
Chief Operating Officer
& Company Secretary



Mr. Khalid Mehmood
Chief Financial Officer



Mr. Samiuddin Ahmed
Country Head Corporate
Marketing



Mr. Ozair Khan
Chief Technology Officer



Mr. Hassan Raza, CFA
Head of Research



Mr. Muhammad Ali, CFA, FRM
Head of Fixed Income



Mr. Taha Khan Javed, CFA
Head of Equity



Syed Ali Azhar Hasani
Head of Internal Audit



Mr. Salman Ahmed
Head of Risk Management



Mr. Raheel Rehman, ACA
Senior Manager Compliance



Mr. Shahbaz Umer
Head of Human Resource &
Administration

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

DIRECTORS' REPORT

The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the Second Annual Report of **NAFA Islamic Active Allocation Fund - I** for the year ended June 30, 2017.

The objective of the Fund is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Income/Money Market Funds.

NAFA Islamic Active Allocation Fund-I has been constituted in the form of a Trust Scheme that shall invest in following Collective Investment Schemes through five (5) Allocation Plans including NAFA Islamic Active Allocation Plan-I (NIAAP-I), NAFA Islamic Active Allocation Plan-II (NIAAP-II) & NAFA Islamic Active Allocation Plan-III (NIAAP-III), NAFA Islamic Active Allocation Plan-IV (NIAAP-IV), NAFA Islamic Active Allocation Plan-V (NIAAP-V).

Islamic Income Fund: NAFA Active Allocation Riba Free Savings Fund
Islamic Equity Fund: NAFA Islamic Active Allocation Equity Fund

Fiscal Year 2016-17 can be characterized as a tale of two halves where the market surged by a hefty 26.5% during 1HFY17 while in the later half the market declined by 2.6% amid lot of volatility. FY17 started on a positive note as investors remained upbeat on various positive developments: (i) supportive investment backdrop with rising economic growth, controlled inflation & interest rates, healthy corporate earnings growth and attractive stock market valuations; (ii) Pakistan's re-classification to MSCI Emerging Market Index effective June 2017; (iii) CPEC related investment activity gaining traction; and (iv) equity related mutual funds attracting hefty inflows on account of paltry yields on fixed income avenues. The optimism of the first half of the fiscal year began to fade on the back of many negatives : (i) rising domestic political uncertainty with the start of court proceeding against the Prime Minister in the Panama Leaks Case; (ii) renewed decline in the global oil prices that weighed in on the index heavy Oil & Gas and Banking sectors; (iii) SECP's drive to curb in-house badla financing sparking concern in the market; and (iv) rising risks to the Balance of Payment (BoP) position from widening trade and current account deficits. A big disappointment for investors was absence of meaningful net foreign portfolio inflows during PSX reclassification into MSCI Emerging Market Index. Foreign investors remained net sellers throughout the year, offloading equity stakes worth USD652mn in FY17 that was mainly absorbed by Mutual Funds and Insurance Companies.

Helped by the lower food prices, inflation as measured by the CPI averaged 4.2% for FY17. During the year, State Bank of Pakistan (SBP) maintained the policy rate at 5.75%. SBP cited improving economic prospects amid investment activity in the context of CPEC gathering pace; but also highlighted its concerns on surge in imports, which along with a marginal decline in exports and workers' remittances widened the current account deficit. SBP's prudent monetary policy stance translated into low and stable market interest rates; encouraging the private sector to undertake capacity expansions. Sovereign yield curve slightly steepened as the short end of the curve inched up by 5-10 basis points whereas long-term yields increased by 40-60 basis points.

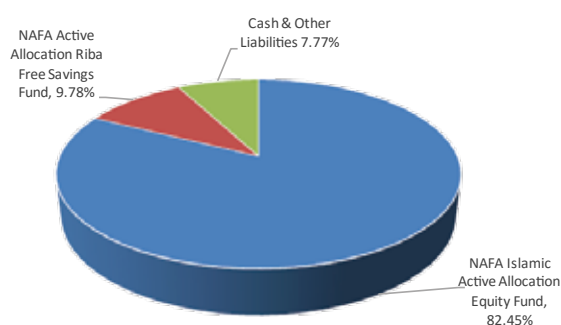
NAFA Islamic Active Allocation Plan-I (NIAAP-I)

This is the second annual report for the period ended June 30, 2017, since launch of NAFA Islamic Active Allocation Plan-I (NIAAP-I) on January 15, 2016. The objective of the Fund is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Income Fund.

Fund's Performance

During the fiscal year, NAFA Islamic Active Allocation Plan-I (NIAAP-I) delivered 24.26% return as against benchmark return of 16.32%, outperforming the benchmark by 7.94% during the year. Since launch of the plan, the unit price of NAFA Islamic Active Allocation Plan-I (NIAAP-I) has increased from Rs.96.6853 (Ex-Div) on January 15, 2016 to Rs.133.0408 on June 30, 2017, thus showing an increase of 37.60%. The Benchmark return during the same period was 34.87%. Thus, the Fund has underperformed its Benchmark by 2.73% since its inception on January 15, 2016. This performance is net of management fee and all other expenses. The size of the Fund is Rs.781 million.

The asset allocation of NIAAP-I as on June 30, 2017 is as follows:



NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

Income Distribution

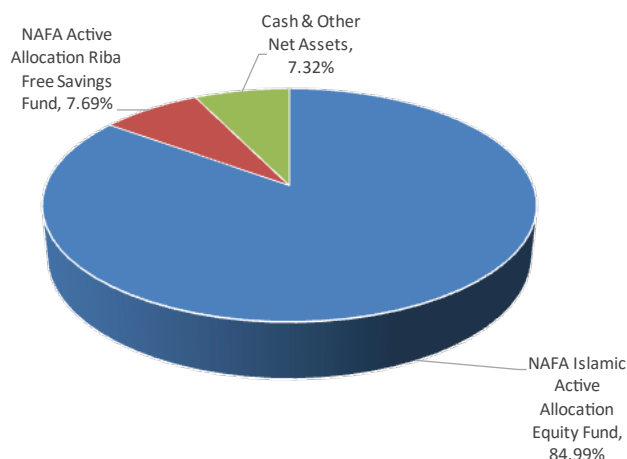
The Board of Directors of the Management Company has approved cash dividend of 4.02% of opening ex-NAV (4.45% of the par value) during the year. Further, The Board has also approved final cash dividend of 0.43% of the opening ex-NAV (0.47% of the Par value), subsequent to year end.

NAFA Islamic Active Allocation Plan-II (NIAAP-II)

This is the second annual report for the period ended June 30, 2017, since launch of NAFA Islamic Active Allocation Plan-II (NIAAP-II) on March 04, 2016. The objective of the Fund is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Income Fund.

Fund's Performance

During the fiscal year, NAFA Islamic Active Allocation Plan-II (NIAAP-II) delivered 23.65% return as against benchmark return of 15.86%, outperforming the benchmark by 7.79% during the year. Since launch of the plan, the unit price of NAFA Islamic Active Allocation Plan-II (NIAAP-II) has increased from Rs.92.9509 (Ex-Div) on March 04, 2016 to Rs.123.4823 on June 30, 2017, thus showing an increase of 32.85%. The Benchmark return during the same period was 27.88%. Thus, the Fund has outperformed its Benchmark by 4.97% since its inception on March 04, 2016. This performance is net of management fee and all other expenses. The size of the Fund is Rs.732million. The asset allocation of NIAAP-II as on June 30, 2017 is as follows:



Income Distribution

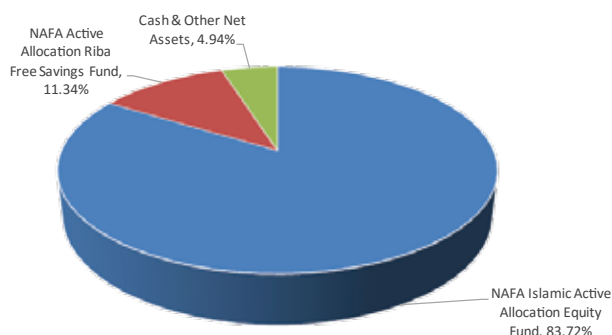
The Board of Directors of the Management Company has approved cash dividend of 8.27% of opening ex-NAV (8.87% of the par value) during the year. Further, The Board has also approved final cash dividend of 0.45% of the opening ex-NAV (0.48% of the Par value), subsequent to year end.

NAFA Islamic Active Allocation Plan-III (NIAAP-III)

This is the second annual report for the period ended June 30, 2017, since launch of NAFA Islamic Active Allocation Plan-III (NIAAP-III) on June 28, 2016. The objective of the Fund is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Income Fund.

Fund's Performance

During the fiscal year, NAFA Islamic Active Allocation Plan-III (NIAAP-III) delivered 20.0% return as against benchmark return of 13.39%, outperforming the benchmark by 6.61% during the year. Since launch of the plan, the unit price of NAFA Islamic Active Allocation Plan-III (NIAAP-III) has increased from Rs.97.5749 (Ex-Div) on June 28, 2016 to Rs.117.1869 on June 30, 2017, thus showing an increase of 20.10%. The Benchmark return during the same period was 14.18%. Thus, the Fund has outperformed its Benchmark by 5.92% since its inception on June 28, 2016. This performance is net of management fee and all other expenses. The size of the Fund is Rs.1,095 million. The asset allocation of NIAAP-III as on June 30, 2017 is as follows:



NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

Income Distribution

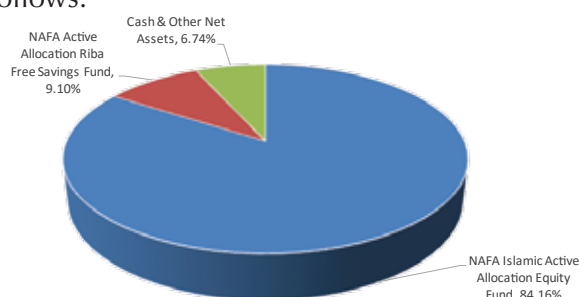
The Board of Directors of the Management Company has approved cash dividend of 2.75% of opening ex-NAV and of the par value during the year. Further, The Board has also approved final cash dividend of 0.19% of the opening ex-NAV/ Par value, subsequent to year end.

NAFA Islamic Active Allocation Plan-IV (NIAAP-IV)

This is the first annual report for the period ended June 30, 2017, since launch of NAFA Islamic Active Allocation Plan-IV (NIAAP-IV) on September 30, 2016. The objective of the Fund is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Income Fund.

Fund's Performance

Since launch of the plan, the unit price of NAFA Islamic Active Allocation Plan-IV (NIAAP-IV) has increased from Rs.96.7033 (Ex-Div) on September 30, 2016 to Rs.108.4838 on June 30, 2017, thus showing an increase of 12.18%. The Benchmark return during the same period was 10.70%. Thus, the Fund has outperformed its Benchmark by 1.48% since its inception on September 30, 2016. This performance is net of management fee and all other expenses. The size of the Fund is Rs.771 million. The asset allocation of the Fund as on June 30, 2017 is as follows:



Income Distribution

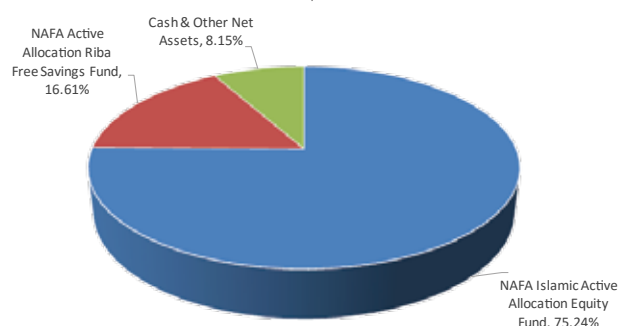
The Board of Directors of the Management Company has approved cash dividend of 3.61% of opening ex-NAV and of the par value during the year. Further, The Board has also approved final cash dividend of 0.57% of the opening ex-NAV/ Par value, subsequent to year end.

NAFA Islamic Active Allocation Plan-V (NIAAP-V)

This is the first annual report for the period ended June 30, 2017, since launch of NAFA Islamic Active Allocation Plan-V (NIAAP-V) on January 12, 2017. The objective of the Fund is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Income Fund.

Fund's Performance

Since launch of the plan, the unit price of NAFA Islamic Active Allocation Plan-V (NIAAP-V) has decreased from Rs.100.0000 January 12, 2017 to Rs.98.6782 on June 30, 2017, thus showing a decrease of 1.32%. The Benchmark return during the same period decreased by 4.95%. Thus, the Fund has outperformed its Benchmark by 3.63% since its inception on January 12, 2017. This performance is net of management fee and all other expenses. The size of the Fund is Rs.1,777 million. The asset allocation of the Fund as on June 30, 2017 is as follows:



Taxation

As the above cash dividend is more than 90% of the income earned during the period, excluding realized and unrealized capital gains on investments, the Fund is not subject to tax under Clause 99 of the Part I of the Second Schedule of the Income Tax Ordinance, 2001.

Auditors

The present auditors, Messrs A.F.Ferguson & Co., Chartered Accountants, retire and, being eligible, offer themselves for re-appointment for the year ending June 30, 2018.

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

Directors' Statement in Compliance with Code of Corporate Governance

1. The financial statements, prepared by the management company, present fairly the state of affairs of the Fund, the result of its operations, cash flows and statement of movement in unit holders' funds.
2. Proper books of account of the Fund have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Fund's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
8. A performance table/ key financial data is given in this annual report.
9. Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements.
10. The Board of Directors of the Management Company held four meetings during the year. The attendance of all directors is disclosed in the note 19 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 18 to these financial statements.
12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 16 to these financial statements.

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: September 15, 2017

Place: Karachi.

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

ڈائریکٹرز رپورٹ

این بی پی فلٹرن ایسیٹ منجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NAFA اسلامک ایکٹیو ایلوکیشن فنڈ-I کی دوسری سالانہ رپورٹ برائے سال مختتمہ 30 جون 2017ء پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔
فنڈ کی کارکردگی

اس فنڈ کا مقصد سرمایہ کاروں کو عمدہ نظم و نسق والے شریعہ کمپلائنسٹ ایکٹیو فنڈ اور انکم امنی مارکیٹ فنڈز سے پرکشش منافع کمانے کا موقع فراہم کرنا ہے۔

NAFA اسلامک ایکٹیو ایلوکیشن فنڈ-I پانچ (5) ایلوکیشنز پلانز کے ذریعے ایک ٹرسٹ اسکیم کی شکل میں تیار کیا گیا ہے۔ جس میں NAFA اسلامک ایکٹیو ایلوکیشن پلان-I (NIAAP-I)، NAFA اسلامک ایکٹیو ایلوکیشن پلان-II (NIAAP-II)، NAFA اسلامک ایکٹیو ایلوکیشن پلان-III (NIAAP-III) اور NAFA اسلامک ایکٹیو ایلوکیشن پلان-IV (NIAAP-IV) اور NAFA اسلامک ایکٹیو ایلوکیشن پلان-V (NIAAP-V) شامل ہیں۔

☆ اسلامک انکم فنڈ NAFA ایکٹیو ایلوکیشن ریفری سیونگز فنڈ

☆ اسلامک ایکٹیو فنڈ NAFA اسلامک ایکٹیو ایلوکیشن ایکٹیو فنڈ

مالی سال 2016-17 کو دو ششماہیوں میں منقسم کیا جاسکتا ہے۔ سال 17 کی پہلی ششماہی میں مارکیٹ میں 26.5% کا شاندار اضافہ ہوا جب کہ دوسری ششماہی میں نسبتاً اتار چڑھاؤ کے ساتھ مارکیٹ گر کر 2.6% پر آگئی۔ مالی سال 17 کا آغاز بڑے مثبت انداز میں ہوا جس میں سرمایہ کار سرگرم رہے جس کی وجہ مختلف مثبت پیش رفت تھی جیسے (i) معاشی نمو میں اضافہ کی بدولت سرمایہ کاری کے لئے موافق پس منظر، افراط زر اور سود کی شرح پر کنٹرول، کارپوریٹ کی آمدنی میں بڑا اضافہ اور اسٹاک مارکیٹ کی پرکشش قدر و قیمت (ii) MSCI ایمریکنگ مارکیٹ انڈیکس میں جون 2017ء میں پاکستان کی دوبارہ درجہ بندی (iii) چین پاکستان اقتصادی راہداری (CPEC) سے متعلق سرمایہ کاری کی سرگرمیوں میں تیزی کا رجحان اور (iv) حصص پر مبنی میوچل فنڈز کے پرکشش ہونے کے سبب داخلی بہاؤ میں نمایاں اضافہ جس کی وجہ سے فنڈز کے رالیج میں معمولی آمدنی کا حصول تھا۔ بعد ازاں مالی سال کی پہلی ششماہی کے مثبت رجحانات مختلف منفی وجوہات کی بنا پر معدوم پڑنے لگیں۔ جیسے (i) پانامہ لیکس کیس میں وزیراعظم کے خلاف عدالتی کارروائی کے آغاز سے ملک میں سیاسی غیر یقینی کیفیت (ii) عالمی سطح پر تیل کی قیمتوں میں دوبارہ کمی جس سے آئل اور گیس اور مینٹنگ کے شعبہ جات کے انڈیکس پر دباؤ پڑا (iii) سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی جانب سے ان ہاؤس بدلہ فنانسنگ میں رکاوٹ ڈالنے سے مارکیٹ میں تشویش پائی گئی اور (iv) تجارت اور کرنٹ اکاؤنٹ میں بڑھتے ہوئے خسارے کے سبب توازن ادائیگی (BoP) میں بڑھتے ہوئے خدشات۔ سرمایہ کاروں کو اس وقت بہت مایوسی ہوئی جب MSCI ایمریکنگ مارکیٹ انڈیکس میں پاکستان اسٹاک ایکسچینج (PSX) کی دوبارہ درجہ بندی کے باوجود با مقصد خالص بیرون ملک زرمبادلہ نہ حاصل ہو پایا۔ پورے سال میں بیرونی سرمایہ کار خالص فروخت کنندہ رہے اور مالی سال 17 کے دوران 652 ملین یو ایس ڈالر کی ایکٹیو فروخت ہوئی جو زیادہ تر میوچل فنڈز اور بہم کمپنیوں میں جذب ہو گئی۔

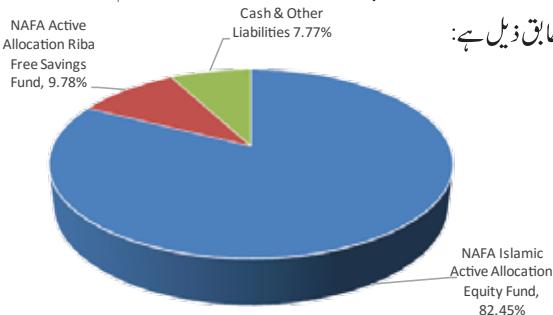
ایشیائے خورد و نوش کی قیمتوں میں کمی کے سبب CPI کے مطابق مالی سال 2017 میں افراط زر اوسطاً 4.2% رہا۔ سال کے دوران اسٹیٹ بینک آف پاکستان (SBP) نے پالیسی کی شرح 5.75% برقرار رکھی۔ SBP نے چین پاکستان اقتصادی راہداری (CPEC) کے تناظر میں منصوبوں کیلئے سرمایہ کاری کی کارروائیوں میں تیزی آنے کو معاشی صورتحال میں بہتری کا سبب قرار دیا؛ تاہم درآمدات میں اضافہ پر اپنے تحفظات کا اظہار کیا، جس کے ساتھ برآمدات میں بیرون ملک سے رقوم کی ترسیل میں کمی سے کرنٹ اکاؤنٹ کا خسارہ بڑھ گیا۔ SBP کی دانشمندانہ مانیٹری پالیسی کے نتیجے میں شرح سود میں استحکام اور کمی دیکھنے میں آئی؛ جس سے نجی شعبہ کو اپنی گنجائش بڑھانے میں حوصلہ افزائی ہوئی۔ قلیل حکومتی منافع میں 10-5 بنیادی پوائنٹس کے ساتھ بہتری آئی۔ جب کہ طویل مدت کے منافع میں 60-40 بنیادی پوائنٹس کا اضافہ ہوا۔

NAFA اسلامک ایکٹیو ایلوکیشن پلان-I (NIAAP-I)

NAFA اسلامک ایکٹیو ایلوکیشن پلان-I کے اجراء 15 جنوری 2016ء سے لیکر 30 جون 2017ء کو اختتام پانے والی مدت کے لیے یہ دوسری سالانہ رپورٹ ہے۔ اس فنڈ کا مقصد سرمایہ کاروں کو عمدہ نظم و نسق والے شریعہ کمپلائنسٹ ایکٹیو فنڈ اور انکم امنی مارکیٹ فنڈز سے پرکشش منافع کمانے کا موقع فراہم کرنا ہے۔

فنڈ کی کارکردگی

اس مالی سال کے دوران NAFA اسلامک ایکٹیو ایلوکیشن پلان-I (NIAAP-I) نے 16.32% نیچ مارک منافع کے مقابلے میں 24.26% کا منافع پہنچایا، لہذا فنڈ نے اس سال اپنے نیچ مارک سے 7.94% بہتر کارکردگی کا مظاہرہ کیا ہے۔ 15 جنوری 2016ء کو اپنے قیام کے وقت NAFA اسلامک ایکٹیو ایلوکیشن پلان-I (NIAAP-I) کے پونٹ کی قیمت 96.6853 روپے (Ex-Div) سے 30 جون 2017ء 133.0408 روپے تک بڑھ چکی ہے، لہذا 37.60% کا اضافہ دکھایا۔ اسی مدت کے دوران نیچ مارک منافع 34.87% تھا۔ لہذا فنڈ نے 15 جنوری 2016ء کو اپنے قیام کے وقت سے لے کر اب تک اپنے نیچ مارک سے 2.73% خراب کارکردگی کا مظاہرہ کیا ہے۔ یہ کارکردگی منجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ فنڈ کا سائز 781 ملین روپے ہے۔



NIFA اسلامک ایکٹیو ایلوکیشن 30 جون 2017ء کو بمطابق ذیل ہے:

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

آمدنی کی تقسیم

منجنت کمپنی کے بورڈ آف ڈائریکٹرز نے اس سال کے دوران میں اوپننگ ex-NAV کے 4.02% (بنیادی قدر کا 4.45%) نقد ڈیویڈنڈ کی منظوری دی ہے۔ مزید برآں سال کے اختتام کے بعد بورڈ آف ڈائریکٹرز نے ex-NAV کی اوپننگ کا 0.43% (مساوی قیمت کا 0.47%) حتمی کیش ڈیویڈنڈ کی منظوری دی ہے۔

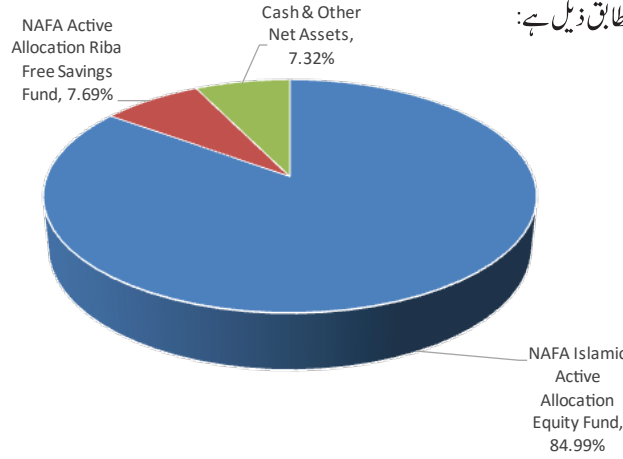
NAFA اسلامک ایکٹیو ایلو کیشن پلان-II (NIAAP-II)

NAFA اسلامک ایکٹیو ایلو کیشن پلان-II کے اجراء 04 مارچ 2016 سے لیکر 30 جون 2017 کو اختتام پانے والی مدت کے لیے یہ دوسری سالانہ رپورٹ ہے۔ اس فنڈ کا مقصد سرمایہ کاروں کو عمدہ نظم و نسق والے شریعہ کمپلائنٹ ایکویٹی فنڈ اور انکم / منی مارکیٹ فنڈز سے پرکشش منافع کمانے کا موقع فراہم کرنا ہے۔

فنڈ کی کارکردگی

مالی سال کے دوران NAFA اسلامک ایکٹیو ایلو کیشن پلان-II (NIAAP-II) نے 15.86% پنچ مارک منافع کے مقابلے میں 23.65% کا منافع پہنچایا، لہذا فنڈ نے اس سال اپنے پنچ مارک سے 7.79% بہتر کارکردگی کا مظاہرہ کیا ہے۔ 04 مارچ 2016 کو اپنے قیام کے وقت NAFA اسلامک ایکٹیو ایلو کیشن پلان-II (NIAAP-II) کے یونٹ کی قیمت 92.9509 روپے (Ex-Div) سے 30 جون 2017 کو 123.4238 روپے تک بڑھ چکی ہے، لہذا 32.85% کا اضافہ دکھایا۔ اسی مدت کے دوران پنچ مارک منافع 27.88% تھا۔ لہذا فنڈ نے 04 مارچ 2016 کو اپنے قیام کے وقت سے لے کر اب تک اپنے پنچ مارک سے 4.97% بہتر کارکردگی کا مظاہرہ کیا ہے۔ یہ کارکردگی منجنت فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ فنڈ کا سائز 732 ملین روپے ہے۔

NIAAP-II کی ایسیٹ ایلو کیشن 30 جون 2017 کو برطابق ذیل ہے:



آمدنی کی تقسیم

منجنت کمپنی کے بورڈ آف ڈائریکٹرز نے اس سال کے دوران میں اوپننگ ex-NAV کے 8.27% (بنیادی قدر کا 8.87%) نقد ڈیویڈنڈ کی منظوری دی ہے۔ مزید برآں سال کے اختتام کے بعد بورڈ آف ڈائریکٹرز نے ex-NAV کی اوپننگ کا 0.45% (مساوی قیمت کا 0.48%) حتمی کیش ڈیویڈنڈ کی منظوری دی ہے۔

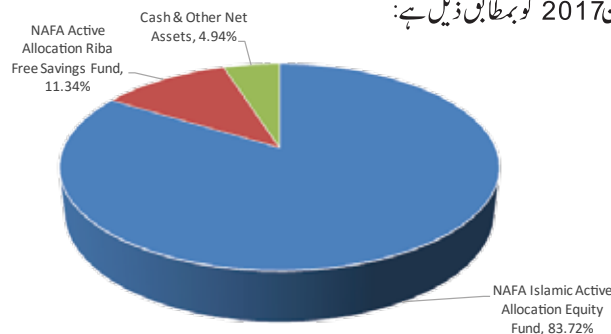
NAFA اسلامک ایکٹیو ایلو کیشن پلان-III (NIAAP-III)

NAFA اسلامک ایکٹیو ایلو کیشن پلان-III کے اجراء 28 جون 2016 سے لیکر 30 جون 2017 کو اختتام پانے والی مدت کے لیے یہ دوسری سالانہ رپورٹ ہے۔ اس فنڈ کا مقصد سرمایہ کاروں کو عمدہ نظم و نسق والے شریعہ کمپلائنٹ ایکویٹی فنڈ اور انکم / منی مارکیٹ فنڈز سے پرکشش منافع کمانے کا موقع فراہم کرنا ہے۔

فنڈ کی کارکردگی

مالی سال کے دوران NAFA اسلامک ایکٹیو ایلو کیشن پلان-III (NIAAP-III) نے 13.39% پنچ مارک منافع کے مقابلے میں 20.00% کا منافع پہنچایا، لہذا فنڈ نے اس سال اپنے پنچ مارک سے 6.61% بہتر کارکردگی کا مظاہرہ کیا ہے۔ 28 جون 2016 کو اپنے قیام کے وقت NAFA اسلامک ایکٹیو ایلو کیشن پلان-III (NIAAP-III) کے یونٹ کی قیمت 97.5749 روپے (Ex-Div) سے 30 جون 2017 کو 117.1869 روپے تک بڑھ چکی ہے، لہذا 20.10% کا اضافہ دکھایا۔ اسی مدت کے دوران پنچ مارک منافع 14.18% تھا۔ لہذا فنڈ نے 28 جون 2016 کو اپنے قیام کے وقت سے لے کر اب تک اپنے پنچ مارک سے 5.92% بہتر کارکردگی کا مظاہرہ کیا ہے۔ یہ کارکردگی منجنت فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ فنڈ کا سائز 1,095 ملین روپے ہے۔

NIAAP-III کی ایسیٹ ایلو کیشن 30 جون 2017 کو برطابق ذیل ہے:



NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

آمدنی کی تقسیم

منجھٹ کمپنی کے بورڈ آف ڈائریکٹرز نے اس سال کے دوران میں اوپننگ NAV-Ex کے 2.75% (بنیادی قدر کا) نقد ڈیویڈنڈ کی منظوری دی ہے۔ مزید برآں سال کے اختتام کے بعد بورڈ آف ڈائریکٹرز نے 0.19 فیصد (Opeing Ex NAV/Par Value) حتمی کیش ڈیویڈنڈ کی منظوری دی ہے۔

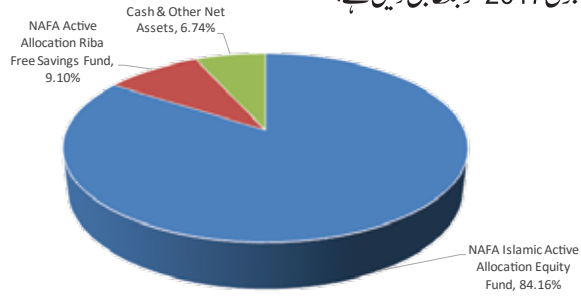
NAFA اسلامک ایکٹیو ایلو کیشن پلان-IV (NIAAP-IV)

اسلامک ایکٹیو ایلو کیشن پلان-IV کے اجراء 30 ستمبر 2016 سے لیکر 30 جون 2017 کو اختتام پانے والی مدت کے لیے یہ پہلی سالانہ رپورٹ ہے۔ اس فنڈ کا مقصد سرمایہ کاروں کو عمدہ نظم و نسق والے شریعہ کمپلائنٹ ایکویٹی فنڈ اور انکم / منی مارکیٹ فنڈز سے پرکشش منافع کمانے کا موقع فراہم کرنا ہے۔

فنڈ کی کارکردگی

30 ستمبر 2016 کو اپنے قیام کے وقت NAFA اسلامک ایکٹیو ایلو کیشن پلان-IV (NIAAP-IV) کے یونٹ کی قیمت 96.7033 روپے (Ex-Div) سے 30 جون 2017 کو 108.4838 روپے تک بڑھ چکی ہے، لہذا 12.18% کا اضافہ دکھایا۔ اسی مدت کے دوران بیچ مارک منافع 10.70% تھا۔ لہذا فنڈ نے 30 ستمبر 2016 کو اپنے قیام کے وقت سے لے کر اب تک اپنے بیچ مارک سے 1.48% بہتر کارکردگی کا مظاہرہ کیا ہے۔ یہ کارکردگی منجھٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ فنڈ کا سائز 771 ملین روپے ہے۔

NAFA اسلامک ایکٹیو ایلو کیشن 30 جون 2017 کو برعکس ذیل ہے:



آمدنی کی تقسیم

منجھٹ کمپنی کے بورڈ آف ڈائریکٹرز نے اس سال کے دوران میں اوپننگ NAV-Ex کے 3.61% (بنیادی قدر کا) نقد ڈیویڈنڈ کی منظوری دی ہے۔ مزید برآں سال کے اختتام کے بعد بورڈ آف ڈائریکٹرز نے 0.57 فیصد (Opeing Ex NAV/Par Value) حتمی کیش ڈیویڈنڈ کی منظوری دی ہے۔

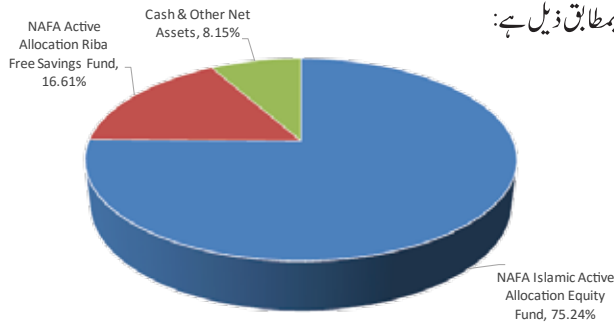
NAFA اسلامک ایکٹیو ایلو کیشن پلان-V (NIAAP-V)

اسلامک ایکٹیو ایلو کیشن پلان-V کے اجراء 12 جنوری 2017 سے لیکر 30 جون 2017 کو اختتام پانے والی مدت کے لیے یہ پہلی سالانہ رپورٹ ہے۔ اس فنڈ کا مقصد سرمایہ کاروں کو عمدہ نظم و نسق والے شریعہ کمپلائنٹ ایکویٹی فنڈ اور انکم / منی مارکیٹ فنڈز سے پرکشش منافع کمانے کا موقع فراہم کرنا ہے۔

فنڈ کی کارکردگی

12 جنوری 2017 کو اپنے قیام کے وقت NAFA اسلامک ایکٹیو ایلو کیشن پلان-V (NIAAP-V) کے یونٹ کی قیمت 100.0000 روپے سے 30 جون 2017 کو 98.6782 روپے تک کم ہو چکی ہے، لہذا 1.32% کی کمی دیکھنے میں آئی۔ اسی مدت کے دوران بیچ مارک منافع 4.95% کم ہو گیا۔ لہذا فنڈ نے 12 جنوری 2017 کو اپنے قیام کے وقت سے لے کر اب تک اپنے بیچ مارک سے 3.63% بہتر کارکردگی کا مظاہرہ کیا ہے۔ یہ کارکردگی منجھٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ فنڈ کا حجم 1,777 ملین روپے ہے۔

NAFA اسلامک ایکٹیو ایلو کیشن 30 جون 2017 کو برعکس ذیل ہے:



ٹیکسیشن

درج بالا نقد منافع سال کے دوران میں حاصل ہونے والی آمدنی میں سے سرمایہ کاری پر حاصل ہونے والے محصول شدہ اور غیر محصول شدہ کیپٹل گین منہا کرنے کے بعد 90% ہے، اس لئے فنڈ پر انکم ٹیکس آرڈیننس 2001 کے سیکشن 10(1) کے پارٹ I کی شق 99 کے تحت ٹیکس لاگو نہیں ہے۔

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

آڈیٹرز

موجودہ آڈیٹرز میسرز ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور اہل ہونے کی بناء پر انہوں نے خود کو 30 جون 2018 کو ختم ہونے والے سال میں دوبارہ تقرر کیلئے پیش کیا ہے۔

کوڈ آف کارپوریٹ گورننس کی پیروی میں ڈائریکٹرز اسٹیٹمنٹ

1- منجمنٹ کمپنی کی طرف سے تیار کردہ مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلوز اور یونٹ ہولڈرز فنڈ میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔

2- فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔

3- مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے۔ شماریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔

4- ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی معیاروں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، کی پیروی کی گئی ہے۔

5- انٹرنل کنٹرول کا نظام مستحکم اور موثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔

6- فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔

7- لسٹنگ ریگولیشنز میں تفصیلاً درج کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔

8- پرفارمنس ٹیبل 11 ہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہے۔

9- ٹیکسوں، ڈیوٹیوں، محصولات اور چارجز کی مد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔

10- اس مدت کے دوران منجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 19 میں ظاہر کی گئی ہے۔

11- یونٹ ہولڈنگز کا تفصیلی پیٹرن مالیاتی گوشواروں کے نوٹ 18 میں ظاہر کیا گیا ہے۔

12- ڈائریکٹرز، CFO، CEO، کمپنی سیکرٹری اور ان کی بیویوں اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے یونٹس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 16 میں ظاہر کی گئی ہے۔

اعتراف

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

منجانب بورڈ آف ڈائریکٹرز

NBP فلرٹن ایسیٹ منجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

بتاریخ

15 ستمبر 2017ء

مقام: کراچی

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

TRUSTEE REPORT TO THE UNIT HOLDERS NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

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

We, Central Depository Company of Pakistan Limited, being the Trustee of NAFA Islamic Active Allocation Fund-I (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 year ended June 30, 2017 in accordance with the provisions of the following:

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

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

Karachi, September 26, 2017

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE NAFA ISLAMIC ACTIVE ALLOCATION FUND-I FOR THE YEAR ENDED JUNE 30, 2017

This statement is being presented by the Board of Directors (the Board) of NBP Fullerton Asset Management Limited (the Company), the Management Company of **NAFA Islamic Active Allocation Fund-I** (the Fund) to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 5.19 of the Rule Book of the Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

NBP Fullerton Asset Management Limited, the Management Company, is not listed and hence, the CCG is not applicable to it. However, the Fund being listed on Pakistan Stock Exchange comes under the ambit of the CCG. The Fund, being a unit trust scheme, does not have its own Board. The Board of Directors of the Management Company manages the affairs of the Fund and appoints the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and the Company Secretary of the Management Company and other necessary personnel to manage its affairs.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors on its Board. The Company, being an un-listed company, does not have any minority interest. As at June 30, 2017, the Board included:

Category	Names
Independent Directors	1. Mr. Kamal Amir Chinoy 2. Mr. Shehryar Faruque 3. Mr. Humayun Bashir
Executive Directors	Dr. Amjad Waheed (Chief Executive Officer)
Non- Executive Directors	1. Mr. Nausherwan Adil (Chairman) 2. Mr. Aamir Sattar 3. Mr. Abdul Hadi Palekar 4. Mr. Lui Mang Yin 5. Dr. Kelvin Foo

The independent directors meet the criteria of independence under clause 5.19.1(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director of more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Two casual vacancies were occurred on the board on November 21, 2016 and March 17, 2017 which were filled up on the same dates.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Fund. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive have been taken by the Board. There is no other executive-director of the Company besides Chief Executive Officer (CEO).
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The directors are conversant of the relevant laws applicable to the Company, its policies and provisions of memorandum and articles of association and are aware of their duties and responsibilities. As of 30 June 2017, four directors of the Company had acquired the director's training certificate as required under the CCG. The Company plans to arrange a Director's Training Program in future, for the remaining directors.
10. The Board has approved the appointment of Head of Internal Audit of the Company with remuneration and terms and conditions of employment. There has been no new appointment of the Company Secretary and Chief Financial Officer (CFO) during the year.
11. The Directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the units of the Fund other than that disclosed in note 16 to the financial statements "Transactions with Connected Persons".
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises of three members, of whom all are non-executive directors and the chairman of the committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Fund and as required by the CCG. The committee has formed the terms of reference for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises of three members. All the members are non-executive directors and the chairman of the committee is an independent director.

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

18. The Board has set up an effective internal audit function headed by the Head of Internal Audit who is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Management Company.
19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim / final results, and business decisions was determined and intimated to directors, employees and stock exchange except for 60th and 61st meeting of the Board of Directors.
22. Material / price sensitive information has been disseminated amongst all market participants at once through stock exchange.
23. We confirm that all other material principles enshrined in the CCG have been complied with expect the following:
 - the mechanism was required to put in place for an annual evaluation of the Board within two years of coming into effect of the Code i.e. April 2014. The mechanism is in place and the Company is in the process of completion of annual evaluation of the Board.
 - the Company has not complied with the requirements relating to maintenance of register of persons employed having access to inside information nor any senior management officer has been designated by the Company responsible for maintaining proper record including basis for inclusion or exclusion of names of persons from the said list.

For and behalf of the Board

September 15, 2017
Karachi

Dr. Amjad Waheed
Chief Executive Officer

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

FUND MANAGER REPORT

NAFA Islamic Active Allocation Fund - I

NAFA Islamic Asset Allocation Fund -I (NIAAF-I) is an Open-ended Shariah Compliant Fund of Funds.

Investment Objective of the Fund

The objective of the Fund is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Income/Money Market Funds.

NAFA Islamic Active Allocation Fund-I has been constituted in the form of a Trust Scheme that shall invest in following Collective Investment Schemes through five (5) Allocation Plans including NAFA Islamic Active Allocation Plan-I (NIAAP-I), NAFA Islamic Active Allocation Plan-II (NIAAP-II), NAFA Islamic Active Allocation Plan-III (NIAAP-III), NAFA Islamic Active Allocation Plan-IV (NIAAP-IV) & NAFA Islamic Active Allocation Plan-V (NIAAP-V).

Islamic Income: NAFA Active Allocation Riba Free Savings Fund
Islamic Equity: NAFA Islamic Active Allocation Equity Fund

Fund performance review

Plans	Launch Date	Fund Size (Million)	Cumulative Performance Since Inception	
			Plan Return	Benchmark Return
NIAAP-I	15-Jan-16	781	37.60%	34.87%
NIAAP-II	4-Mar-16	732	32.85%	27.88%
NIAAP-III	28-Jun-16	1,095	20.10%	14.18%
NIAAP-IV	30-Sep-16	771	12.18%	10.70%
NIAAP-V	12-Jan-17	1,777	-1.32%	-4.95%

Fiscal Year 2016-17 can be characterized as a tale of two halves where the market surged by hefty 26.5% during 1HFY17 while in the later half the market surrendered return of 2.6% amid lot of volatility. FY17 started on a positive note as investors remained upbeat on various positive developments: (i) supportive investment backdrop with rising economic growth, controlled inflation & interest rates, healthy corporate earnings growth and attractive stock market valuations; (ii) Pakistan's re-classification to MSCI Emerging Market Index effective June 2017; (iii) CPEC related investment activity gaining traction; and (iv) equity related mutual funds attracting hefty inflows on account of paltry yields on fixed income avenues. The optimism of the first half began to fade on the back of many negatives : (i) rising domestic political uncertainty with the start of court proceeding against the Prime Minister in the Panama Leaks Case; (ii) renewed decline in the global oil prices that weighed in on the index heavy Oil & Gas and Banking sectors; (iii) SECP's drive to curb in-house badla financing sparking panic in the market; and (iv) rising risks to the Balance of Payment (BoP) position from widening trade and current account deficits. A big disappointment for investors was absence of meaningful net foreign portfolio inflows during PSX reclassification into MCSI Emerging Market index. Foreign investors remained net sellers throughout the year, offloading equity stakes worth USD652mn in FY17 that was mainly absorbed by Mutual Funds and Insurance Companies.

Helped by the lower food prices, inflation as measured by the CPI averaged 4.2% for FY17. During the year, State Bank of Pakistan (SBP) maintained the policy rate at 5.75%. SBP cited improving economic prospects amid investment activity in the context of CPEC gathering pace; but also highlighted its concerns on surge in imports, which along with a marginal decline in exports and workers' remittances widened the current account deficit. SBP's prudent monetary policy stance translated into low and stable market interest rates; encouraging the private sector to undertake capacity expansions. Sovereign yield curve slightly steepened as short end of the curve inched up by 5-10 basis points whereas long-term yields increased by 40-60 basis points.

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

Trading activity in corporate Sukuks slightly improved with cumulative trade value of Rs 9.1 billion in FY17 compared to Rs 7.7 billion last year. The trades remained skewed towards high quality debt issues, which mainly concentrated towards the Banking sector with 71% contribution. Dearth of primary issuance and rising demand kept the yield spread tightened in the secondary market.

During the year, the provision in respect of Sindh Workers' Welfare Fund has been made on a prudent basis with effect from launch date of the fund, based on recommendation by MUFAP to all its members. For further details, refer note 10.1 to the financial statements.

During the period there has been no significant change in the state of affairs of the Fund, other than stated above. During the year there were no circumstances that materially affected any interests of the unit holders. The Fund does not have any soft commission arrangement with any broker in the industry.

Asset Allocation of the Fund (% of NAV)

Plans	Asset Allocation of Plans		
	NAFA Islamic Active Allocation Funds		Cash & Other Net Assets/Liabilities
	Equity	Riba Free Savings	
NIAAP-I	82.45%	9.78%	7.77%
NIAAP-II	84.99%	7.69%	7.32%
NIAAP-III	83.72%	11.34%	4.94%
NIAAP-IV	84.16%	9.10%	6.74%
NIAAP-V	75.24%	16.61%	8.15%

NAFA Islamic Active Allocation Plan - I

NAFA launched its NAFA Islamic Active Allocation Plan-I (NIAAP-I) in January, 2016 which is the first plan under NAFA Islamic Active Allocation Fund-I. The Active Allocation Plan will be dynamically managed between dedicated equity and Income schemes managed by NAFA based on the Fund Manager's outlook of the authorized asset-classes. The Plan is presently closed for new subscription. NIAAP-I has an initial maturity of two years.

The objective of the Fund is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Income Fund.

Fund's Performance

During the fiscal year, NAFA Islamic Active Allocation Plan-I (NIAAP-I) delivered 24.26% return as against benchmark (Daily weighted return of KMI-30 Index and 6-month average deposit rates of three A rated Islamic Banks/Islamic windows of conventional banks as selected by MUFAP based on Fund's actual allocation (which is combination of benchmarks of underlying schemes) return of 16.32%, outperforming the benchmark by 7.94% during the year. Since launch of the plan, the unit price of NAFA Islamic Active Allocation Plan-I (NIAAP-I) has increased from Rs.96.6853 (Ex-Div) on January 15, 2016 to Rs.133.0408 on June 30, 2017, thus showing an increase of 37.60%. The Benchmark return during the same period was 34.87%. Thus, the Fund has underperformed its Benchmark by 2.73% since its inception on January 15, 2016. This performance is net of management fee and all other expenses. The size of the Fund is Rs.781 million.

Fiscal Year 2016-17 can be characterized as a tale of two halves where the market surged by hefty 26.5% during 1HFY17 while in the later half the market surrendered return of 2.6% amid lot of volatility. FY17 started on a positive note as investors remained upbeat on various positive developments: (i) supportive investment backdrop with rising economic growth, controlled inflation & interest rates, healthy corporate earnings growth and attractive stock market valuations; (ii) Pakistan's re-classification to MSCI Emerging Market Index effective June 2017; (iii) CPEC related investment activity gaining traction; and (iv) equity related mutual funds attracting hefty inflows on account of paltry yields on fixed income avenues. The optimism of the first half began to fade on the back of many negatives : (i) rising domestic political uncertainty with the start of court proceeding against the Prime Minister in the Panama Leaks Case; (ii) renewed decline in the global oil prices that weighed in on the index heavy Oil & Gas and Banking sectors; (iii) SECP's drive to curb in-house badla financing sparking panic in the market; and (iv) rising risks to the Balance of Payment (BoP) position from widening trade and current account deficits. A big disappointment for investors was absence of meaningful net foreign portfolio inflows during PSX reclassification into MCSI Emerging Market index. Foreign investors remained net sellers throughout the year, offloading equity stakes worth USD652mn in FY17 that was mainly absorbed by Mutual Funds and Insurance Companies.

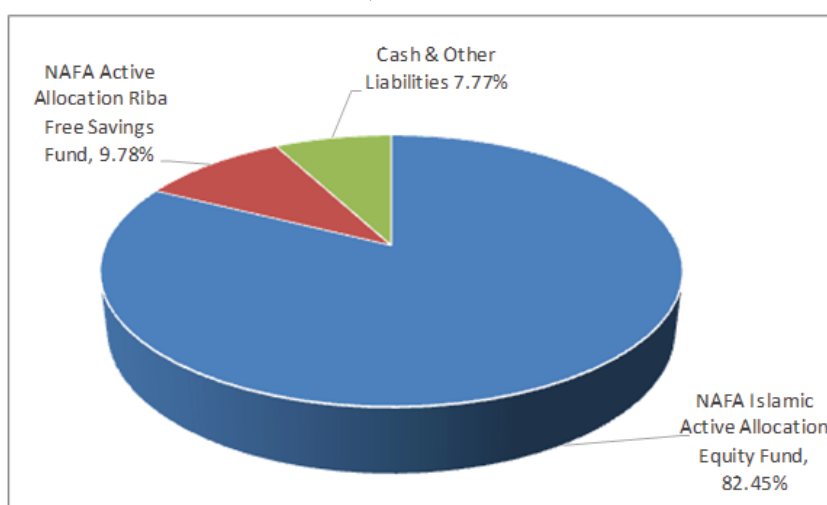
NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

Helped by the lower food prices, inflation as measured by the CPI averaged 4.2% for FY17. During the year, State Bank of Pakistan (SBP) maintained the policy rate at 5.75%. SBP cited improving economic prospects amid investment activity in the context of CPEC gathering pace; but also highlighted its concerns on surge in imports, which along with a marginal decline in exports and workers' remittances widened the current account deficit. SBP's prudent monetary policy stance translated into low and stable market interest rates; encouraging the private sector to undertake capacity expansions. Sovereign yield curve slightly steepened as short end of the curve inched up by 5-10 basis points whereas long-term yields increased by 40-60 basis points.

During the year, the provision in respect of Sindh Workers' Welfare Fund has been made on a prudent basis with effect from launch date of the fund, based on recommendation by MUFAP to all its members. For further details, refer note 10.1 to the financial statements.

During the period there has been no significant change in the state of affairs of the Fund, other than stated above. During the year there were no circumstances that materially affected any interests of the unit holders. The Fund does not have any soft commission arrangement with any broker in the industry.

The asset allocation of the Fund as on June 30, 2017 is as follows:



Distribution for the Financial Year 2017

Interim Period/Quarter	Dividend as % of Par Value (Rs.100)	Cumulative Div. Price/Unit	Ex- Div. Price
Interim	4.45	134.3669	129.9130
Final	0.47	123.1952	122.7212

Unit Holding Pattern of NAFA Islamic Active Allocation Plan – I as on June 30, 2017

Size of Unit Holding (Units)	# of Unit Holders
1-1000	56
1001-5000	134
5001-10000	57
10001-50000	58
50001-100000	8
100001-500000	7
500001-1000000	2
1000001-5000000	1
	323

Sindh Workers' Welfare Fund (SWWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs.4.844 million. If the same were not made the NAV per unit/FY17 return of plan would be higher by Rs.0.825/0.77%. For details investors are advised to read note 10.1 of the Financial Statement of the Scheme for the year ended June 30, 2017.

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

NAFA Islamic Active Allocation Plan - II

NAFA launched its NAFA Islamic Active Allocation Plan-II (NIAAP-II) in March 2016 which is the second plan under NAFA Islamic Active Allocation Fund-I. The Active Allocation Plan will be dynamically managed between dedicated equity and Income schemes managed by NAFA based on the Fund Manager's outlook of the authorized asset-classes. The Plan is presently closed for new subscription. NIAAP-II has an initial maturity of two years.

The objective of the Fund is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Income Fund.

Fund's Performance

During the fiscal year, NAFA Islamic Active Allocation Plan-II (NIAAP-II) delivered 23.65% return as against benchmark (Daily weighted return of KMI-30 Index and 6-month average deposit rates of three A rated Islamic Banks/Islamic windows of conventional banks as selected by MUFAP based on Fund's actual allocation (which is combination of benchmarks of underlying schemes) return of 15.86%, outperforming the benchmark by 7.79% during the year. Since launch of the plan, the unit price of NAFA Islamic Active Allocation Plan-II (NIAAP-II) has increased from Rs.92.9509 (Ex-Div) on March 04, 2016 to Rs.123.4823 on June 30, 2017, thus showing an increase of 32.85%. The Benchmark return during the same period was 27.88%. Thus, the Fund has outperformed its Benchmark by 4.97% since its inception on March 04, 2016. This performance is net of management fee and all other expenses. The size of the Fund is Rs.732million.

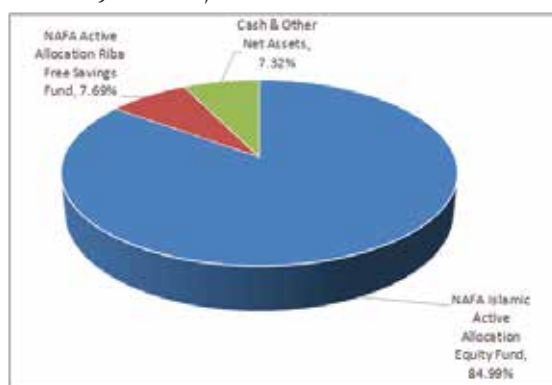
Fiscal Year 2016-17 can be characterized as a tale of two halves where the market surged by hefty 26.5% during 1HFY17 while in the later half the market surrendered return of 2.6% amid lot of volatility. FY17 started on a positive note as investors remained upbeat on various positive developments: (i) supportive investment backdrop with rising economic growth, controlled inflation & interest rates, healthy corporate earnings growth and attractive stock market valuations; (ii) Pakistan's re-classification to MSCI Emerging Market Index effective June 2017; (iii) CPEC related investment activity gaining traction; and (iv) equity related mutual funds attracting hefty inflows on account of paltry yields on fixed income avenues. The optimism of the first half began to fade on the back of many negatives : (i) rising domestic political uncertainty with the start of court proceeding against the Prime Minister in the Panama Leaks Case; (ii) renewed decline in the global oil prices that weighed in on the index heavy Oil & Gas and Banking sectors; (iii) SECP's drive to curb in-house badla financing sparking panic in the market; and (iv) rising risks to the Balance of Payment (BoP) position from widening trade and current account deficits. A big disappointment for investors was absence of meaningful net foreign portfolio inflows during PSX reclassification into MCSI Emerging Market index. Foreign investors remained net sellers throughout the year, offloading equity stakes worth USD652mn in FY17 that was mainly absorbed by Mutual Funds and Insurance Companies.

Helped by the lower food prices, inflation as measured by the CPI averaged 4.2% for FY17. During the year, State Bank of Pakistan (SBP) maintained the policy rate at 5.75%. SBP cited improving economic prospects amid investment activity in the context of CPEC gathering pace; but also highlighted its concerns on surge in imports, which along with a marginal decline in exports and workers' remittances widened the current account deficit. SBP's prudent monetary policy stance translated into low and stable market interest rates; encouraging the private sector to undertake capacity expansions. Sovereign yield curve slightly steepened as short end of the curve inched up by 5-10 basis points whereas long-term yields increased by 40-60 basis points.

During the year, the provision in respect of Sindh Workers' Welfare Fund has been made on a prudent basis with effect from launch date of the fund, based on recommendation by MUFAP to all its members. For further details, refer note 10.1 to the financial statements.

During the period there has been no significant change in the state of affairs of the Fund, other than stated above. During the year there were no circumstances that materially affected any interests of the unit holders. The Fund does not have any soft commission arrangement with any broker in the industry.

The asset allocation of the Fund as on June 30, 2017 is as follows:



NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

Distribution for the Financial Year 2017

Interim Period/Quarter	Dividend as % of Par Value (Rs.100)	Cumulative Div. Price/Unit	Ex- Div. Price
Interim	8.87	129.3237	120.4535
Final	0.48	114.2799	113.8013

Unit Holding Pattern of NAFA Islamic Active Allocation Plan – II as on June 30, 2017

Size of Unit Holding (Units)	# of Unit Holders
1-1000	25
1001-5000	88
5001-10000	57
10001-50000	77
50001-100000	7
100001-500000	8
1000001-5000000	1
	263

Sindh Workers' Welfare Fund (SWWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs.3.957 million. If the same were not made the NAV per unit/FY17 return of plan would be higher by Rs.0.667/0.67%. For details investors are advised to read note 10.1 of the Financial Statement of the Scheme for the year ended June 30, 2017.

NAFA Islamic Active Allocation Plan - III

NAFA launched its NAFA Islamic Active Allocation Plan-III (NIAAP-III) in June 2016 which is the third plan under NAFA Islamic Active Allocation Fund-I. The Active Allocation Plan will be dynamically managed between dedicated equity and Income schemes managed by NAFA based on the Fund Manager's outlook of the authorized asset-classes. The Plan is presently closed for new subscription. NIAAP-III has an initial maturity of two years.

The objective of the Fund is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Income Fund.

Fund's Performance

During the fiscal year, NAFA Islamic Active Allocation Plan-III (NIAAP-III) delivered 20.0% return as against benchmark (Daily weighted return of KMI-30 Index and 6-month average deposit rates of three A rated Islamic Banks/Islamic windows of conventional banks as selected by MUFAP based on Fund's actual allocation (which is combination of benchmarks of underlying schemes) return of 13.39%, outperforming the benchmark by 6.61% during the year. Since launch of the plan, the unit price of NAFA Islamic Active Allocation Plan-III (NIAAP-III) has increased from Rs.97.5749 (Ex-Div) on June 28, 2016 to Rs.117.1869 on June 30, 2017, thus showing an increase of 20.10%. The return during the same period was 14.18%. Thus, the Fund has outperformed its Benchmark by 5.92% since its inception on June 28, 2016. This performance is net of management fee and all other expenses. The size of the Fund is Rs.1,095 million.

Fiscal Year 2016-17 can be characterized as a tale of two halves where the market surged by hefty 26.5% during 1HFY17 while in the later half the market surrendered return of 2.6% amid lot of volatility. FY17 started on a positive note as investors remained upbeat on various positive developments: (i) supportive investment backdrop with rising economic growth, controlled inflation & interest rates, healthy corporate earnings growth and attractive stock market valuations; (ii) Pakistan's re-classification to MSCI Emerging Market Index effective June 2017; (iii) CPEC related investment activity gaining traction; and (iv) equity related mutual funds attracting hefty inflows on account of paltry yields on fixed income avenues. The optimism of the first half began to fade on the back of many negatives: (i) rising domestic political uncertainty with the start of court proceeding against the Prime Minister in the Panama Leaks Case; (ii) renewed decline in the global oil prices that weighed in on the index heavy Oil & Gas and Banking sectors; (iii) SECP's drive to curb in-house badla financing sparking panic in the market; and (iv) rising risks to the Balance of Payment (BoP) position from widening trade and current account deficits. A big disappointment for investors was absence of meaningful net foreign portfolio inflows during PSX reclassification into MSCI Emerging Market index. Foreign investors remained net sellers throughout the year, offloading equity stakes worth USD652mn in FY17 that was mainly absorbed by Mutual Funds and Insurance Companies.

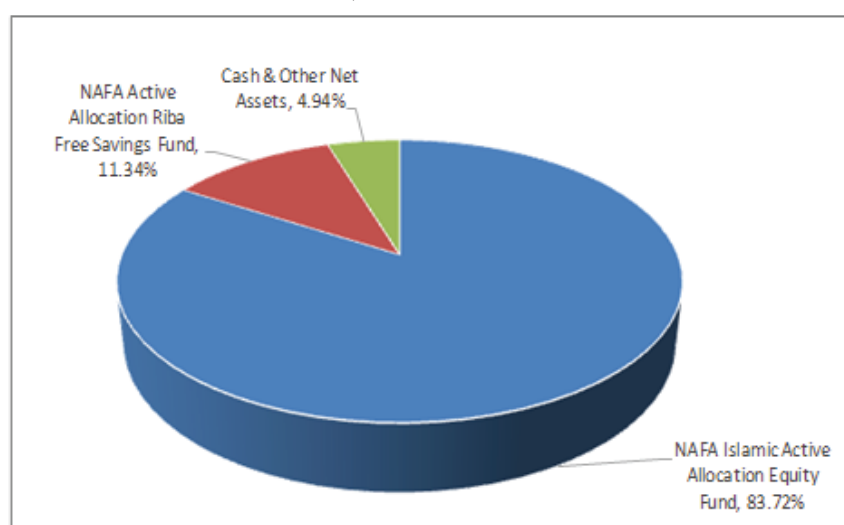
NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

Helped by the lower food prices, inflation as measured by the CPI averaged 4.2% for FY17. During the year, State Bank of Pakistan (SBP) maintained the policy rate at 5.75%. SBP cited improving economic prospects amid investment activity in the context of CPEC gathering pace; but also highlighted its concerns on surge in imports, which along with a marginal decline in exports and workers' remittances widened the current account deficit. SBP's prudent monetary policy stance translated into low and stable market interest rates; encouraging the private sector to undertake capacity expansions. Sovereign yield curve slightly steepened as short end of the curve inched up by 5-10 basis points whereas long-term yields increased by 40-60 basis points.

During the year, the provision in respect of Sindh Workers' Welfare Fund has been made on a prudent basis with effect from launch date of the fund, based on recommendation by MUFAP to all its members. For further details, refer note 10.1 to the financial statements.

During the period there has been no significant change in the state of affairs of the Fund, other than stated above. During the year there were no circumstances that materially affected any interests of the unit holders. The Fund does not have any soft commission arrangement with any broker in the industry.

The asset allocation of the Fund as on June 30, 2017 is as follows:



Distribution for the Financial Year 2017

Interim Period/Quarter	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
Interim	2.75	117.1425	114.3937
Final	0.19	108.6459	108.4538

Unit Holding Pattern of NAFA Islamic Active Allocation Plan – III as on June 30, 2017

Size of Unit Holding (Units)	# of Unit Holders
1-1000	31
1001-5000	92
5001-10000	55
10001-50000	85
50001-100000	23
100001-500000	10
500001-1000000	1
1000001-5000000	1
	298

Sindh Workers' Welfare Fund (SWWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs.3.816 million. If the same were not made the NAV per unit/FY17 return of plan would be higher by Rs.0.408/0.42%. For details investors are advised to read note 10.1 of the Financial Statement of the Scheme for the year ended June 30, 2017.

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

NAFA Islamic Active Allocation Plan - IV

NAFA launched its NAFA Islamic Active Allocation Plan-IV (NIAAP-IV) in September 2016 which is the fourth plan under NAFA Islamic Active Allocation Fund-I. The Active Allocation Plan will be dynamically managed between dedicated equity and Income schemes managed by NAFA based on the Fund Manager's outlook of the authorized asset-classes. The Plan is presently closed for new subscription. NIAAP-I has an initial maturity of two years.

The objective of the Fund is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Income Fund.

Fund's Performance

Since launch of the plan, the unit price of NAFA Islamic Active Allocation Plan-IV (NIAAP-IV) has increased from Rs.96.7033 (Ex-Div) on September 30, 2016 to Rs.108.4838 on June 30, 2017, thus showing an increase of 12.18%. The Benchmark return during the same period was 10.70%. Thus, the Fund has outperformed its Benchmark by 1.48% since its inception on September 30, 2016. This performance is net of management fee and all other expenses. The size of the Fund is Rs.771million.

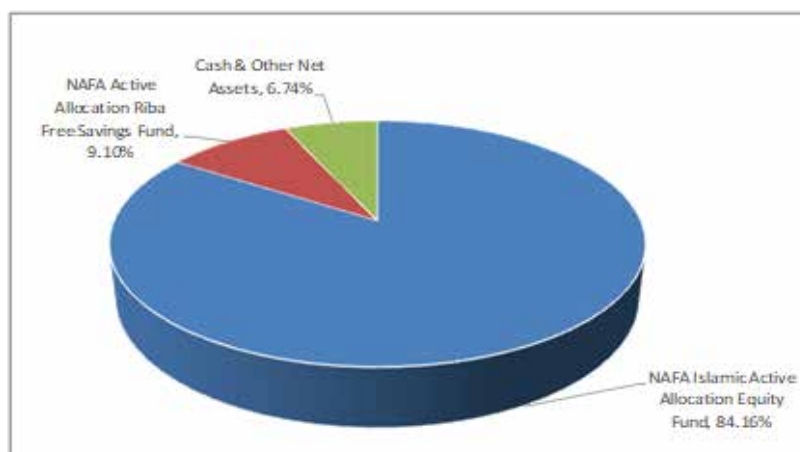
Fiscal Year 2016-17 can be characterized as a tale of two halves where the market surged by hefty 26.5% during 1HFY17 while in the later half the market surrendered return of 2.6% amid lot of volatility. FY17 started on a positive note as investors remained upbeat on various positive developments: (i) supportive investment backdrop with rising economic growth, controlled inflation & interest rates, healthy corporate earnings growth and attractive stock market valuations; (ii) Pakistan's re-classification to MSCI Emerging Market Index effective June 2017; (iii) CPEC related investment activity gaining traction; and (iv) equity related mutual funds attracting hefty inflows on account of paltry yields on fixed income avenues. The optimism of the first half began to fade on the back of many negatives: (i) rising domestic political uncertainty with the start of court proceeding against the Prime Minister in the Panama Leaks Case; (ii) renewed decline in the global oil prices that weighed in on the index heavy Oil & Gas and Banking sectors; (iii) SECP's drive to curb in-house badla financing sparking panic in the market; and (iv) rising risks to the Balance of Payment (BoP) position from widening trade and current account deficits. A big disappointment for investors was absence of meaningful net foreign portfolio inflows during PSX reclassification into MCSI Emerging Market index. Foreign investors remained net sellers throughout the year, offloading equity stakes worth USD652mn in FY17 that was mainly absorbed by Mutual Funds and Insurance Companies.

Helped by the lower food prices, inflation as measured by the CPI averaged 4.2% for FY17. During the year, State Bank of Pakistan (SBP) maintained the policy rate at 5.75%. SBP cited improving economic prospects amid investment activity in the context of CPEC gathering pace; but also highlighted its concerns on surge in imports, which along with a marginal decline in exports and workers' remittances widened the current account deficit. SBP's prudent monetary policy stance translated into low and stable market interest rates; encouraging the private sector to undertake capacity expansions. Sovereign yield curve slightly steepened as short end of the curve inched up by 5-10 basis points whereas long-term yields increased by 40-60 basis points.

During the year, the provision in respect of Sindh Workers' Welfare Fund has been made on a prudent basis with effect from launch date of the fund, based on recommendation by MUFAP to all its members. For further details, refer note 10.1 to the financial statements.

During the period there has been no significant change in the state of affairs of the Fund, other than stated above. During the year there were no circumstances that materially affected any interests of the unit holders. The Fund does not have any soft commission arrangement with any broker in the industry.

The asset allocation of the Fund as on June 30, 2017 is as follows:



NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

Distribution for the Financial Year 2017

Interim Period/Quarter	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
Interim	3.61	109.4859	105.8765
Final	0.567	100.5641	99.9971

Unit Holding Pattern of NAFA Islamic Active Allocation Plan – IV as on June 30, 2017

Size of Unit Holding (Units)	# of Unit Holders
1-1000	57
1001-5000	140
5001-10000	84
10001-50000	97
50001-100000	14
100001-500000	8
500001-1000000	2
	402

Sindh Workers' Welfare Fund (SWWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs.1.740 million. If the same were not made the NAV per unit/FY17 return of plan would be higher by Rs.0.245/0.24%. For details investors are advised to read note 10.1 of the Financial Statement of the Scheme for the year ended June 30, 2017.

NAFA Islamic Active Allocation Plan - V

NAFA launched its NAFA Islamic Active Allocation Plan-V (NIAAP-V) in January, 2017 which is the fifth plan under NAFA Islamic Active Allocation Fund-I. The Active Allocation Plan will be dynamically managed between dedicated equity and Income schemes managed by NAFA based on the Fund Manager's outlook of the authorized asset-classes. The Plan is presently closed for new subscription. NIAAP-I has an initial maturity of two years.

The objective of the Fund is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Income Fund.

Fund's Performance

Since launch of the plan, the unit price of NAFA Islamic Active Allocation Plan-V (NIAAP-V) has decreased from Rs.100.0000 January 12, 2017 to Rs.98.6782 on June 30, 2017, thus showing a decrease of 1.32%. The Benchmark return during the same period decreased by 4.95%. Thus, the Fund has outperformed its Benchmark by 3.63% since its inception on January 12, 2017. This performance is net of management fee and all other expenses. The size of the Fund is Rs.1,777 million.

Fiscal Year 2016-17 can be characterized as a tale of two halves where the market surged by hefty 26.5% during 1HFY17 while in the later half the market surrendered return of 2.6% amid lot of volatility. FY17 started on a positive note as investors remained upbeat on various positive developments: (i) supportive investment backdrop with rising economic growth, controlled inflation & interest rates, healthy corporate earnings growth and attractive stock market valuations; (ii) Pakistan's re-classification to MSCI Emerging Market Index effective June 2017; (iii) CPEC related investment activity gaining traction; and (iv) equity related mutual funds attracting hefty inflows on account of paltry yields on fixed income avenues. The optimism of the first half began to fade on the back of many negatives: (i) rising domestic political uncertainty with the start of court proceeding against the Prime Minister in the Panama Leaks Case; (ii) renewed decline in the global oil prices that weighed in on the index heavy Oil & Gas and Banking sectors; (iii) SECP's drive to curb in-house badla financing sparking panic in the market; and (iv) rising risks to the Balance of Payment (BoP) position from widening trade and current account deficits. A big disappointment for investors was absence of meaningful net foreign portfolio inflows during PSX reclassification into MCSI Emerging Market index. Foreign investors remained net sellers throughout the year, offloading equity stakes worth USD652mn in FY17 that was mainly absorbed by Mutual Funds and Insurance Companies.

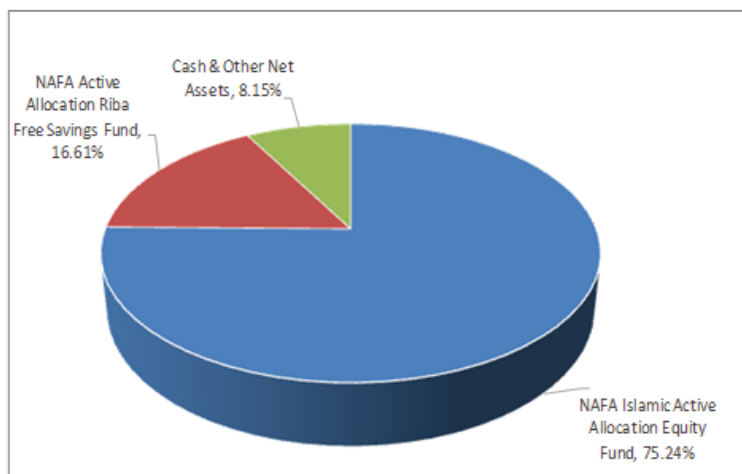
Helped by the lower food prices, inflation as measured by the CPI averaged 4.2% for FY17. During the year, State Bank of Pakistan (SBP) maintained the policy rate at 5.75%. SBP cited improving economic prospects amid investment activity in the context of CPEC gathering pace; but also highlighted its concerns on surge in imports, which along with a marginal decline in exports and workers' remittances widened the current account deficit. SBP's prudent monetary policy stance translated into low and stable market interest rates; encouraging the private sector to undertake capacity expansions. Sovereign yield curve slightly steepened as short end of the curve inched up by 5-10 basis points whereas long-term yields increased by 40-60 basis points.

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

During the year, the provision in respect of Sindh Workers' Welfare Fund has been made on a prudent basis with effect from launch date of the fund, based on recommendation by MUFAP to all its members. For further details, refer note 10.1 to the financial statements.

During the period there has been no significant change in the state of affairs of the Fund, other than stated above. During the year there were no circumstances that materially affected any interests of the unit holders. The Fund does not have any soft commission arrangement with any broker in the industry.

The asset allocation of the Fund as on June 30, 2017 is as follows:



Unit Holding Pattern of NAFA Islamic Active Allocation Plan – V as on June 30, 2017

Size of Unit Holding (Units)	# of Unit Holders
1-1000	104
1001-5000	240
5001-10000	147
10001-50000	160
50001-100000	24
100001-500000	26
500001-1000000	3
1000001-5000000	2
	706

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

NAFA Islamic Active Allocation Fund-I (the Fund) has fully complied with the Shari'ah principles specified in the Trust Deed and in the guidelines issued by the Shari'ah Advisor for its operations, investments and placements made during the year ended June 30, 2017. This has been duly confirmed by the Shari'ah Supervisory Board of the Fund.

For and behalf of the board

Date: September 15, 2017
Karachi.

Dr. Amjad Waheed, CFA
Chief Executive Officer

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

Report of the Shari'ah Supervisory Board NAFA Islamic Active Allocation Fund-I

August 21, 2017 /Dhu Al-Qi'dah 28, 1438

Alhamdulillah, it was the second year of the operations of NAFA Islamic Active Allocation Fund-I (NIAAF-I). Under this fund, NAFA launched its NAFA Islamic Active Allocation Plan-I (NIAAP-I) on December 08, 2015, NAFA Islamic Active Allocation Plan-II (NIAAP-II) on March 04, 2016, NAFA Islamic Active Allocation Plan-III (NIAAP-III) on June 28, 2016, NAFA Islamic Active Allocation Plan-IV (NIAAP-IV) on September 30, 2016 and NAFA Islamic Active Allocation Plan-V (NIAAP-V) on January 12, 2017. This report is being issued in accordance with clause 3.7.1 of the Offering Document of the Fund. The scope of the report is to express an opinion on the Shari'ah Compliance of the Fund's activity.

In the capacity of Shari'ah Supervisory Board, we have prescribed criteria and procedure to be followed in ensuring Shari'ah Compliance in every investment.

It is the responsibility of the management company of the fund to establish and maintain a system of internal controls to ensure Shari'ah compliance with the Shari'ah policies & guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries of the management company's personnel and review of various documents prepared by the management company to comply with the prescribed criteria.

In light of the above, we hereby certify that:

- i. We have reviewed and approved the modes of investments of NIAAF-I in light of Shari'ah guidelines.
- ii. All the provisions of the scheme and investments made on account of NIAAF-I by NAFA are Shari'ah Compliant and are in accordance with the criteria established.
- iii. On the basis of information provided by the management, nothing has come to our attention that cause us to believe that all the operations of NIAAF-I for the year ended June 30, 2017 are not in compliance with Shari'ah principles.

May Allah bless us with best Tawfeeq to accomplish His cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes.

For and on behalf of Meezan Bank Limited
Shar'iah Technical Services & Support Provider

Mufti Muhammad Naveed Alam
Member
Shariah Supervisory Board

Mufti Ehsan Waquar
Shariah Advisor & Member
Shariah Supervisory Board

Dr. Imran Ashraf Usmani
Chairman
Shariah Supervisory Board

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

REVIEW REPORT TO THE UNIT HOLDERS ON STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of NBP Fullerton Asset Management Limited, the Management Company of **NAFA Islamic Active Allocation Fund-I** (the Fund) for the year ended June 30, 2017 to comply with clause 5.19 of the Pakistan Stock Exchange Limited Regulations where the Fund is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company (NBP Fullerton Asset Management Limited) of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As a part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

The Code requires the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of the Fund's related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length prices and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance for and on behalf of the Fund, in all material respects, with the best practices contained in the Code as applicable to the Fund for the year ended June 30, 2017.

Further, we highlight below the instances of non-compliance with the requirements of the Code as reflected in the paragraph references where these have been stated in the Statement of Compliance:

Paragraph reference	Description
21	As per the Code, there should be announcement of 'closed period' prior to the announcement of interim / final results and any business decisions, however a 'closed period' was not announced before 60th and 61st board meeting.
23	No register is maintained enlisting persons employed under contract or otherwise who have access to inside information.
23	A mechanism for an evaluation of the Board's own performance is in place. However, the Management Company is in the process of completion of the annual evaluation of the Board.

A.F. Ferguson & Co.
Chartered Accountants
Dated: September 15, 2017
Karachi

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **NAFA Islamic Active Allocation Fund - I** (hereinafter referred to as the 'Fund'), which comprise the statement of assets and liabilities as at June 30, 2017, and the related income statement, statement of comprehensive income, distribution statement, statement of movement in unit holders' fund and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management Company's responsibility for the financial statements

The Management Company (NBP Fullerton Asset Management Limited) of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with approved accounting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the financial position of the Fund as at June 30, 2017 and of its financial performance, its cash flows and transactions for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

A.F. Ferguson & Co
Chartered Accountants
Engagement Partner: **Rashid A. Jafer**
Dated: September 15, 2017
Karachi

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2017

Note	NIAAP - I	NIAAP - II	NIAAP - III	NIAAP - IV	NIAAP - V	Total	NIAAP - I	NIAAP - II	NIAAP - III	Total	
	June 30, 2017						June 30, 2016				
	(Rupees in 000)						(Rupees in 000)				
ASSETS											
Balances with banks	4	76,199	72,271	72,501	60,327	147,962	429,260	10,810	6,902	1,279,452	1,297,164
Investments	5	720,582	678,804	1,041,237	718,798	1,632,457	4,791,878	861,675	700,652	1,070,506	2,632,833
Profit receivable		313	285	447	286	512	1,843	30	145	641	816
Receivable against issue of units		-	-	-	-	-	-	-	-	32,376	32,376
Other receivables		-	-	-	-	149	149	126	131	-	257
Preliminary expenses and floatation costs	6	75	65	167	87	234	628	355	291	637	1,283
Total assets		797,169	751,425	1,114,352	779,498	1,781,314	5,223,758	872,996	708,121	2,383,612	3,964,729
LIABILITIES											
Payable to NBP Fullerton Asset Management Company Limited - Management Company	7	5,450	4,508	6,532	2,421	2,302	21,213	5,108	4,054	25,878	35,040
Payable to Central Depository Company of Pakistan Limited - Trustee	8	81	70	98	73	151	473	96	73	7	176
Payable to Securities and Exchange Commission of Pakistan	9	897	730	1,256	642	868	4,393	524	247	6	777
Payable against redemption of units		-	-	2,277	-	-	2,277	10,858	-	-	10,858
Payable against investments		-	-	-	-	-	-	-	-	1,070,000	1,070,000
Accrued expenses and other liabilities	10	9,469	13,710	8,832	5,557	652	38,220	4,641	1,440	67	6,148
Total liabilities		15,897	19,018	18,995	8,693	3,973	66,576	21,227	5,814	1,095,958	1,122,999
NET ASSETS		781,272	732,407	1,095,357	770,805	1,777,341	5,157,182	851,769	702,307	1,287,654	2,841,730
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		781,272	732,407	1,095,357	770,805	1,777,341	5,157,182	851,769	702,307	1,287,654	2,841,730
CONTINGENCIES AND COMMITMENTS											
NUMBER OF UNITS IN ISSUE	12	5,872,438	5,931,277	9,347,088	7,105,257	18,011,484		7,692,037	6,536,635	12,865,903	
		(Rupees in 000)						(Rupees in 000)			
NET ASSET VALUE PER UNIT		133.0408	123.4823	117.1869	108.4838	98.6782		110.7339	107.4417	100.0827	

The annexed notes 1 to 26 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2017

Note	NIAAP - I	NIAAP - II	NIAAP - III	NIAAP - IV	NIAAP - V	Total	NIAAP - I	NIAAP - II	NIAAP - III	Total	
	For the year ended June 30, 2017	For the year ended June 30, 2017	For the year ended June 30, 2017	For the period from September 29, 2016 to June 30, 2017	For the period from January 12, 2017 to June 30, 2017		For the period from December 08, 2015 to June 30, 2016	For the period from March 04, 2016 to June 30, 2016	For the period from June 28, 2016 to June 30, 2016		
----- (Rupees in 000) ----- (Rupees in 000) -----											
INCOME											
Capital gain on sale of investments - net	67,385	34,537	95,172	39,366	508	236,968	44,851	10,566	-	55,417	
Dividend income	82,624	75,691	117,953	63,581	138,676	478,525	14,811	12,061	-	26,872	
Profit on bank deposits	3,490	3,425	4,260	3,418	4,564	19,157	3,137	2,019	641	5,797	
Unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	59,210	54,851	62,168	15,580	(159,912)	31,897	69,165	37,025	506	106,696	
Total income	212,709	168,504	279,553	121,945	(16,164)	766,547	131,964	61,671	1,147	194,782	
EXPENSES											
Remuneration of NBP Fullerton Asset Management Limited - Management Company	7.1	514	487	1,078	640	929	3,648	488	252	32	772
Sindh sales tax on remuneration of the Management Company	7.2	67	63	140	83	121	474	79	41	5	125
Federal excise duty on remuneration of the Management Company	7.3	-	-	-	-	-	-	78	40	5	123
Accounting and operational charges	7.4	944	768	1,326	676	913	4,627	552	260	6	818
Remuneration of Central Depository Company Of Pakistan Limited - Trustee	8.1	943	768	1,245	672	801	4,429	527	260	6	793
Sindh sales tax on remuneration of the Trustee	8.2	123	100	162	87	104	576	74	36	1	111
Annual fee of the Securities and Exchange Commission of Pakistan	9.1	897	730	1,256	642	868	4,393	524	247	6	777
Printing charges		-	-	45	20	20	85	110	100	6	216
Bank charges		111	165	52	59	92	479	72	57	15	144
Listing fee		-	-	27	11	11	49	41	40	-	81
Shariah advisory fee		22	28	101	70	48	269	220	147	10	377
Auditors' remuneration	13	225	225	225	225	165	1,065	301	201	50	552
Amortisation of preliminary expenses and floatation costs	6	175	130	230	63	57	655	260	114	2	376
Legal and professional charges		38	38	49	15	15	155	-	-	-	-
Total expenses		4,059	3,502	5,936	3,263	4,144	20,904	3,326	1,795	144	5,265
Net income / (loss) from operating activities		208,650	165,002	273,617	118,682	(20,308)	745,643	128,638	59,876	1,003	189,517
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - net		(47,390)	(14,827)	(83,842)	(31,676)	(3,500)	(181,235)	(46,072)	(11,233)	58	(57,247)
Sindh Workers' Welfare Fund	10.1	(4,844)	(3,957)	(3,816)	(1,740)	-	(14,357)	-	-	-	-
Net income / (loss) for the year / period before taxation		156,416	146,218	185,959	85,266	(23,808)	550,051	82,566	48,643	1,061	132,270
Taxation	14	-	-	-	-	-	-	-	-	-	-
Net income / (loss) for the year / period after taxation		156,416	146,218	185,959	85,266	(23,808)	550,051	82,566	48,643	1,061	132,270
Earnings per unit	3.11										

The annexed notes 1 to 26 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2017

Note	NIAAP - I	NIAAP - II	NIAAP - III	NIAAP - IV	NIAAP - V		NIAAP - I	NIAAP - II	NIAAP - III	
	For the year ended June 30, 2017	For the year ended June 30, 2017	For the year ended June 30, 2017	For the period from September 29, 2016 to June 30, 2017	For the period from January 12, 2017 to June 30, 2017	Total	For the period from December 08, 2015 to June 30, 2016	For the period from March 04, 2016 to June 30, 2016	For the period from June 28, 2016 to June 30, 2016	Total
----- (Rupees in 000) -----										
Net income for the period / year after taxation	156,416	146,218	185,959	85,266	(23,808)	550,051	82,566	48,643	1,061	132,270
Other comprehensive income for the period / year	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period / year	<u>156,416</u>	<u>146,218</u>	<u>185,959</u>	<u>85,266</u>	<u>(23,808)</u>	<u>550,051</u>	<u>82,566</u>	<u>48,643</u>	<u>1,061</u>	<u>132,270</u>

The annexed notes 1 to 26 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

DISTRIBUTION STATEMENT FOR THE YEAR ENDED JUNE 30, 2017

	NIAAP - I	NIAAP - II	NIAAP - III	NIAAP - IV	NIAAP - V	Total	NIAAP - I	NIAAP - II	NIAAP - III	Total
	For the year ended June 30, 2017	For the year ended June 30, 2017	For the year ended June 30, 2017	For the period from September 29, 2016 to June 30, 2017	For the period from January 12, 2017 to June 30, 2017		For the period from December 08, 2015 to June 30, 2016	For the period from March 04, 2016 to June 30, 2016	For the period from June 28, 2016 to June 30, 2016	
----- (Rupees in 000) -----										
Undistributed income at the beginning of the period / year comprising of										
- Realised income	13,401	11,618	555	-	-	25,574	-	-	-	-
- Unrealised income	69,165	37,025	506	-	-	106,696	-	-	-	-
	82,566	48,643	1,061	-	-	132,270	-	-	-	-
Net income for the period / year after taxation	156,416	146,218	185,959	85,266	(23,808)	550,051	82,566	48,643	1,061	132,270
Distributions during the period / year										
Final cash distribution for the year ended June 30, 2016 (NIAAP II) Rs 0.24375 per unit and (NIAAP III) Rs 0.0842 per unit	-	(1,490)	(1,200)	-	-	(2,690)	-	-	-	-
Interim cash distribution made during the period / year										
Declared on June 20, 2017	(25,421)	(49,679)	(25,267)	(24,985)	-	(125,352)	-	-	-	-
- (NIAAP I) Rs. 4.4539 per unit										
- (NIAAP II) Rs. 8.8702 per unit										
- (NIAAP III) Rs. 2.7488 per unit										
- (NIAAP IV) Rs. 3.6094 per unit										
Undistributed income carried forward	<u>213,561</u>	<u>143,692</u>	<u>160,553</u>	<u>60,281</u>	<u>(23,808)</u>	<u>554,279</u>	<u>82,566</u>	<u>48,643</u>	<u>1,061</u>	<u>132,270</u>
Undistributed income at the end of the period / year comprising of:										
- Realised income	154,351	88,841	98,385	44,701	136,104	522,382	13,401	11,618	555	25,574
- Unrealised income / (loss)	59,210	54,851	62,168	15,580	(159,912)	31,897	69,165	37,025	506	106,696
	<u>213,561</u>	<u>143,692</u>	<u>160,553</u>	<u>60,281</u>	<u>(23,808)</u>	<u>554,279</u>	<u>82,566</u>	<u>48,643</u>	<u>1,061</u>	<u>132,270</u>

The annexed notes 1 to 26 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND FOR THE YEAR ENDED JUNE 30, 2017

	NIAAP - I	NIAAP - II	NIAAP - III	NIAAP - IV	NIAAP - V	Total	NIAAP - I	NIAAP - II	NIAAP - III	Total
	For the year ended June 30, 2017	For the year ended June 30, 2017	For the year ended June 30, 2017	For the period from September 29, 2016 to June 30, 2017	For the period from January 12, 2017 to June 30, 2017		For the period from December 08, 2015 to June 30, 2016	For the period from March 04, 2016 to June 30, 2016	For the period from June 28, 2016 to June 30, 2016	
	----- (Rupees in 000) -----						----- (Rupees in 000) -----			
Net assets at the beginning of the period / year	851,769	702,307	1,287,654	-	-	2,841,730	-	-	-	-
Issue of units:	21,693	41,627	225,535	1,124,459	2,081,555	3,494,869	1,272,455	800,950	1,286,651	3,360,056
- (NIAAP - I) 164,784 (2016: 12,724,557) units,										
- (NIAAP - II) 341,474 (2016: 8,009,501) units,										
- (NIAAP - III) 2,197,832 (2016: 12,865,903) units,										
- (NIAAP - IV) 11,221,692 units,										
- (NIAAP - V) 20,800,051 units										
Redemption of units:	(270,575)	(121,403)	(661,166)	(445,611)	(283,906)	(1,782,661)	(549,324)	(158,519)	-	(707,843)
- (NIAAP - I) 1,984,383 (2016: 5,032,520) units,										
- (NIAAP - II) 946,832 (2016: 1,472,866) units,										
- (NIAAP - III) 5,716,647 (2016: Nil) units,										
- (NIAAP - IV) 4,116,435 units,										
- (NIAAP - V) 2,788,567 units										
Element of (income) / loss and capital (gains) / losses included in the prices of units issued less those in units redeemed - net - transferred to income statement	(248,882)	(79,776)	(435,631)	678,848	1,797,649	1,712,208	723,131	642,431	1,286,651	2,652,213
Unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	47,390	14,827	83,842	31,676	3,500	181,235	46,072	11,233	(58)	57,247
Capital gain on sale of investments - net	59,210	54,851	62,168	15,580	(159,912)	31,897	69,165	37,025	506	106,696
Other income / (loss) for the period / year - net of expenses	67,385	34,537	95,172	39,366	508	236,968	44,851	10,566	-	55,417
	29,821	56,830	28,619	30,320	135,596	281,186	(31,450)	1,052	555	(29,843)
	156,416	146,218	185,959	85,266	(23,808)	550,051	82,566	48,643	1,061	132,270
Final cash distributions for the year ended June 30, 2016	-	(1,490)	(1,200)	-	-	(2,690)	-	-	-	-
- (NIAAP II) Rs. 0.2357 per unit										
- (NIAAP III) Rs. 0.0842 per unit										
Interim cash distributions made on 20 June, 2017	(25,421)	(49,679)	(25,267)	(24,985)	-	(125,352)	-	-	-	-
- (NIAAP I) Rs. 4.4539 per unit										
- (NIAAP II) Rs. 8.8702 per unit										
- (NIAAP III) Rs. 2.7488 per unit										
- (NIAAP IV) Rs. 3.6094 per unit										
Net assets at the end of the period / year	781,272	732,407	1,095,357	770,805	1,777,341	5,157,182	851,769	702,307	1,287,654	2,841,730

The annexed notes 1 to 26 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2017

Note	NIAAP - I	NIAAP - II	NIAAP - III	NIAAP - IV	NIAAP - V	Total	NIAAP - I	NIAAP - II	NIAAP - III	Total
	For the year ended June 30, 2017	For the year ended June 30, 2017	For the year ended June 30, 2017	For the period from September 29, 2016 to June 30, 2017	For the period from January 12, 2017 to June 30, 2017		For the period from December 08, 2015 to June 30, 2016	For the period from March 04, 2016 to June 30, 2016	For the period from June 28, 2016 to June 30, 2016	
	----- (Rupees in 000) -----					----- (Rupees in 000) -----				
CASH FLOWS FROM OPERATING ACTIVITIES										
Net income / (loss) for the period / year before taxation	156,416	146,218	185,959	85,266	(23,808)	550,051	82,566	48,643	1,061	132,270
Adjustments										
Dividend income	(82,624)	(75,691)	(117,953)	(63,581)	(138,676)	(478,525)	(14,811)	(12,061)		(26,872)
Profit on bank deposits	(3,490)	(3,425)	(4,260)	(3,418)	(4,564)	(19,157)	(3,137)	(2,019)	(641)	(5,797)
Unrealised (appreciation) / diminution on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net	(59,210)	(54,851)	(62,168)	(15,580)	159,912	(31,897)	(69,165)	(37,025)	(506)	(106,696)
Element of (income) / loss and capital (gains) / losses included in the prices of units issued less those in units redeemed - net	47,390	14,827	83,842	31,676	3,500	181,235	46,072	11,233	(58)	57,247
Federal excise duty on remuneration of the Management Company	-	-	-	-	-	-	78	40	5	123
Amortisation of preliminary expenses and floatation costs	175	130	230	63	57	655	260	114	2	376
Transfer of preliminary expenses and floatation costs to other plans	105	96	240	(150)	(291)	-	-	-	-	-
	58,762	27,304	85,890	34,276	(3,870)	202,362	41,863	8,925	(137)	50,651
(Increase) / decrease in assets										
Investments	200,303	76,699	91,437	(703,218)	(1,792,369)	(2,127,148)	(777,699)	(651,566)	(1,070,000)	(2,499,265)
Receivable against issue of units	-	-	32,376	-	-	32,376	-	-	-	-
Other receivables	126	131	-	-	(149)	108	(126)	(131)	-	(257)
	200,429	76,830	123,813	(703,218)	(1,792,518)	(2,094,664)	(777,825)	(651,697)	(1,070,000)	(2,499,522)
Increase / (decrease) in liabilities										
Payable to NBP Fullerton Asset Management Company Limited	342	454	(19,346)	2,421	2,302	(13,827)	4,415	3,609	25,234	33,258
Payable to Central Depository Company of Pakistan Limited - Trustee	(15)	(3)	91	73	151	297	96	73	7	176
Payable to Securities and Exchange Commission of Pakistan	373	483	1,250	642	868	3,616	524	247	6	777
Payable against redemption of units	(10,858)	-	2,277	-	-	(8,581)	-	-	-	-
Payable against investments	-	-	(1,070,000)	-	-	(1,070,000)	-	-	1,070,000	1,070,000
Accrued expenses and other liabilities	4,828	12,270	8,765	5,557	652	32,072	4,641	1,440	67	6,148
	(5,330)	13,204	(1,076,963)	8,693	3,973	(1,056,423)	9,676	5,369	1,095,314	1,110,359
Profit received on bank balances	3,207	3,285	4,454	3,132	4,052	18,130	3,107	1,874	-	4,981
Dividend Received	82,624	75,691	117,953	63,581	138,676	478,525	-	-	-	-
Net cash generated from / (used in) operating activities	339,692	196,314	(744,853)	(593,536)	(1,649,687)	(2,452,070)	(723,179)	(635,529)	25,177	(1,333,531)
CASH FLOWS FROM FINANCING ACTIVITIES										
Amount received on issuance of units	21,693	41,627	225,535	1,124,459	2,081,555	3,494,869	1,272,455	800,950	1,254,275	3,327,680
Amount paid on redemption of units	(270,575)	(12,1403)	(661,166)	(445,611)	(283,906)	(1,782,661)	(538,466)	(158,519)	-	(696,985)
Distributions during the period / year	(25,421)	(51,169)	(26,467)	(24,985)	-	(128,042)	-	-	-	-
Net cash generated from / (used in) financing activities	(274,303)	(130,945)	(462,098)	653,863	1,797,649	1,584,166	733,989	642,431	1,254,275	2,630,695
Net increase / (decrease) in cash and cash equivalents during the period / year	65,389	65,369	(1,206,951)	60,327	147,962	(867,904)	10,810	6,902	1,279,452	1,297,164
Cash and cash equivalents at the beginning of the period / year	10,810	6,902	1,279,452	-	-	1,297,164	-	-	-	-
Cash and cash equivalents at the end of the period / year	4	76,199	72,271	72,501	60,327	147,962	429,260	10,810	6,902	1,279,452

The annexed notes 1 to 26 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Islamic Active Allocation Fund - I (the Fund) was established under a Trust Deed executed between NBP Fullerton Asset Management Limited as Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on November 03, 2015 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on November 13, 2015 under the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations 2008).

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 No. 4, Scheme No. 5, Clifton, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).

The Fund is an open-ended mutual fund and is listed on the Pakistan Stock Exchange. During the year, the Fund has further offered two plans namely NAFA Islamic Active Allocation Plan – IV (NIAAP - IV) and NAFA Islamic Active Allocation Plan – V (NIAAP - V). The pre- IPO investment of these plans was received on August 22, 2016 and December 9, 2016 respectively and the offer of units was discontinued after the end of the subscription period. The units of the plans are transferable and can be redeemed by surrendering them to the Fund. Since NIAAP - IV and NIAAP - V have been launched in the current year hence no corresponding figures in respect of these plans have been presented.

The Fund is categorised as an Open-End "Shariah Compliant Fund of Funds" as per the criteria laid down by the SECP for categorization of Collective Investment Schemes (CIS).

The objective of the Fund is to provide investors an opportunity to earn attractive return from an actively managed portfolio of shariah compliant equity fund and income fund. The allocation plan intends to dynamically switch between equity asset class (NAFA Islamic Active Allocation Equity Fund) and moderate risk income asset class (NAFA Active Allocation Riba Free Savings Fund) and bank deposits. Investors of the Fund may hold different types of Allocation Plans and may invest in any one or more of the available allocation plans. The Management Company may also invest in any other Collective Investment Schemes available to it with the prior approval of the SECP.

Each allocation plan under the Fund announces separate NAV which ranks pari passu according to the number of units of the respective allocation plans. The duration of the Fund / allocation plans is perpetual. However, the initial maturities of all allocation plans shall be two (2) years from the close of the subscription period. The Management Company may open the subscription of units after initial maturities with the prior approval of the SECP. SECP or the Management Company may windup allocation plans on the occurrence of certain events as specified in the offering document of the Fund.

The Pakistan Credit Rating Agency (PACRA) has assigned an Asset Manager Rating of AM 1 as at April 21, 2017 (2016: AM2++) to the Management Company.

Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as a Trustee of the Fund. The Fund property of different types of allocation plans are accounted for and maintained separately in the books of accounts which collectively constitute the Fund property of the Scheme.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. 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 Companies 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.

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

There are certain new and amended standards and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2016 but are considered not to be relevant or to have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

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

2.3.1 There are certain new and amended standards and interpretations that are mandatory for the accounting period beginning on or after July 1, 2017 but are considered not to be relevant or to have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

2.3.2 Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards, Interpretations or Amendments	Effective date (accounting period beginning on or after)
- IFRS 9 – Financial Instruments	January 1, 2018
- IFRS 15 – Revenue from contracts with customers	January 1, 2018
- IFRS 16 – Leases	January 1, 2019

2.3.3 The SECP vide its SRO 756(1) / 2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations, 2008 which will be applicable on the financial statements of the Fund from the accounting year ending on June 30, 2018. The notification includes a definition and explanation relating to "element of income" and excludes the element of income from the expression "accounting income" as described in Regulation 63 (Amount distributable to unit holders) of the NBFC Regulations, 2008. In addition there are certain changes in the disclosure requirements relating to the Income Statement and the Statement of Movement in Unit Holders' Fund. The management is currently in the process of assessing the impact of these changes on the financial statements.

2.4 Critical accounting estimates and judgments

The preparation of financial statements 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 revised on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The areas involving a higher degree of judgment or complexity, or areas where estimates and assumptions are significant to the financial statements are as follows:

- Classification and valuation of investments (note 3.2.1, 3.2.4 and 5.1)
- Impairment of financial assets (note 3.2.5)
- Taxation (note 3.7 and 14)

2.5 Accounting Convention

These financial statements have been prepared under the historical cost convention, except for investments held under 'fair value through profit or loss' category which are measured at fair value.

2.6 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

3.1 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances and short term highly liquid investments with original maturity of three months or less, are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes. Cash and cash equivalents are carried in the statement of assets and liabilities at cost.

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

3.2 Financial assets

3.2.1 Classification

The Fund classifies its financial assets in the following categories: loans and receivables, financial assets at fair value through profit or loss and available for sale. The classification depends on the purpose for which the financial assets were acquired. The management determines the appropriate classification of its financial assets at initial recognition and re-evaluates this classification on a regular basis.

Investments are categorised as follows:

a) Financial assets 'at fair value through profit or loss'

Financial assets that are acquired principally for the purpose of generating profits from short-term fluctuations in prices are classified as financial assets at fair value through profit or loss category. These include held for trading investments and such other investments that, upon initial recognition, are designated under this category.

b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

c) Available for sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables or (b) financial assets at fair value through profit or loss. These are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or change in price.

3.2.2 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

3.2.3 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value while the related transaction costs are expensed out in the income statement.

Subsequent measurement

a) Financial assets at fair value through profit or loss and available for sale

Subsequent to initial recognition, financial assets designated by the management as "at fair value through profit or loss" and "available for sale" are measured at fair value.

- Basis of valuation of units of mutual funds

Investments in the units of mutual funds are valued by reference to the net asset values (redemption prices) declared by the respective funds.

Net gains and losses arising from changes in the fair value and on sale of financial assets carried at fair value through profit or loss are taken to the Income Statement.

Net gains and losses arising from changes in fair value of available for sale financial assets are taken to other comprehensive income until these are derecognised or impaired. At this time, the cumulative gain or loss previously recognised in other comprehensive income is shown as part of net income for the year.

b) Loans and receivables

Subsequent to initial recognition financial assets classified as loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses are recognised in the income statement when the financial assets carried at amortised cost are derecognised or impaired.

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

3.2.5 Impairment of financial assets

The Fund assesses at each reporting date whether there is an objective evidence that the financial assets or a group of financial assets are impaired. The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

A provision for impairment is established when there is an objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The provision against these amounts is made as per the provisioning policy duly formulated and approved by the Board of Directors of the Management Company in accordance with the requirements of the Securities and Exchange Commission of Pakistan.

3.2.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred or the Fund has transferred substantially all risks and rewards of ownership.

3.3 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

3.4 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

3.5 Provision

Provisions are recognised when the Fund has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

3.6 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortised over a period of two years in accordance with the requirements set out in the Trust Deed of the Fund and the NBFC Regulations.

3.7 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/ year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders.

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.

3.8 Proposed distribution

Distributions declared subsequent to the balance sheet date are considered as non-adjusting events and are recognised in the financial statements in the period in which such distributions are declared.

3.9 Issue and redemption of units

Units issued are recorded at the offer price of each allocation plan, determined by the Management Company for the applications received by the distributors during business hours on that day. The offer price of each allocation plan represents the net asset value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable. Sales load collected, if any, is payable to the Management Company.

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

Units redeemed are recorded at the redemption price of each allocation plan, as per the constitutive documents, applicable to units for which the distributors receive redemption requests during business hours of that day. The redemption price represents daily Net Asset Value (NAV) announced as of the close of the business day less any back-end load, provisions for transaction costs and any provision for duties and charges, if applicable.

Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

3.10

An equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' (the 'element') is created in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. The element arising as a result of unrealised appreciation / (diminution) on available for sale securities is recognised in the distribution statement. The remaining portion of the element is recognised in the income statement.

3.11 Earnings per unit

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

3.12 Net assets value per unit

The net asset value per unit as disclosed on the statement of assets and liabilities is calculated by dividing the net assets of each allocation plan by the number of units in issue of the respective sub funds as at the period / year end.

3.13 Revenue recognition

- Dividend income is recognised in the income statement when the right to receive the dividend is established.
- Realised capital gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Unrealised appreciation / (diminution) arising on revaluation of investments classified as ' financial assets at fair value through profit or loss ' are included in the income statement in the period in which they arise.
- Profit on bank deposits is recognised on an accrual basis.

3.14 Expenses

All expenses including management fee and trustee fee are recognised in the income statement on an accrual basis.

	Note	NIAAP - I	NIAAP - II	NIAAP - III	NIAAP - IV	NIAAP - V	Total	NIAAP - I	NIAAP - II	NIAAP - III	NIAAP - IV	NIAAP - V	Total	
		June 30, 2017						June 30, 2016						
		(Rupees in 000)						(Rupees in 000)						
4	BALANCES WITH BANKS													
	Profit and loss savings accounts	4.1	76,199	72,271	72,501	60,327	147,962	429,260	10,810	6,902	1,279,452	-	-	1,297,164
4.1	These carry profit at the rates ranging from 2.46% to 6.50% (June 30, 2016: 5.75% to 6.30%) per annum.													
4.2	Deposit of Rs 75.749 million NIAAP - I, Rs. 71.846 million NIAAP - II, Rs. 72.056 million, NIAAP - III, Rs. 59.344 million NIAAP - IV and Rs. 138.083 million NIAAP - V is maintained with Bank Islami Pakistan Limited, a related party and carries profit at the rate of 5.6% per annum.													
5	INVESTMENTS													
	'Financial assets at fair value through profit or loss'													
	- Units of mutual funds	5.1	720,582	678,804	1,041,237	718,798	1,632,457	4,791,878	861,675	700,652	1,070,506	2,632,833		

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

5.1 Investment in mutual funds - Related parties

5.1.1 NAFA Islamic Active Allocation Plan I

Name of the fund	Number of units				Carrying value	Market value	Market value as a percentage of net assets	Market value as a percentage of total investment
	As at July 1, 2016	Purchased during the year	Redeemed during the year	As at June 30, 2017				
NAFA Islamic Active Allocation Equity Fund	59,007,644	13,117,176	24,118,984	48,005,836	583,873	644,176	82%	89%
NAFA Active Allocation Riba Free Savings Fund	17,284,357	18,407,386	28,062,912	7,628,831	77,499	76,406	10%	11%
As at June 30, 2017					<u>661,372</u>	<u>720,582</u>		
As at June 30, 2016					<u>792,510</u>	<u>861,675</u>		

5.1.2 NAFA Islamic Active Allocation Plan II

Name of the fund	Number of units				Carrying value	Market value	Market value as a percentage of net assets	Market value as a percentage of total investment
	As at July 1, 2016	Purchased during the year	Redeemed during the year	As at June 30, 2017				
NAFA Islamic Active Allocation Equity Fund	45,973,175	12,511,754	12,095,656	46,389,273	566,822	622,484	85%	92%
NAFA Active Allocation Riba Free Savings Fund	16,393,355	12,999,522	23,769,548	5,623,329	57,131	56,320	8%	8%
As at June 30, 2017					<u>623,953</u>	<u>678,804</u>		
As at June 30, 2016					<u>663,627</u>	<u>700,652</u>		

5.1.3 NAFA Islamic Active Allocation Plan III

Name of the fund	Number of units				Carrying value	Market value	Market value as a percentage of net assets	Market value as a percentage of total investment
	As at July 1, 2016	Purchased during the year	Redeemed during the year	As at June 30, 2017				
NAFA Islamic Active Allocation Equity Fund	35,179,157	66,511,099	33,351,220	68,339,036	853,198	917,021	84%	88%
NAFA Active Allocation Riba Free Savings Fund	65,896,542	44,408,860	97,902,869	12,402,533	125,871	124,216	11%	12%
As at June 30, 2017					<u>979,069</u>	<u>1,041,237</u>		
As at June 30, 2016					<u>1,070,000</u>	<u>1,070,506</u>		

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

5.1.4 NAFA Islamic Active Allocation Plan IV

Name of the fund	Number of units			Carrying value	Market value	Market value as a percentage of net assets	Market value as a percentage of total investment
	Purchased during the period	Redeemed during the period	As at June 30, 2017				
				----- (Rs in "000") -----		----- % -----	
NAFA Islamic Active Allocation Equity Fund	69,630,019	21,288,230	48,341,789	631,985	648,684	84%	90%
NAFA Active Allocation Riba Free Savings Fund	55,377,456	48,376,868	7,000,588	71,233	70,114	9%	10%
As at June 30, 2017				<u>703,218</u>	<u>718,798</u>		

5.1.5 NAFA Islamic Active Allocation Plan V

Name of the fund	Number of units			Carrying value	Market value	Market value as a percentage of net assets	Market value as a percentage of total investment
	Purchased during the period	Redeemed during the period	As at June 30, 2017				
				----- (Rs in "000") -----		----- % -----	
NAFA Islamic Active Allocation Equity Fund	99,656,444	-	99,656,444	1,492,055	1,337,260	75%	82%
NAFA Active Allocation Riba Free Savings Fund	78,356,631	48,882,268	29,474,363	300,314	295,197	17%	18%
As at June 30, 2017				<u>1,792,369</u>	<u>1,632,457</u>		

5.2 Unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net

Note	June 30, 2017						June 30, 2016			
	NIAAP - I	NIAAP - II	NIAAP - III	NIAAP - IV	NIAAP - V	Total	NIAAP - I	NIAAP - II	NIAAP - III	Total
	----- (Rupees in 000) -----						----- (Rupees in 000) -----			
Market value of investments	720,582	678,804	1,041,237	718,798	1,632,457	4,791,878	861,675	700,652	1,070,506	2,632,833
Less: carrying value of investments	661,372	623,953	979,069	703,218	1,792,369	4,759,981	792,510	663,627	1,070,000	2,526,137
	<u>59,210</u>	<u>54,851</u>	<u>62,168</u>	<u>15,580</u>	<u>(159,912)</u>	<u>31,897</u>	<u>69,165</u>	<u>37,025</u>	<u>506</u>	<u>106,696</u>

6 PRELIMINARY EXPENSES AND FLOATATION COSTS

Note	June 30, 2017						June 30, 2016			
	NIAAP - I	NIAAP - II	NIAAP - III	NIAAP - IV	NIAAP - V	Total	NIAAP - I	NIAAP - II	NIAAP - III	Total
	----- (Rupees in 000) -----						----- (Rupees in 000) -----			
Opening Balance	355	291	637	-	-	1,283	-	-	-	-
(Transferred to) / received from other plans	(105)	(96)	(240)	150	291	-	-	-	-	-
Preliminary and floatation cost incurred	-	-	-	-	-	-	615	405	639	1,659
Less: amortisation during the period / year	(175)	(130)	(230)	(63)	(57)	(655)	(260)	(114)	(2)	(376)
Closing balance	<u>75</u>	<u>65</u>	<u>167</u>	<u>87</u>	<u>234</u>	<u>628</u>	<u>355</u>	<u>291</u>	<u>637</u>	<u>1,283</u>

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

6.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund. These are being amortised over a period of two years as per the requirements set out in the Trust Deed of the Fund commencing from:

- NIAAP- I	December 8, 2016
- NIAAP- II	March 4, 2016
- NIAAP- III	June 28, 2016
- NIAAP- IV	September 29, 2016
- NIAAP- V	January 12, 2017

7 PAYABLE TO NBP FULLERTON ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

	Note	NIAAP - I	NIAAP - II	NIAAP - III	NIAAP - IV	NIAAP - V	Total	NIAAP - I	NIAAP - II	NIAAP - III	Total
		June 30, 2017						June 30, 2016			
(Rupees in 000)											
Remuneration of the Management Company	7.1	73	60	63	58	107	361	23	24	32	79
Sindh Sales Tax on remuneration of the Management Company	7.2	9	8	19	8	14	58	4	4	5	13
Federal excise duty payable on remuneration of the Management Company	7.3	78	40	5	-	-	123	78	40	5	123
Sales load payable		809	598	1,669	1,514	943	5,533	809	598	22,153	23,560
Federal excise duty payable on sales load		3,002	2,698	3,028	-	-	8,728	3,002	2,698	3,028	8,728
Preliminary expenses and floatation costs payable		510	311	397	150	305	1,673	615	405	639	1,659
Accounting and operational charges	7.4	944	768	1,326	676	913	4,627	552	260	6	818
Other payable		25	25	25	15	20	110	25	25	10	60
		<u>5,450</u>	<u>4,508</u>	<u>6,532</u>	<u>2,421</u>	<u>2,302</u>	<u>21,213</u>	<u>5,108</u>	<u>4,054</u>	<u>25,878</u>	<u>35,040</u>

7.1 The Management Company has charged remuneration at the rate of 1.25% per annum based on the average daily net assets of the allocation plans after deducting the market value of investment in collective investments, managed by the Management Company of the Fund. The amount of remuneration is being paid monthly in arrears.

7.2 The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 13% (2016: 14%) on remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.

7.3 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 became applicable effective June 13, 2013. The Management Company was of the view that since the remuneration was already subject to the provincial sales tax, further levy of FED results in double taxation, which does not appear to be the spirit of the law.

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 current year, 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 during the period ended June 30, 2016, aggregating to Rs. 78,000, Rs. 40,000 and Rs. 5,000 in NIAAP - I, NIAAP - II and NIAAP - III respectively 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 within the prescribed timeline. However, no provision has been made in respect of FED for NIAAP - IV and NIAAP - V since these have been launched subsequent to July 1, 2016. Had the provision not been made, the Net Asset Value per unit for relevant allocation plans would have been higher by less than one basis point.

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

7.4 In accordance with the provisions of the NBFC Regulations amended vide S.R.O 1160(I) / 2015 dated November 25, 2015, 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 Schemes upto a maximum of 0.1% of the average annual net assets of the Scheme or actual whichever is less. Based on these requirements, the Management Company has charged operating expenses amounting to Rs 0.944 million (June 30, 2016: Rs. 0.552 million), Rs 0.768 million (June 30, 2016: Rs. 0.26 million) , Rs 1.326 million (June 30, 2016: Rs. 0.006 million), Rs 0.676 million and Rs 0.913 million in NIAAP - I, NIAAP - II, NIAAP - III, NIAAP - IV and NIAAP - V respectively for the period ended June 30, 2017.

8 PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN - TRUSTEE

Note	June 30, 2017						June 30, 2016			
	NIAAP - I	NIAAP - II	NIAAP - III	NIAAP - IV	NIAAP - V	Total	NIAAP - I	NIAAP - II	NIAAP - III	Total
	(Rupees in 000)						(Rupees in 000)			
Trustee remuneration	72	62	96	65	134	429	84	64	6	154
Sindh Sales Tax on trustee remuneration	9	8	2	8	17	44	12	9	1	22
	<u>81</u>	<u>70</u>	<u>98</u>	<u>73</u>	<u>151</u>	<u>473</u>	<u>96</u>	<u>73</u>	<u>7</u>	<u>176</u>

8.1 Under the provisions of the Trust Deed, the Trustee is entitled to a remuneration, to be paid monthly in arrears as per the following tariff structure. There has been no change in the tariff structure during the year

Net Assets

Upto Rs 1,000 million

On an amount exceeding Rs 1,000 million

Tariff per annum

Rs. 0.10 percent per annum of the Net Assets

Rs 1.0 million plus 0.075 percent per annum of the Net Assets exceeding Rs 1,000 million

8.2 Sindh sales tax at 13% (2016: 14%) is charged on Trustee fee.

8.3 The remuneration is paid to the Trustee on a monthly basis in arrears.

9 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Note	June 30, 2017						June 30, 2016			
	NIAAP - I	NIAAP - II	NIAAP - III	NIAAP - IV	NIAAP - V	Total	NIAAP - I	NIAAP - II	NIAAP - III	Total
	(Rupees in 000)						(Rupees in 000)			
Annual fee	897	730	1,256	642	868	4,393	524	247	6	777

9.1 Under the provisions of the NBFC Regulations, a collective investment scheme categorised as Shariah Compliant is required to pay an annual fee to the SECP an amount equal to 0.095% per annum of the average daily net assets of the Fund.

10 ACCRUED EXPENSES AND OTHER LIABILITIES

Note	June 30, 2017						June 30, 2016			
	NIAAP - I	NIAAP - II	NIAAP - III	NIAAP - IV	NIAAP - V	Total	NIAAP - I	NIAAP - II	NIAAP - III	Total
	(Rupees in 000)						(Rupees in 000)			
Auditors' remuneration	162	112	125	151	153	703	301	201	50	552
Bank charges	16	73	13	10	45	157	48	57	1	106
Listing fee payable	22	22	9	11	11	75	41	40	-	81
Printing charges	85	78	32	20	20	235	110	100	6	216
Withholding tax payable	4,177	8,405	4,703	3,518	365	21,168	3,921	895	-	4,816
Shariah advisory fee	103	101	101	70	48	423	220	147	10	377
Provision for Sindh Workers Welfare Fund	4,844	3,957	3,816	1,740	-	14,357	-	-	-	-
Others	60	962	33	37	10	1,102	-	-	-	-
	<u>9,469</u>	<u>13,710</u>	<u>8,832</u>	<u>5,557</u>	<u>652</u>	<u>38,220</u>	<u>4,641</u>	<u>1,440</u>	<u>67</u>	<u>6,148</u>

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

- 10.1 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 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 the definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, therefore SWWF is applicable on mutual funds. MUFAP has taken up this matter before the Sindh Finance Ministry to exclude mutual funds from SWWF.

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 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 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. Had the provision not been made on June 30, 2017 it would have resulted in an increase in the net asset value per unit of NIAAP I, NIAAP II, NIAAP III and NIAAP IV respectively by Re. 0.825, Re 0.667, Re 0.408 and Re 0.245. No provision for SWWF has been recorded in NIAAP V since the Fund has reported loss after taxation for the period ended June 30, 2017.

11 CONTINGENCIES AND COMMITMENTS

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

12 NUMBER OF UNITS IN ISSUE

	NIAAP - I	NIAAP - II	NIAAP - III	NIAAP - IV	NIAAP - V	Total	NIAAP - I	NIAAP - II	NIAAP - III	Total
	----- June 30, 2017 -----						----- June 30, 2016 -----			
Total units in issue at the beginning of the period / year	7,692,037	6,536,635	12,865,903	-	-	27,094,575	-	-	-	-
Add: units issued during the period / year	164,784	341,474	2,197,832	11,221,692	20,800,051	34,725,833	12,724,557	8,009,501	12,865,903	33,599,961
Less: redemptions during the period / year	(1,984,383)	(946,832)	(5,716,647)	(4,116,435)	(2,788,567)	(15,552,864)	(5,032,520)	(1,472,866)	-	(6,505,386)
Total units in issue as at June 30	<u>5,872,438</u>	<u>5,931,277</u>	<u>9,347,088</u>	<u>7,105,257</u>	<u>18,011,484</u>	<u>46,267,544</u>	<u>7,692,037</u>	<u>6,536,635</u>	<u>12,865,903</u>	<u>27,094,575</u>

13 AUDITORS' REMUNERATION

	NIAAP - I	NIAAP - II	NIAAP - III	NIAAP - IV	NIAAP - V	Total	NIAAP - I	NIAAP - II	NIAAP - III	Total
	----- For the year ended June 30, 2017 -----						----- For the year ended June 30, 2016 -----			
	----- (Rupees in 000) -----									
Annual audit fee and other certifications	125	125	125	125	125	625	250	150	50	450
Half yearly review fee	60	60	60	60	-	240	-	-	-	-
Out of pocket expenses	40	40	40	40	40	200	51	51	-	102
	<u>225</u>	<u>225</u>	<u>225</u>	<u>225</u>	<u>165</u>	<u>1,065</u>	<u>301</u>	<u>201</u>	<u>50</u>	<u>552</u>

14 TAXATION

The Fund's income is exempt from Income Tax as per clause 99 of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders as cash dividend. Subsequent to June 30, 2017, the Management Company intends to distribute the required minimum percentage of the accounting income for the period / year as reduced by capital gains, whether realised or unrealised, in case of NIAAP - I, NIAAP - II, NIAAP - III and NIAAP - IV. No distribution has been made in case of NIAAP - V for the period ended June 30, 2017 as there was no accounting profit as reduced by capital gains (realised or unrealised). Accordingly, the allocation plans have not recorded a provision for taxation in respect of income relating to the current period / year.

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

15 TOTAL EXPENSE RATIO

The total expense ratio (TER) of the Fund for the year ended June 30, 2017 is 0.94% (NIAAP - I), 0.97% (NIAAP - II), 0.74% (NIAAP - III), 0.55% (NIAAP - IV) and 0.21% (NIAAP - V) which includes 0.62% (NIAAP - I), 0.63% (NIAAP - II), 0.41% (NIAAP - III), 0.28% (NIAAP - IV) and 0.06% (NIAAP - V) representing government levies on the Fund such as sales tax, Sindh Workers' Welfare Fund, annual fee payable to the SECP etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as "Fund of Funds".

16 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

16.1 Connected persons / related parties include NBP Fullerton Asset Management Limited being the Management Company, the Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan and Alexandra Fund Management Pte. Limited being the sponsors, post employment benefit funds of the Management Company, other collective investment schemes managed by the Management Company and the directors and officers of the Management Company. Connected persons also includes any person beneficially owing directly or indirectly 10% or more of the units in the issue / net assets of the Fund.

16.2 Transactions with connected persons / related parties are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

16.3 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.

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

16.5 Details of transactions with related parties / connected persons during the period are as follows:

	NIAAP - I	NIAAP - II	NIAAP - III	NIAAP - IV	NIAAP - V	Total	NIAAP - I	NIAAP - II	NIAAP - III	Total
	For the period / year ended June 30, 2017						For the year ended June 30, 2016			
	(Rupees in 000)						(Rupees in 000)			
NBP Fullerton Asset Management Limited - Management Company										
Remuneration	514	487	1,078	640	929	3,648	488	252	32	772
Sindh sales tax on remuneration	67	63	140	83	121	474	79	41	5	125
Federal excise duty on remuneration	-	-	-	-	-	-	78	40	5	123
Accounting and operational charges	944	768	1,326	676	913	4,627	552	260	6	818
Sales load paid during the period / year	-	-	26,592	15,144	34,904	76,640	21,000	19,000	-	40,000
Central Depository Company of Pakistan Limited - Trustee										
Remuneration	943	768	1,245	672	801	4,429	527	260	6	793
Sindh sales tax on remuneration	123	100	162	87	104	576	74	36	1	111
Investment in NAFA Islamic Active Allocation Equity Fund										
Units purchased:	183,601	175,637	855,524	907,409	1,492,055	3,614,226	942,572	578,995	410,000	1,931,567
- 13,117,176 (2016: 90,818,629) units (NIAAP - I),										
- 12,511,754 (2016: 53,393,415) units (NIAAP - II),										
- 66,511,099 (2016: 35,179,157) units (NIAAP - III),										
- 69,630,019 units (NIAAP - IV) and										
- 99,656,444 units (NIAAP - V)										
Units sold:	352,155	177,119	501,887	311,946	-	1,343,107	361,733	89,287	-	451,020
- 24,118,984 (2016: 31,810,985) units (NIAAP - I),										
- 12,095,656 (2016: 7,420,240) units (NIAAP II),										
- 33,351,220 (2016: Nil) units (NIAAP - III) and										
- 21,288,230 units (NIAAP - IV)										
Cash distributions during the period / year (note 16.5.1)	79,676	73,444	112,730	61,148	126,055	453,053	11,728	9,137	-	20,865

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

	NIAAP - I	NIAAP - II	NIAAP - III	NIAAP - IV	NIAAP - V	Total	NIAAP - I	NIAAP - II	NIAAP - III	Total	
	For the period / year ended June 30, 2017						For the year ended June 30, 2016				
	(Rupees in 000)						(Rupees in 000)				
Investment in NAFA Active Allocation Riba Free Savings Fund											
Units purchased:	187,048	132,247	447,623	560,416	798,621	2,125,955	822,664	432,924	660,000	1,915,588	
- 18,407,386 (2016: 81,921,129) units (NIAAP - I),											
- 12,999,522 (2016: 43,007,969) units (NIAAP II),											
- 44,408,860 (2016: 65,896,542) units (NIAAP - III),											
- 55,377,456 units (NIAAP - IV) and											
- 78,356,631 units (NIAAP - V)											
Units sold:	286,183	242,001	987,868	492,026	498,815	2,506,893	655,844	269,571	-	925,415	
- 28,062,912 (2016: 64,636,772) units (NIAAP - I),											
- 23,769,548 (2016: 26,614,614) units (NIAAP - II),											
- 97,902,869 (2016: Nil) units (NIAAP - III),											
- 48,376,868 units (NIAAP - IV) and											
- 48,882,268 units (NIAAP - V)											
Cash distributions during the period / year (note 16.5.1)	2,948	2,247	5,223	2,434	12,621	25,473	3,083	2,924	-	6,007	
Hamdard Laboratories (Waqf) Pakistan (Unit Holder with more than 10% holding)											
Units issued:	3,261	10,413	5,219	-	-	18,893	100,000	156,593	250,260	506,853	
- 24,770 (2016: 976,197) units (NIAAP - I),											
- 85,394 (2016: 1,522,446) units (NIAAP - II),											
- 45,180 (2016: 2,454,990) units (NIAAP - III),											
PSOCL- Employees Gratuity Fund (Unit Holder with more than 10% holding)											
Units issued:	-	-	-	-	-	-	100,000	-	-	100,000	
- Nil (2016: 1,000,000) units (NIAAP - I)											
Units redeemed:	139,715	-	-	-	-	139,715	-	-	-	-	
- 1,000,000 (2016: Nil) units (NIAAP - I)											
Ashfaq Ahmed (Unit Holder with more than 10% holding)											
Units issued:	-	-	106	-	-	106	-	-	140,480	140,480	
- 1,019 (2016: 1,395,334) units (NIAAP III)											
Units redeemed:	-	-	166,112	-	-	166,112	-	-	-	-	
- 1,396,353 (2016: Nil) units (NIAAP III)											
Employees of the Management Company											
Units issued:	6	-	-	205	-	211	150	-	585	735	
- 45 (2016: 1,503) units (NIAAP - I),											
- Nil (2016: 5,845) units (NIAAP III)											
- 2031 units (NIAAP - IV)											
Units redeemed:	-	-	601	20	-	621	-	-	-	-	
- 5,845 (2016: Nil) units (NIAAP III)											
- 171 units (NIAAP IV)											
BankIslami Pakistan Limited - Common Directorship											
Profit income	3,171	3,112	3,798	2,916	4,069	17,066	-	-	-	-	

16.5.1 The dividend given by the Fund during the year has been reinvested in units of the Fund.

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

16.6 Amounts outstanding as at period / year end

	NIAAP - I	NIAAP - II	NIAAP - III	NIAAP - IV	NIAAP - V	Total	NIAAP - I	NIAAP - II	NIAAP - III	Total
	As at June 30, 2017					As at June 30, 2016				
	(Rupees in 000)					(Rupees in 000)				
NBP Fullerton Asset Management Limited - Management Company										
Management remuneration payable	73	60	63	58	107	361	23	24	32	79
Sindh sales tax payable on remuneration	9	8	19	8	14	58	4	4	5	13
Federal excise duty payable on remuneration	78	40	5	-	-	123	78	40	5	123
Accounting and operational charges payable	944	768	1,326	676	913	4,627	552	260	6	818
Sales load payable to the Management Company	809	598	1,669	1,514	943	5,533	809	598	22,153	23,560
Federal excise duty payable on sales load	3,002	2,698	3,028	-	-	8,728	3,002	2,698	3,028	8,728
Preliminary expenses and floatation costs payable	510	311	397	150	305	1,673	615	405	639	1,659
Other payable to the Management Company	25	25	25	15	20	110	25	25	10	60
Central Depository Company of Pakistan Limited - Trustee										
Remuneration payable	72	62	96	65	134	429	84	64	6	154
Sales tax payable	9	8	2	8	17	44	12	9	1	22
NAFA Islamic Active Allocation Equity Fund										
Investment of:	644,176	622,484	917,021	648,684	1,337,260	4,169,625	688,560	536,461	410,506	1,635,527
- 48,005,836 (2016: 59,007,644) units (NIAAP - I),										
- 46,389,273 (2016: 45,973,175) units (NIAAP - II),										
- 68,339,036 (2016: 35,179,157) units (NIAAP - III),										
- 48,341,789 units (NIAAP - IV) and										
- 99,656,444 units (NIAAP - V)										
NAFA Active Allocation Riba Free Savings Fund										
Investment of:	76,406	56,320	124,216	70,114	295,197	622,253	173,115	164,191	660,000	997,306
- 7,628,831 (2016: 17,284,357) units (NIAAP - I),										
- 5,623,329 (2016: 16,393,355) units (NIAAP - II),										
- 12,402,533 (2016: 65,896,542) units (NIAAP - III),										
- 7,000,588 units (NIAAP - IV) and										
- 29,474,363 units (NIAAP - V)										
Hamdard Laboratories (Waqf) Pakistan (Unit Holder with more than 10% holding)										
Units held:	133,169	198,540	292,987	-	-	624,696	108,098	163,574	245,702	517,374
- 1,000,967 (2016: 976,197) units (NIAAP - I),										
- 1,607,840 (2016: 1,522,446) units (NIAAP II),										
- 2,500,170 (2016: 2,454,990) units (NIAAP III)										
PSOCL- Employees Gratuity Fund (Unit Holder with more than 10% holding)										
Units held:	-	-	-	-	-	-	110,734	-	-	110,734
- Nil (2016: 1,000,000) units (NIAAP - I),										

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

	NIAAP - I	NIAAP - II	NIAAP - III	NIAAP - IV	NIAAP - V	Total	NIAAP - I	NIAAP - II	NIAAP - III	Total
	As at June 30, 2017					As at June 30, 2016				
	(Rupees in 000)					(Rupees in 000)				
Ashfaq Ahmed (Unit Holder with more than 10% holding)										
Units held:	-	-	-	-	-	-	-	-	139,649	139,649
- Nil (2016: 1,395,334) units (NIAAP - III),										
Employees of the Management Company										
Units held:	206	-	-	202	-	408	166	-	585	751
- 1548 (2016: 1,503) units (NIAAP - I),										
- Nil (2016: 5,845) units (NIAAP III),										
- 1860 units (NIAAP - IV)										
Amount receivable against issue of units from:										
NAFA Riba Free Savings Fund	-	-	-	-	-	-	-	-	34	34
NAFA Islamic Principal Protected Fund I	-	-	-	-	-	-	-	-	5,147	5,147
NAFA Islamic Principal Protected Fund II	-	-	-	-	-	-	-	-	16,163	16,163
NAFA Financial Sector Income Fund	-	-	-	-	-	-	-	-	174	174
Amount payable against investments:										
NAFA Islamic Active Allocation Equity Fund	-	-	-	-	-	-	-	-	410,000	410,000
NAFA Active Allocation Riba Free Savings Fund	-	-	-	-	-	-	-	-	660,000	660,000
BankIslami Pakistan Limited - Common Directorship										
Balance with bank	75,749	71,846	72,056	59,344	138,083	417,078	-	-	-	-
Profit receivable	311	282	411	282	473	1,759				

17 PARTICULARS OF THE INVESTMENT COMMITTEE AND THE FUND MANAGER

Details of the members of the investment committee of the Fund are as follows:

S. No	Name	Qualification	Experience in years
1	Dr. Amjad Waheed	MBA / Doctorate in Business Administration / CFA	29
2	Mr. Sajjad Anwar*	CFA / MBA Finance	17
3	Mr. Muhammad Ali Bhabha	CFA / MBA / FRM / MS	22
4	Mr. Hassan Raza	ACCA / BSC / CFA	6
5	Mr. Taha Khan Javed	MBA / CFA	11

* Mr. Sajjad Anwar is the manager of the Fund. He is also the Fund Manager of NAFA Pension Fund, NAFA Islamic Pension Fund, NAFA Islamic Principal Protected Fund I, NAFA Islamic Principal Protected Fund II, NAFA Islamic Principal Preservation Fund, NAFA Islamic Income Fund and NAFA Islamic Stock Fund

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

18 PATTERN OF UNIT HOLDING

Category	2017			2016		
	Number of unitholders	Investment amount	Percentage investment	Number of unitholders	Investment amount	Percentage investment

Rupees in '000

Rupees in '000

NAFA Islamic Active Allocation Fund Plan I

Individuals*	314	503,187	64.41%	373	490,443	57.58%
Other corporate**	4	173,836	22.25%	5	149,815	17.59%
Retirement funds***	5	104,249	13.34%	7	211,511	24.83%
	<u>323</u>	<u>781,272</u>	<u>100.00%</u>	<u>385</u>	<u>851,769</u>	<u>100.00%</u>

* This includes investment amount of Rs 0.206 million by related parties / connected persons.

** This includes investment amount of Rs 133.169 million by related parties / connected persons.

NAFA Islamic Active Allocation Fund Plan II

Individuals	254	436,289	59.57%	303	443,311	63.12%
Other Corporate*	7	283,602	38.72%	8	238,826	34.01%
Retirement Funds	2	12,516	1.71%	3	20,170	2.87%
	<u>263</u>	<u>732,407</u>	<u>100.00%</u>	<u>314</u>	<u>702,307</u>	<u>100.00%</u>

* This includes investment amount of Rs 198.54 million by related parties / connected persons.

NAFA Islamic Active Allocation Fund Plan III

Individuals	268	542,670	49.54%	291	671,848	52.18%
Other Corporate*	13	405,697	37.04%	10	435,254	33.80%
Retirement Funds	17	146,990	13.42%	15	169,428	13.16%
Listed Companies				1	11,124	0.86%
	<u>298</u>	<u>1,095,357</u>	<u>100.00%</u>	<u>317</u>	<u>1,287,654</u>	<u>100.00%</u>

* This includes investment amount of Rs 292.987 million by related parties / connected persons.

NAFA Islamic Active Allocation Fund Plan IV

Individuals*	385	421,602	54.70%	-	-	0.00%
Other Corporate	6	128,806	16.71%	-	-	0.00%
Retirement Funds	11	220,397	28.59%	-	-	0.00%
	<u>402</u>	<u>770,805</u>	<u>100.00%</u>	<u>-</u>	<u>-</u>	<u>0.00%</u>

* This includes investment amount of Rs 0.202 million by related parties / connected persons.

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

Category	2017			2016		
	Number of unitholders	Investment amount	Percentage investment	Number of unitholders	Investment amount	Percentage investment
	Rupees in '000			Rupees in '000		
NAFA Islamic Active Allocation Fund Plan V						
Individuals	676	1,046,206	58.86%	-	-	0.00%
Other Corporate	16	369,567	20.79%	-	-	0.00%
Retirement Funds	14	361,568	20.35%	-	-	0.00%
	<u>706</u>	<u>1,777,341</u>	<u>100%</u>	<u>-</u>	<u>-</u>	<u>0.00%</u>

19 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS THE MANAGEMENT COMPANY

The 60th, 61st, 62nd and 63rd Board meetings were held on September 23, 2016, October 28, 2016, February 28, 2017 and April 28, 2017, respectively. Information in respect of attendance by directors in the meetings is given below:

Name of Directors	Number of meeting			Meetings not attended
	Held	Attended	Leave granted	
Mr. Nausherwan Adil	4	4	-	-
Mr. Aamir Sattar	4	4	-	-
Mr. Abdul Hadi Palekar	4	3	1	61st
Mr. Koh Boon San [note 19.1]	2*	2	-	-
Mr. Lui Mang Yin (Martin Lui)	4	4	-	-
Dr. FOO Chiah Shiung (Kelvin Foo) [note 19.2]	2*	1	1	63rd
Mr. Kamal Amir Chinoy	4	4	-	-
Mr. Shehryar Faruque	4	3	1	62nd
Mr. Saiyed Hashim Ishaque [note 19.3]	3*	3	-	-
Mr. Humayun Bashir [note 19.4]	1*	1	-	-
Dr. Amjad Waheed	4	4	-	-

19.1 Mr. Koh Boon San retired in Extra Ordinary General Meeting held on November 21, 2016.

19.2 Dr. FOO Chiah Shiung (Kelvin Foo) opted as director on the Board with effect from November 21, 2016.

19.3 Mr. Saiyed Hashim Ishaque retired in Extra Ordinary General Meeting held on March 17, 2017.

19.4 Mr. Humayun Bashir opted as director on the Board with effect from March 17, 2017.

These directors were appointed and retired during the year, therefore the number of meetings held in respect of these directors is less than the total number of meetings held during the year.

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

20 FINANCIAL INSTRUMENTS BY CATEGORY

Particulars	-----As at June 30, 2017-----				-----As at June 30, 2016-----			
	Loans and receivables	At fair value through profit or loss	At amortised cost	Total	Loans and receivables	At fair value through profit or loss	At amortised cost	Total
	----- Rs in '000 -----				----- Rs in '000 -----			
	<i>NAFA Islamic Active Allocation Fund Plan I</i>				<i>NAFA Islamic Active Allocation Fund Plan I</i>			
Financial assets								
Balances with banks	76,199	-	-	76,199	10,810	-	-	10,810
Investments	-	720,582	-	720,582	-	861,675	-	861,675
Profit receivable	313	-	-	313	30	-	-	30
Other receivables	-	-	-	-	126	-	-	126
	<u>76,512</u>	<u>720,582</u>	<u>-</u>	<u>797,094</u>	<u>10,966</u>	<u>861,675</u>	<u>-</u>	<u>872,641</u>
Financial liabilities								
Payable to NBP Fullerton Asset Management Company Limited - Management Company	-	-	5,450	5,450	-	-	5,108	5,108
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	81	81	-	-	96	96
Payable against redemption of units	-	-	-	-	-	-	10,858	10,858
Accrued expenses and other liabilities	-	-	448	448	-	-	720	720
	<u>-</u>	<u>-</u>	<u>5,979</u>	<u>5,979</u>	<u>-</u>	<u>-</u>	<u>16,782</u>	<u>16,782</u>
	<i>NAFA Islamic Active Allocation Fund Plan II</i>				<i>NAFA Islamic Active Allocation Fund Plan II</i>			
Financial assets								
Balances with banks	72,271	-	-	72,271	6,902	-	-	6,902
Investments	-	678,804	-	678,804	-	700,652	-	700,652
Profit receivable	285	-	-	285	145	-	-	145
Other receivables	-	-	-	-	131	-	-	131
	<u>72,556</u>	<u>678,804</u>	<u>-</u>	<u>751,360</u>	<u>7,178</u>	<u>700,652</u>	<u>-</u>	<u>707,830</u>
Financial liabilities								
Payable to NBP Fullerton Asset Management Company Limited - Management Company	-	-	4,508	4,508	-	-	4,054	4,054
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	70	70	-	-	73	73
Accrued expenses and other liabilities	-	-	1,348	1,348	-	-	545	545
	<u>-</u>	<u>-</u>	<u>5,926</u>	<u>5,926</u>	<u>-</u>	<u>-</u>	<u>4,672</u>	<u>4,672</u>

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

Particulars	-----As at June 30, 2017-----				-----As at June 30, 2016-----			
	Loans and receivables	At fair value through profit or loss	At amortised cost	Total	Loans and receivables	At fair value through profit or loss	At amortised cost	Total
	----- Rs in '000 -----				----- Rs in '000 -----			
	<i>NAFA Islamic Active Allocation Fund Plan III</i>				<i>NAFA Islamic Active Allocation Fund Plan III</i>			
Financial assets								
Balances with banks	72,501	-	-	72,501	1,279,452	-	-	1,279,452
Investments	-	1,041,237	-	1,041,237	-	1,070,506	-	1,070,506
Profit receivable	447	-	-	447	641	-	-	641
Receivable against issue of units	-	-	-	-	32,376	-	-	32,376
	<u>72,948</u>	<u>1,041,237</u>	<u>-</u>	<u>1,114,185</u>	<u>1,312,469</u>	<u>1,070,506</u>	<u>-</u>	<u>2,382,975</u>
Financial liabilities								
Payable to NBP Fullerton Asset Management Company Limited - Management Company	-	-	6,532	6,532	-	-	25,878	25,878
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	98	98	-	-	7	7
Payable against redemption of units	-	-	2,277	2,277	-	-	-	-
Payable against investments	-	-	-	-	-	-	1,070,000	1,070,000
Accrued expenses and other liabilities	-	-	313	313	-	-	67	67
	<u>-</u>	<u>-</u>	<u>9,220</u>	<u>9,220</u>	<u>-</u>	<u>-</u>	<u>1,095,952</u>	<u>1,095,952</u>
	<i>NAFA Islamic Active Allocation Fund Plan IV</i>				<i>NAFA Islamic Active Allocation Fund Plan IV</i>			
Financial assets								
Balances with banks	60,327	-	-	60,327	-	-	-	-
Investments	-	718,798	-	718,798	-	-	-	-
Profit receivable	286	-	-	286	-	-	-	-
	<u>60,613</u>	<u>718,798</u>	<u>-</u>	<u>779,411</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities								
Payable to NBP Fullerton Asset Management Company Limited - Management Company	-	-	2,421	2,421	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	73	73	-	-	-	-
Accrued expenses and other liabilities	-	-	299	299	-	-	-	-
	<u>-</u>	<u>-</u>	<u>2,793</u>	<u>2,793</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

Particulars	-----As at June 30, 2017-----				-----As at June 30, 2016-----			
	Loans and receivables	At fair value through profit or loss	At amortised cost	Total	Loans and receivables	At fair value through profit or loss	At amortised cost	Total
	----- Rs in '000 -----				----- Rs in '000 -----			
	<i>NAFA Islamic Active Allocation Fund Plan V</i>				<i>NAFA Islamic Active Allocation Fund Plan V</i>			
Financial assets								
Balances with banks	147,962	-	-	147,962	-	-	-	-
Investments	-	1,632,457	-	1,632,457	-	-	-	-
Profit receivable	512	-	-	512	-	-	-	-
Other receivables	149	-	-	149	-	-	-	-
	<u>148,623</u>	<u>1,632,457</u>	<u>-</u>	<u>1,781,080</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities								
Payable to NBP Fullerton Asset Management Company Limited - Management Company	-	-	2,302	2,302	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	151	151	-	-	-	-
Accrued expenses and other liabilities	-	-	287	287	-	-	-	-
	<u>-</u>	<u>-</u>	<u>2,740</u>	<u>2,740</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

21 FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

21.1 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices.

The Management Company manages the market risk by monitoring exposure on marketable securities by following internal risk management policies and investment guidelines approved by the investment committee and the regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk: currency risk, profit rate risk and other price risk.

21.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. Presently, the Fund is not exposed to currency risk as all the transactions are carried out in Pakistani Rupees.

21.1.2 Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market rates. The Fund is mainly exposed to profit rate risk on balances held with banks.

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

a) Sensitivity analysis for variable rate instruments

Presently, the Fund does not hold any variable rate instrument except for balances in saving accounts. These bank accounts carry profit at rates ranging from 2.46% to 6.5%.

b) Sensitivity analysis for fixed rate instruments

Presently, the Fund does not hold any fixed rate instrument that exposes the Fund to any material profit rate risk.

Yield / profit rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date.

Particulars	Yield / profit rate	----- June 30, 2017 -----					Not exposed to yield / profit rate risk	----- June 30, 2016 -----				
		Total	---Exposed to yield / profit rate risk---			Total		---Exposed to yield / profit rate risk---			Total	
			Upto three months	More than three months and upto one year	More than one year			Upto three months	More than three months and upto one year	More than one year		
	%	----- Rupees in '000 -----						----- Rupees in '000 -----				

NAFA Islamic Active Allocation Fund Plan I

NAFA Islamic Active Allocation Fund Plan I

On-balance sheet financial instruments

Financial assets

Balances with banks	2.46%- 6.5%	76,199	76,199	-	-	-	5.75% - 6.1%	10,810	10,810	-	-	-
Investments		720,582	-	-	-	720,582		861,675	-	-	-	861,675
Profit receivable		313	-	-	-	313		30	-	-	-	30
Other receivables		-	-	-	-	-		126	-	-	-	126
		797,094	76,199	-	-	720,895		872,641	10,810	-	-	861,831

Financial liabilities

Payable to NBP Fullerton Asset Management Company Limited - Management Company		5,450	-	-	-	5,450		5,108	-	-	-	5,108
Payable to Central Depository Company of Pakistan Limited - Trustee		81	-	-	-	81		98	-	-	-	98
Payable against redemption of units		-	-	-	-	-		10,858	-	-	-	10,858
Accrued expenses and other liabilities		448	-	-	-	448		720	-	-	-	720
		5,979	-	-	-	5,979		16,784	-	-	-	16,784

On-balance sheet gap

		791,115	76,199	-	-	714,916		855,857	10,810	-	-	845,047
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Total profit rate sensitivity gap

		791,115	76,199	-	-	714,916		855,857	10,810	-	-	845,047
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Cumulative profit rate sensitivity gap

		76,199	76,199	76,199		10,810	10,810	10,810
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NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

Particulars	Yield / profit rate	June 30, 2017					Not exposed to yield / profit rate risk	Yield / profit rate	Total	June 30, 2016			Not exposed to yield / profit rate risk
		---Exposed to yield / profit rate risk---			Total	---Exposed to yield / profit rate risk---							
		Upto three months	More than three months and upto one year	More than one year		Upto three months				More than three months and upto one year	More than one year		
	%	Rupees in '000						%	Rupees in '000				

NAFA Islamic Active Allocation Fund Plan II

NAFA Islamic Active Allocation Fund Plan II

On-balance sheet financial instruments

Financial assets

Balances with banks	3.08% - 6.5%	72,271	72,271	-	-	-	5.75% - 6.1%	6,902	6,902	-	-	-
Investments		678,804	-	-	-	678,804		700,652	-	-	-	700,652
Profit receivable		285	-	-	-	285		145	-	-	-	145
Other receivables		-	-	-	-	-		131	-	-	-	131
		751,360	72,271	-	-	679,089		707,830	6,902	-	-	700,928

Financial liabilities

Payable to NBP Fullerton Asset Management Company Limited - Management Company		4,508	-	-	-	4,508		4,054	-	-	-	4,054
Payable to Central Depository Company of Pakistan Limited - Trustee		70	-	-	-	70		73	-	-	-	73
Accrued expenses and other liabilities		1,348	-	-	-	1,348		545	-	-	-	545
		5,926	-	-	-	5,926		4,672	-	-	-	4,672

On-balance sheet gap

Total profit rate sensitivity gap

Cumulative profit rate sensitivity gap

	745,434	72,271	-	-	673,163	703,158	6,902	-	-	696,256
	745,434	72,271	-	-	673,163	703,158	6,902	-	-	696,256
		72,271	72,271	72,271		6,902	6,902	6,902		

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

Particulars	Yield / profit rate	June 30, 2017					Not exposed to yield / profit rate risk	Yield / profit rate	Total	June 30, 2016			Not exposed to yield / profit rate risk
		---Exposed to yield / profit rate risk---			Total	---Exposed to yield / profit rate risk---							
		Upto three months	More than three months and upto one year	More than one year		Upto three months				More than three months and upto one year	More than one year		
	%	Rupees in '000						%	Rupees in '000				

NAFA Islamic Active Allocation Fund Plan III

On-balance sheet financial instruments

Financial assets

Balances with banks	3.08% - 6.5%	72,501	72,501	-	-	-
Investments		1,041,237	-	-	-	1,041,237
Profit receivable		447	-	-	-	447
Receivable against issue of units		-	-	-	-	-
		1,114,185	72,501	-	-	1,041,684

Financial liabilities

Payable to NBP Fullerton Asset Management Company Limited - Management Company		6,532	-	-	-	6,532
Payable to Central Depository Company of Pakistan Limited - Trustee		98	-	-	-	98
Payable against redemption of units		2,277	-	-	-	2,277
Payable against investments		-	-	-	-	-
Accrued expenses and other liabilities		313	-	-	-	313
		9,220	-	-	-	9,220

On-balance sheet gap

	1,104,965	72,501	-	-	1,032,464
--	-----------	--------	---	---	-----------

Total profit rate sensitivity gap

	1,104,965	72,501	-	-	1,032,464
--	-----------	--------	---	---	-----------

Cumulative profit rate sensitivity gap

	72,501	72,501	72,501
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NAFA Islamic Active Allocation Fund Plan III

Balances with banks	6.25% - 6.3%	1,279,452	1,279,452	-	-	-
Investments		1,070,506	-	-	-	1,070,506
Profit receivable		641	-	-	-	641
Receivable against issue of units		32,376	-	-	-	32,376
		2,382,975	1,279,452	-	-	1,103,523

Payable to NBP Fullerton Asset Management Company Limited - Management Company		25,878	-	-	-	25,878
Payable to Central Depository Company of Pakistan Limited - Trustee		7	-	-	-	7
Payable against redemption of units		-	-	-	-	-
Payable against investments		1,070,000	-	-	-	1,070,000
Accrued expenses and other liabilities		67	-	-	-	67
		1,095,952	-	-	-	1,095,952

	1,287,023	1,279,452	-	-	7,571
--	-----------	-----------	---	---	-------

	1,287,023	1,279,452	-	-	7,571
--	-----------	-----------	---	---	-------

	1,279,452	1,279,452	1,279,452
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NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

Particulars	Yield / profit rate	Total	---Exposed to yield / profit rate risk---			Not exposed to yield / profit rate risk
			Upto three months	More than three months and upto one year	More than one year	
			----- June 30, 2017 -----			
----- Rupees in '000 -----						

NAFA Islamic Active Allocation Fund Plan IV

On-balance sheet financial instruments

Financial assets

Balances with banks

3.4% - 5.6%

Investments

Profit receivable

Financial liabilities

Payable to NBP Fullerton Asset Management Company Limited - Management Company

Payable to Central Depository Company of Pakistan Limited - Trustee

Accrued expenses and other liabilities

On-balance sheet gap

Total profit rate sensitivity gap

Cumulative profit rate sensitivity gap

60,327	60,327	-	-	-
718,798	-	-	-	718,798
286	-	-	-	286
779,411	60,327	-	-	719,084
2,421	-	-	-	2,421
73	-	-	-	73
299	-	-	-	299
2,793	-	-	-	2,793
776,618	60,327	-	-	716,291
776,618	60,327	-	-	716,291
	60,327	60,327	60,327	

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

Particulars	Yield / profit rate	Total	---Exposed to yield / profit rate risk---			Not exposed to yield / profit rate risk
			Upto three months	More than three months and upto one year	More than one year	
			Rupees in '000			

NAFA Islamic Active Allocation Fund Plan V

On-balance sheet financial instruments

Financial assets

Balances with banks	5.5% - 5.75%	147,962	147,962	-	-	-
Investments		1,632,457	-	-	-	1,632,457
Profit receivable		512	-	-	-	512
Other receivables		149	-	-	-	149
		1,781,080	147,962	-	-	1,633,118

Financial liabilities

Payable to NBP Fullerton Asset Management Company Limited - Management Company		2,302	-	-	-	2,302
Payable to Central Depository Company of Pakistan Limited - Trustee		151	-	-	-	151
Accrued expenses and other liabilities		287	-	-	-	287
		2,740	-	-	-	2,740

On-balance sheet gap

	1,778,340	147,962	-	-	1,630,378
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Total profit rate sensitivity gap

	1,778,340	147,962	-	-	1,630,378
--	-----------	---------	---	---	-----------

Cumulative profit rate sensitivity gap

	147,962	147,962	147,962
--	---------	---------	---------

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

21.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Presently, the allocation plans are exposed to price risk due to their investment in the units of mutual funds. In case of 5% increase / (decrease) in the Net Asset Value per unit of the funds i.e. NAFA Islamic Active Allocation Equity Fund and NAFA Active Allocation Riba Free Savings Fund, the net income of the NIAAP - I, NIAAP - II, NIAAP - III, NIAAP - IV and NIAAP - V for the period would increase / (decrease) by Rs 36.029 million (2016: Rs 43.084 million), Rs. 33.94 million (2016: Rs 35.033 million), Rs 52.062 million (2016: Rs 53.525 million), Rs 35.94 and Rs 81.623 million respectively and net assets of the allocation plans, NIAAP - I, NIAAP - II and NIAAP - III, would increase / (decrease) by the same amount as a result of gains / (losses) on these securities at 'fair value through profit and loss'.

21.2 Credit risk

Credit risk represents the risk of a loss if counter parties fail to perform as contracted. The Fund's credit risk mainly arises from deposits with banks and financial institutions and investments made in the units of mutual funds. For banks and financial institutions and investments made in the units of mutual funds, only reputed parties are accepted.

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. In addition, the risk is managed through assignment of credit limits and by following strict credit evaluation criteria laid down by the Management Company. The Fund does not expect to incur material credit losses on its financial assets.

The analysis below summarises the available published credit rating of the allocation plans' financial assets.

21.2.1 Credit Rating

Particulars	Rating agency	Latest available published rating	NIAAP - I	NIAAP - II	NIAAP - III	NIAAP - IV	NIAAP - V
----- June 30, 2017 -----							
Banks							
Habib Bank Limited	JCR-VIS	A1+	0.01%	0.01%	-	0.01%	-
Habib Metropolitan Bank Limited	PACRA	A1+	0.01%	0.01%	0.01%	-	-
JS Bank Limited	PACRA	A1+	-	-	-	-	0.52%
Allied Bank Limited	PACRA	A1+	0.44%	0.46%	0.35%	0.56%	0.00%
United Bank Limited	JCR-VIS	A1+	0.01%	0.01%	0.01%	-	1.00%
AlBaraka Bank (Pakistan) Limited	PACRA	A-1	0.01%	0.01%	-	-	-
Bank Islami Pakistan Limited (Related Party)	PACRA	A-1	99.41%	99.41%	99.38%	98.37%	93.32%
Dubai Islamic Bank Pakistan Limited	JCR-VIS	A-1	0.10%	0.08%	0.24%	1.06%	5.16%
Silk Bank Limited	JCR-VIS	A-2	0.01%	0.01%	0.01%	-	-
			<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
Investment in mutual funds - related parties							
NAFA Islamic Active Allocation Equity Fund	PACRA	5 star initial	89%	92%	88%	90%	82%
NAFA Active Allocation Riba Free Savings Fund	PACRA	A-(f)	11%	8%	12%	10%	18%
			<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

Particulars	Rating agency	Latest available published rating	-----June 30, 2016-----		
			NIAAP - I	NIAAP - II	NIAAP - III
Banks					
Habib Bank Limited	JCR-VIS	AAA	0.05%	0.07%	-
United Bank Limited	JCR-VIS	AAA	0.05%	0.07%	-
Habib Metropolitan Bank Limited	PACRA	AA+	0.05%	0.07%	-
Bank Islami Pakistan Limited (Related Party)	PACRA	A+	99.14%	98.45%	0%
Dubai Islamic Bank Pakistan Limited	JCR-VIS	A+	0.66%	1.26%	0%
Silk Bank Limited	JCR-VIS	A-	0.05%	0.07%	-
			<u>100%</u>	<u>100%</u>	<u>0%</u>
Investment in mutual funds - related parties					
NAFA Islamic Active Allocation Equity Fund	PACRA	A-(f)	80%	77%	38%
NAFA Active Allocation Riba Free Savings Fund		Not yet rated	20%	23%	62%
			<u>100%</u>	<u>100%</u>	<u>100%</u>

21.2.2 Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the allocation plans total credit exposure. Out of the total assets of these plans (as mentioned in note 19), all the investments have been made in funds managed by the Management Company of the Fund and all the bank balances are being maintained with credit worthy banks. Thus, the management believes that the Fund is not exposed to any credit risk.

21.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on the terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily cash redemption requests, if any. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. The Fund's policy is therefore to invest the majority of its assets in investments that can be readily realised. The Fund's investments are considered readily realisable.

In addition, the Fund has the ability to borrow, with prior approval of the trustee, for meeting redemption. The maximum amount available to the Fund from borrowings is limited to the extent of 10% of net assets at the time of borrowing with repayments within 90 days of such borrowings. During the year ended June 30, 2017, the Fund has obtained a Commodity Murabahah Facility of Rs 150 million (NIAAP - I), Rs 125 million (NIAAP - II), Rs 200 million (NIAAP - III), Rs 130 million (NIAAP - IV) and Rs 315 million (NIAAP - V) from Bank Islami Pakistan Limited on March 15, 2017. The facility is secured against shariah compliant shares with prescribed margins and can be availed at a profit rate of respective KIBOR plus 0.75% per annum. However, the facility has not been availed by the Fund during the year.

In order to manage the Fund's overall liquidity, the Fund may withhold daily redemption requests in excess of ten percent of units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the period.

The table below indicates the allocation plans' financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

Particulars	----- June 30, 2017 -----				----- June 30, 2016 -----			
	Total	Upto three months	Over three months and upto one year	Over one year	Total	Upto three months	Over three months and upto one year	Over one year
	----- Rupees in '000 -----				----- Rupees in '000 -----			
NAFA Islamic Active Allocation Fund Plan I								
Financial liabilities								
Payable to NBP Fullerton Asset Management Company Limited - Management Company	5,450	5,450	-	-	5,108	5,108	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	81	81	-	-	96	96	-	-
Payable against redemption of units	-	-	-	-	10,858	10,858	-	-
Accrued expenses and other liabilities	448	448	-	-	720	720	-	-
	<u>5,979</u>	<u>5,979</u>	<u>-</u>	<u>-</u>	<u>16,782</u>	<u>16,782</u>	<u>-</u>	<u>-</u>
NAFA Islamic Active Allocation Fund Plan II								
Financial liabilities								
Payable to NBP Fullerton Asset Management Company Limited - Management Company	4,508	4,508	-	-	4,054	4,054	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	70	70	-	-	73	73	-	-
Accrued expenses and other liabilities	1,348	1,348	-	-	545	545	-	-
	<u>5,926</u>	<u>5,926</u>	<u>-</u>	<u>-</u>	<u>4,672</u>	<u>4,672</u>	<u>-</u>	<u>-</u>
NAFA Islamic Active Allocation Fund Plan III								
Financial liabilities								
Payable to NBP Fullerton Asset Management Company Limited - Management Company	6,532	6,532	-	-	25,878	25,878	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	98	98	-	-	7	7	-	-
Payable against redemption of units	2,277	2,277	-	-	-	-	-	-
Payable against investments	-	-	-	-	1,070,000	1,070,000	-	-
Accrued expenses and other liabilities	313	313	-	-	67	67	-	-
	<u>9,220</u>	<u>9,220</u>	<u>-</u>	<u>-</u>	<u>1,095,952</u>	<u>1,095,952</u>	<u>-</u>	<u>-</u>
NAFA Islamic Active Allocation Fund Plan IV								
Financial liabilities								
Payable to NBP Fullerton Asset Management Company Limited - Management Company	2,421	2,421	-	-	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	73	73	-	-	-	-	-	-
Accrued expenses and other liabilities	299	299	-	-	-	-	-	-
	<u>2,793</u>	<u>2,793</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

Particulars	----- June 30, 2017 -----				----- June 30, 2016 -----			
	Total	Upto three months	Over three months and upto one year	Over one year	Total	Upto three months	Over three months and upto one year	Over one year
	----- Rupees in '000 -----				----- Rupees in '000 -----			

NAFA Islamic Active Allocation Fund Plan V								
Financial liabilities								
Payable to NBP Fullerton Asset Management Company Limited - Management Company	2,302	2,302	-	-	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	151	151	-	-	-	-	-	-
Accrued expenses and other liabilities	287	287	-	-	-	-	-	-
	<u>2,740</u>	<u>2,740</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

22 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to distributions and to payment of a proportionate share, based on the allocation plans' net asset value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in unit holders' fund.

The Fund's objectives when managing unit holders' fund are to safeguard its ability to continue as a going concern so that it can continue to provide returns to unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

The Fund has no restrictions on the subscription and redemption of units. As required under the NBFC Regulations, every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has maintained and complied with the requirement of minimum fund size during the current period/ year.

In accordance with the risk management policies stated in note 21, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions requests. Such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

23 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or liability 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:

- The fair value of investments in the units of open-end collective investment schemes is based on the net assets value quoted by the Fund on the balance sheet date.
- The fair value of all other financial assets and financial liabilities of the allocations plans approximate their carrying amounts due to short term maturities of these instruments.

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify its 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:

- Level 1 Quoted price (unadjusted) in an active market for identical assets or liabilities.
- Level 2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The Fund held the following financial instruments measured at fair value:

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

ASSETS	----- June 30, 2017 -----				----- June 30, 2016 -----			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----				----- Rupees in '000 -----			
Financial assets at fair value through profit or loss								
- Investment in units of mutual funds								
- NIAAP I	720,582	-	-	-	861,675	-	-	-
- NIAAP II	678,804	-	-	-	700,652	-	-	-
- NIAAP III	1,041,237	-	-	-	1,070,506	-	-	-
- NIAAP IV	718,798	-	-	-	-	-	-	-
- NIAAP V	1,632,457	-	-	-	-	-	-	-

24 NON-ADJUSTING EVENT AFTER THE REPORTING DATE

The Board of Directors of the Management Company in their meeting held on September 15, 2017 approved a final cash distribution of Rs 2.5 million (Rs 0.4740 per unit), Rs. 2.5 million (Rs 0.4786 per unit), Rs. 1.5 million (Rs 0.1921 per unit) and Rs. 3.5 million (Rs 0.5670 per unit) in NIAAP I, NIAAP II, NIAAP III and NIAAP IV respectively for the period ended June 30, 2017. The financial statements of the Fund for the period / year ended June 30, 2017 do not include the effect of these final distributions which will be accounted for in the financial statements of the Fund for the year ending June 30, 2018.

25 GENERAL

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

25.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation. No significant rearrangements or reclassifications were made in these financial statements.

26 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on September 15, 2017.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

PERFORMANCE TABLE

Particulars	For the year ended June 30, 2017					For the year ended June 30, 2016		
	NIAAP I	NIAAP II	NIAAP III	NIAAP IV	NIAAP V	NIAAP I	NIAAP II	NIAAP III
Net assets at the year / period ended (Rs '000)	781,274	732,408	1,095,356	770,805	1,777,341	851,769	702,307	1,287,651
Net income for the year / period ended (Rs '000)	156,416	146,218	185,959	85,266	(23,808)	82,566	48,643	1,061
Net Asset Value per unit at the year / period ended (Rs)	133.0408	123.4823	117.1869	108.4838	98.6782	110.7339	107.2223	100.0022
Offer Price per unit	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Redemption Price per unit	133.0408	123.4823	117.1869	108.4838	98.6782	110.7339	107.2223	100.0022
Ex - Highest offer price per unit (Rs.)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ex - Lowest offer price per unit (Rs.)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ex - Highest redemption price per unit (Rs.)	144.6601	134.6570	127.9861	118.1146	106.9905	112.2377	108.7546	100.0022
Ex - Lowest redemption price per unit (Rs.)	107.4646	100.3728	97.9152	93.9885	96.5334	98.8337	99.6335	99.9505
Opening Nav of Fiscal Year	107.0634	99.8681	97.6556	100.0000	100	100.0000	99.7958	99.9195
Total return of the fund	24.26%	23.65%	20.00%	8.48%	-1.32%	10.73%	7.44%	0.08%
Capital growth	20.10%	14.76%	17.19%	4.87%	-1.32%	10.73%	7.24%	0.00%
Income distribution as % of Ex nav	4.16%	8.88%	2.81%	3.61%	N/A	-	0.20%	0.08%
Income distribution as % of Par nav	4.45%	8.87%	2.75%	3.61%	N/A	-	0.24%	0.08%
Distribution								
Interim distribution per unit	4.4539	8.8702	2.7488	3.6094	-	-	0.2357	0.0842
Final distribution per unit	0.474	0.4786	0.1921	0.567	-	-	-	-
Distribution Dates								
Interim	21-06-2017	21-06-2017	21-06-2017	21-06-2017	-	-	-	-
Final	15-09-2017	15-09-2017	15-09-2017	15-09-2017	-	-	23-Sep-16	23-Sep-16
Average annual return of the fund (launch date December 08, 2015)								
(Since inception to June 30, 2017)	24.48%	23.94%	19.98%	12.18%	-1.32%	-	-	-
(Since inception to June 30, 2016)	-	-	-	-	-	10.73%	7.44%	0.08%








Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up



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