

AM2++
TIME TO GROW



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

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

HALF YEARLY REPORT

**December
31 2016**



Your investments & "NAFA" grow together



**FULLERTON FUND
MANAGEMENT**

Joint - Venture Partners

MISSION STATEMENT



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

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NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

FUND'S INFORMATION

Management Company

NBP Fullerton Asset Management Limited – Management Company

Board of Directors of the Management Company

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

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

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

Human Resource and Remuneration Committee

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

Trustee

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

Bankers to the Fund

Bank Islami Pakistan Limited
Burj Bank Limited
Habib Bank Limited
National Bank of Pakistan
United Bank Limited
Dubai Islamic Bank Limited
Silk Bank Limited
Habib Metropolitan 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

DIRECTORS' REPORT

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

Fund's Performance

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 through five (5) Allocation Plans, out of these NAFA Islamic Active Allocation Plan-I (NIAAP-I), NAFA Islamic Active Allocation Plan-II (NIAAP-II), NAFA Islamic Active Allocation Plan-III (NIAAP-III), and NAFA Islamic Active Allocation Plan-IV (NIAAP-IV) have already been launched. These plans invest in the following underlying Funds and the allocation in these underlying Funds change based on the investment outlook of our Investment Committee.

- NAFA Active Allocation Riba Free Savings Fund
- NAFA Islamic Active Allocation Equity Fund

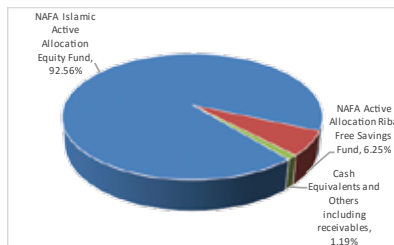
During 1HFY17, riding on the positive momentum built on the Pakistan Stock Exchange (PSX) reclassification into MSCI Emerging Market and driven primarily by the price-to-earnings (PE) re-rating, the stock market delivered a handsome return of about 27%. Positives on the macroeconomic front such as improved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

State Bank of Pakistan (SBP) maintained discount rate and policy rate at 6.25% and 5.75% respectively during the period under review. SBP cited improvement in macroeconomic stability, comfortable liquidity conditions coupled with healthy reserve accumulation, manageable in-flationary backdrop, and CPEC related projects gathering momentum being balanced against latent risks to external accounts/factors. However, there are risks to the external account emanating from expected increase in commodity/global oil prices, confluence of declining remittances, challenged exports outlook and mounting external debt levels that may imperil the medium-term sustainability of the Balance of Payments position and warrant decisive policy action. Long-term sovereign yields witnessed an average increase of around 50 basis points, reflecting an uptick in inflation and interest rates.

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

Fund's Performance

During the period, the unit price of NAFA Islamic Active Allocation Plan-I (NIAAP-I) has increased from Rs.110.7339 on June 30, 2016 to Rs.136.2519 on December 31, 2016, thus showing an increase of 23.04%. The Benchmark increased by 19.24%. Thus, the Fund has outperformed its Benchmark by 3.80%. Since Inception, the unit price of NAFA Islamic Active Allocation Plan-I (NIAAP-I) has increased from Rs.100.0000 on January 15, 2016 to Rs.136.2519 on December 31, 2016, thus showing an increase of 36.25%. The Benchmark return during the same period was 38.25%. Thus, the Fund has underperformed its Benchmark by 2.00%. This performance is net of management fee and all other expenses. The size of the plan is Rs.978 million. NIAAP-I has earned income of Rs.185.23 million during the year. After accounting for expenses of Rs.1.99 million, the net income is Rs.183.23 million. The asset allocation of the Fund as on December 31, 2016 is as follows:

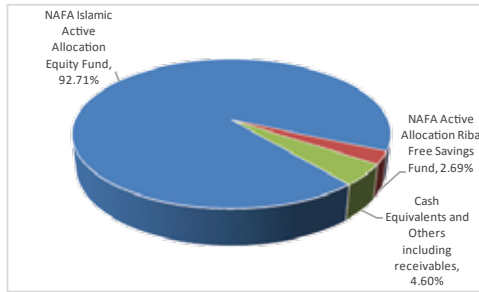


NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

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

Fund's Performance

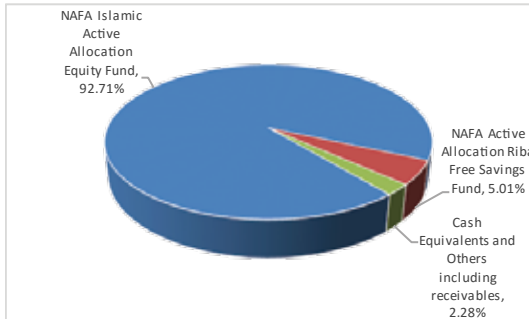
During the period, the unit price of NAFA Islamic Active Allocation Plan-II (NIAAP-II) has increased from Rs.107.2223 (Ex-Div) on June 30, 2016 to Rs.131.2992 on December 31, 2016, thus showing an increase of 22.46%. The Benchmark increased by 18.90%. Thus, the Fund has outperformed its Benchmark by 3.56%. Since Inception, the unit price of NAFA Islamic Active Allocation Plan-II (NIAAP-II) has increased from Rs.99.7958 (Ex-Div) on March 04, 2016 to Rs.131.2992 on December 31, 2016, thus showing an increase of 31.57%. The Benchmark return during the same period was 31.24%. Thus, the Fund has outperformed its Benchmark by 0.33%. This performance is net of management fee and all other expenses. The size of the Plan is Rs.809 million. NIAAP-II has earned income of Rs.150.27 million during the year. After accounting for expenses of Rs.1.76 million, the net income is Rs.148.51 million. The asset allocation of the Fund as on December 31, 2016 is as follows:



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

Fund's Performance

During the period, the unit price of NAFA Islamic Active Allocation Plan-III (NIAAP-III) has increased from Rs.100.0022 (Ex-Div) on June 30, 2016 to Rs.118.5570 on December 31, 2016, thus showing an increase of 18.55%. The Benchmark increased by 16.30%. Thus, the Fund has outperformed its Benchmark by 2.25%. Since Inception, the unit price of NAFA Islamic Active Allocation Plan-III (NIAAP-III) has increased from Rs.99.9195 (Ex-Div) on June 28, 2016 to Rs.118.5570 on December 31, 2016, thus showing an increase of 18.65%. The Benchmark return during the same period was 17.11%. Thus, the Fund has outperformed its Benchmark by 1.54%. This performance is net of management fee and all other expenses. The size of the Plan is Rs.1,504 million. NIAAP-III has earned income of Rs.238.80 million during the year. After accounting for expenses of Rs.3.35 million, the net income is Rs.235.446 million. The asset allocation of the Fund as on December 31, 2016 is as follows:

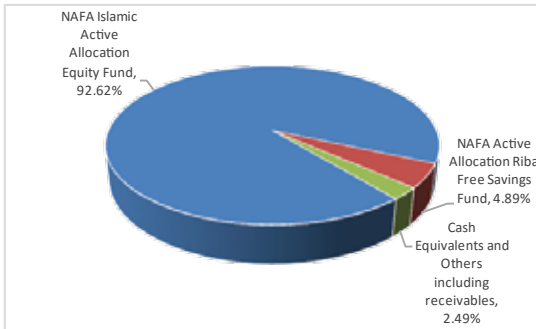


NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

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

Fund's Performance

Since Inception, the unit price of NAFA Islamic Active Allocation Plan-IV (NIAAP-IV) has increased from Rs.100.0000 on September 30, 2016 to Rs.110.8769 on December 31, 2016, thus showing an increase of 10.88%. The Benchmark return during the same period was 13.59%. Thus, the Fund has underperformed its Benchmark by 2.71%. This performance is net of management fee and all other expenses. The size of the Plan is Rs.894 million. NIAAP-IV has earned income of Rs.89.14 million during the year. After accounting for expenses of Rs.1.49 million, the net income is Rs.87.65 million. The asset allocation of the Fund as on December 31, 2016 is as follows:



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
Date: February 28, 2017
Place: Karachi.

Director

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

ڈائریکٹرز رپورٹ

NBP فلٹرن ایسٹ منجمنٹ لینڈ کے بورڈ آف ڈائریکٹرز زبردست 31 دسمبر 2016ء کو ترمیم ہونے والی ششماہی کے لیے NAFA اسلامک ایکٹیو ایلیوکیشن فنڈ-1 کے جانچ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

فنڈ کی کارکردگی

اس فنڈ کا مقصد سرمایہ کاروں کو عمدہ نظم و نسق والے شریعہ کیلچرڈ ایکٹیو فنڈ اور اعلیٰ مندی مارکیٹ فنڈ سے پرکشش منافع کمانے کا موقع فراہم کرنا ہے۔

NAFA اسلامک ایکٹیو ایلیوکیشن ایکٹیو فنڈ-1 پانچ (5) ایلیوکیشنز پلانز کے ذریعے ایک ٹرسٹ اسکیم کی شکل میں تیار کیا گیا ہے۔ ان میں سے NAFA اسلامک ایکٹیو ایلیوکیشن پلان-I (NIAAP-I)، NAFA اسلامک ایکٹیو ایلیوکیشن پلان-II (NIAAP-II)، NAFA اسلامک ایکٹیو ایلیوکیشن پلان-III (NIAAP-III) اور NAFA اسلامک ایکٹیو ایلیوکیشن پلان-IV (NIAAP-IV) پہلے ہی لانچ کیے جا چکے ہیں۔ یہ پلانز درج ذیل فنڈز میں سرمایہ کاری کرتے ہیں اور درج ذیل فنڈز میں ایلیوکیشن کی تبدیلی ہماری انویسٹمنٹ کمیٹی کی سرمایہ کاری کی توقعات پر مبنی ہوتی ہے۔

NAFA اسلامک ایکٹیو ایلیوکیشن ریفری سیونگ فنڈ

NAFA اسلامک ایکٹیو ایلیوکیشن ایکٹیو فنڈ

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

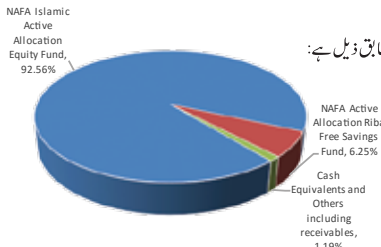
اسٹیٹ بینک آف پاکستان (SBP) نے مذکورہ بالا مدت کے دوران ڈسکاونٹ ریٹ اور پالیسی ریٹ 6.25% اور 5.75% برقرار رکھی۔ SBP کے متوقف کے مطابق مستحکم کلیاتی معیشت، کیلچرڈ پینڈی کی سہولت صورت حال کے ساتھ زرمبادلہ کے ذخیرہ میں خاطر خواہ اضافہ، محدود افراط زر اور CPEC سے متعلقہ منصوبے کی ترقی کا ڈنٹ اور عوامل کے پوشیدہ خطرات سے نبرد آزما ہونے کے لئے برسرِ پیکار ہیں۔ تاہم بیرونی کاڈنٹ کو عالمی تیل اور راشیا صرف کی قیمتوں میں متوقع اضافہ، گرتی ہوئی تریبلٹا، برآمدات سے متعلق چیلنجز اور بڑھتی ہوئی بیرونی قرض کی سطح سے خطرات لاحق ہیں جو کہ ادائیگی کے توازن کو وسط مدت میں متاثر کر سکتا ہے جس کے لئے منصوبہ سازی کی ضرورت ہوگی۔ طویل المیعاد جو معنی منافع میں تقریباً 50 بیسیس پوائنٹ کا اوسط اضافہ دیکھا گیا، جو افراط زر اور سود کی شرح میں معتدل اضافے کی عکاسی کرتا ہے۔

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

فنڈ کی کارکردگی

اس ششماہی کے دوران NAFA اسلامک ایکٹیو ایلیوکیشن پلان-I (NIAAP-I) کے یونٹ کی قیمت 30 جون 2016ء کو 110.7339 روپے کے مقابلے میں 31 دسمبر 2016ء کو 136.2519 روپے تک پہنچ چکی ہے اور اس طرح 23.04% کا اضافہ دکھایا ہے۔ اسی مدت کے دوران فنڈ مارک منافع 19.24% تک بڑھا تھا، لہذا فنڈ نے اپنے فنڈ مارک سے 3.80% بہتر کارکردگی کا مظاہرہ کیا ہے۔ 15 جنوری 2016ء کو اپنے قیام کے وقت NAFA اسلامک ایکٹیو ایلیوکیشن پلان-I (NIAAP-I) کے یونٹ کی قیمت 100.000 روپے سے 31 دسمبر 2016ء کو 136.2519 روپے تک بڑھ چکی ہے، لہذا 36.25% کا اضافہ دکھایا ہے۔ اسی مدت کے دوران فنڈ مارک منافع 38.25% تھا، لہذا فنڈ نے اپنے فنڈ مارک سے 2.00% خراب کارکردگی کا مظاہرہ کیا ہے۔ یہ کارکردگی منجمنٹ ٹیم اور دیگر تمام اخراجات کے بعد خالص ہے۔ فنڈ کا سائز 978 ملین روپے ہے۔ NAFA-I نے سال کے دوران 185.23 ملین روپے کی آمدنی کمائی ہے۔ 1.99 ملین روپے کے مجموعی اخراجات منہا کرنے کے بعد خالص آمدنی 183.23 ملین روپے ہے۔

NIAAP-I کی ایسٹ ایلیوکیشن 31 دسمبر 2016ء کو برطانیہ ذیل ہے:



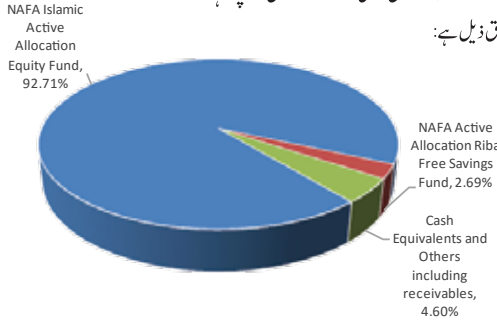
NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

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

فنڈ کی کارکردگی

اس ششماہی کے دوران NAFA اسلامک ایکٹیو ایلو کیشن پلان-II (NIAAP-II) کے یونٹ کی قیمت 30 جون 2016ء پر 107.2223 روپے (Ex-Div) سے 31 دسمبر 2016ء پر 131.2992 روپے تک پہنچ چکی ہے، لہذا 22.46% کا اضافہ دیکھا گیا۔ اسی مدت کے دوران سٹاک مارک بڑھ کر 18.90% ہو گیا۔ لہذا فنڈ کی اپنے سٹاک مارک سے 3.56% بہتر کارکردگی رہی۔ 4 مارچ 2016ء کو اپنے قیام کے وقت NAFA اسلامک ایکٹیو ایلو کیشن پلان-II (NIAAP-II) کے یونٹ کی قیمت 99.7958 روپے (Ex-Div) سے 31 دسمبر 2016ء پر 131.2992 روپے تک پہنچ چکی ہے، لہذا 31.57% کا اضافہ دکھایا ہے۔ اسی مدت کے دوران سٹاک مارک منافع 31.24% تھا۔ لہذا فنڈ نے اپنے سٹاک مارک سے 0.33% بہتر کارکردگی کا مظاہرہ کیا ہے۔ یہ کارکردگی منجنت فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ فنڈ کا سائز 809 ملین روپے ہے۔ NIAAP-II نے سال کے دوران 150.27 ملین روپے کی آمدنی کمائی ہے۔ 1.76 ملین روپے کے مجموعی اخراجات منہا کرنے کے بعد خالص آمدنی 148.51 ملین روپے ہے۔

فنڈ کی ایسیٹ ایلو کیشن 31 دسمبر 2016ء کو برعکس ذیل ہے:

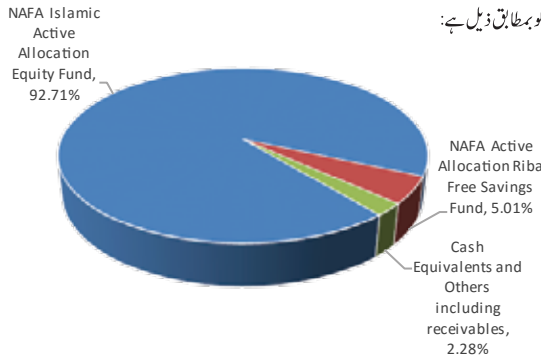


NAFA اسلامک ایکٹیو ایلو کیشن پلان-III (NIAAP-III)

فنڈ کی کارکردگی

اس ششماہی کے دوران NAFA اسلامک ایکٹیو ایلو کیشن پلان-III (NIAAP-III) کے یونٹ کی قیمت 30 جون 2016ء پر 100.0022 روپے (Ex-Div) سے 31 دسمبر 2016ء پر 118.5570 روپے تک پہنچ چکی ہے، لہذا 18.55% کا اضافہ دکھایا ہے۔ سٹاک مارک بڑھ کر 16.30% ہو گیا۔ لہذا فنڈ کی اپنے سٹاک مارک سے 2.25% بہتر کارکردگی رہی۔ اپنے قیام سے لے کر اب تک NAFA اسلامک ایکٹیو ایلو کیشن پلان-III (NIAAP-III) کے یونٹ کی قیمت 28 جون 2016ء کو 99.9195 روپے (Ex-Div) سے بڑھ کر 31 دسمبر 2016ء کو 118.5570 روپے ہو گئی، لہذا 18.65% کا اضافہ دکھایا ہے۔ اسی مدت کے دوران سٹاک مارک منافع 17.11% تھا۔ لہذا فنڈ نے اپنے سٹاک مارک کے مقابلے میں 1.54% بہتر کارکردگی دکھائی۔ یہ کارکردگی منجنت فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ فنڈ کا سائز 1,504 ملین روپے ہے۔ NIAAP-III نے سال کے دوران 238.80 ملین روپے کی آمدنی کمائی ہے۔ 3.35 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 235.446 ملین روپے ہے۔

فنڈ کی ایسیٹ ایلو کیشن 31 دسمبر 2016ء کو برعکس ذیل ہے:



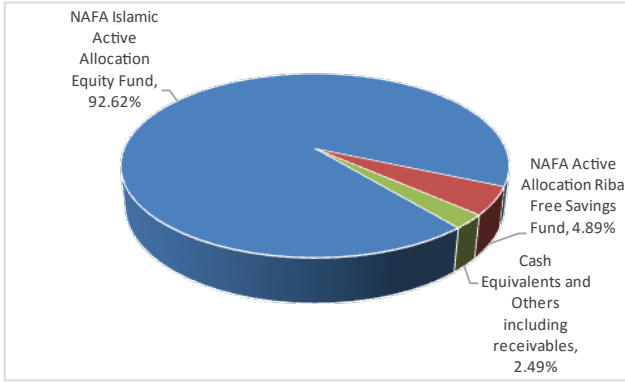
NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

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

فنڈ کی کارکردگی

اپنے قیام سے لے کر اب تک NAFA اسلامک ایکٹیو ایلو کیشن پلان (NIAAP-IV) IV کے یونٹ کی قیمت 30 ستمبر 2016 کو 100.0000 روپے سے 31 دسمبر 2016 کو 110.8769 روپے ہو گئی، لہذا 10.88% کا اضافہ دکھایا ہے۔ اسی مدت کے دوران بیچ مارک منافع 13.59% تھا۔ لہذا فنڈ نے اپنے بیچ مارک کے مقابلے 2.71% خراب کارکردگی دکھائی۔ یہ کارکردگی منجنت فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ اس پلان کا حجم 894 ملین روپے ہے۔ NIAAP-IV نے سال کے دوران 89.14 ملین روپے کی آمدنی کمائی ہے۔ 1.49 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 87.65 ملین روپے ہے۔

فنڈ کی ایسیٹ ایلو کیشن 31 دسمبر 2016 کو بطابق ذیل ہے:



اظہار تشکر

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

بورڈ اپنے اسٹاف اور رٹرنس کی طرف سے محنت، لگن اور عزم کے مظاہرے پر اپنا خراج تحسین بھی ریکارڈ پر لا نا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

NBP فلٹرن ایسیٹ منجنت لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

تاریخ

28 فروری 2017ء

مقام: کراچی

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

TRUSTEE REPORT TO THE UNIT HOLDERS

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

We, Central Depository Company of Pakistan Limited, being the Trustee of NAFA Islamic Active Allocation 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 six months period ended December 31, 2016 in accordance with the provisions of the following:

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

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

Karachi: February 27, 2017

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

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

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **NAFA Islamic Active Allocation Fund I** as at December 31, 2016 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial information'), for the half year ended December 31, 2016. The Management Company (NBP Fullerton Asset Management Limited) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of unit holders' fund and condensed interim cash flow statement for the quarter ended December 31, 2016 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2016.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

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

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED) AS AT DECEMBER 31, 2016

Note	----- Un-Audited ----- -----December 31, 2016-----					----- Audited ----- -----June 30, 2016-----				
	NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV	Total	NIAAP-I	NIAAP-II	NIAAP-III	Total	
	-----Rupees-----					-----Rupees-----				
ASSETS										
Balances with banks	4	17,916	42,182	42,364	27,949	130,411	10,810	6,902	1,279,452	1,297,164
Investments	5	966,723	772,116	1,469,554	871,280	4,079,673	861,675	700,652	1,070,506	2,632,833
Profit receivable		169	215	328	245	957	30	145	641	816
Receivable against issue of units		-	-	-	-	-	-	-	32,376	32,376
Other receivables		-	-	-	-	-	126	131	-	257
Preliminary expenses and floatation costs		198	166	376	187	927	355	291	637	1,283
Total assets		985,006	814,679	1,512,622	899,661	4,211,968	872,996	708,121	2,383,612	3,964,729
LIABILITIES										
Payable to NBP Fullerton Asset Management Company Limited - Management Company	6	4,974	4,144	6,044	2,065	17,227	5,108	4,054	25,878	35,040
Payable to Central Depository Company of Pakistan Limited - Trustee	7	93	76	138	90	397	96	73	7	176
Payable to Securities and Exchange Commission of Pakistan	8	437	355	694	247	1,733	524	247	6	777
Payable against redemption of units		-	-	-	-	-	10,858	-	-	10,858
Payable against investments		-	-	-	-	-	-	-	1,070,000	1,070,000
Accrued expenses and other liabilities	9	1,143	769	1,844	3,745	7,501	4,641	1,440	67	6,148
Total liabilities		6,647	5,344	8,720	6,147	26,858	21,227	5,814	1,095,958	1,122,999
NET ASSETS		978,359	809,335	1,503,902	893,514	4,185,110	851,769	702,307	1,287,654	2,841,730
UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)		978,359	809,335	1,503,902	893,514	4,185,110	851,769	702,307	1,287,654	2,841,730
CONTINGENCIES AND COMMITMENTS										
NUMBER OF UNITS IN ISSUE	11	7,180,515	6,164,047	12,685,057	8,058,613		7,692,037	6,536,635	12,865,903	
		Rupees	Rupees	Rupees	Rupees		Rupees	Rupees	Rupees	
NET ASSET VALUE PER UNIT		136.2519	131.2992	118.5570	110.8769		110.7339	107.4417	100.0827	

The annexed notes 1 to 19 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

Note	Half year ended December 31, 2016				For the period from September 30, 2016 to December	Quarter ended December 31, 2016				Total
					Total					
	NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV		NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV	
(Rupees in 000)										
INCOME										
Capital Gain on sale of investments - net	6,971	4,269	4,951	10,851	27,042	6,967	4,266	4,183	10,851	26,267
Dividend Income	19,249	15,058	27,199	-	61,506	-	-	-	-	-
Profit on bank deposits	1,702	1,776	1,712	1,774	6,964	1,236	1,253	(1,618)	1,774	2,645
Net unrealised appreciation on re-measurement of the investment classified as 'financial assets at fair value through profit or loss'										
Total income	164,635	132,787	215,899	92,430	605,751	109,572	89,683	171,252	92,430	462,937
(Rupees in 000)										
EXPENSES										
Remuneration of NBP Fullerton Asset Management Limited Management Company	169	175	596	329	1,269	105	119	233	329	786
Sindh sales tax on remuneration of the Management Company	22	23	77	43	165	14	16	30	43	103
Accounting and operational charges	460	374	734	260	1,828	237	192	370	260	1,059
Remuneration of Central Depository Company Of Pakistan Limited - Trustee	460	374	677	256	1,767	237	192	342	256	1,027
Sindh sales tax on remuneration of the Trustee	60	49	88	33	230	31	25	44	33	133
Fee of the Securities and Exchange Commission of Pakistan	437	355	694	247	1,733	225	183	349	247	1,004
Printing charges	-	-	14	5	29	(25)	(25)	14	15	(21)
Settlement and bank charges	126	131	62	95	414	116	122	(30)	95	303
Listing fee	-	-	30	5	35	(10)	(10)	30	5	15
Shariah advisor fee	17	6	63	23	109	(75)	(91)	(29)	23	(172)
Auditors' remuneration	123	174	160	142	599	47	119	68	142	376
Legal and professional charges	15	15	16	13	59	15	15	16	13	59
Amortisation of preliminary and formation Cost	106	80	144	27	357	48	36	63	27	174
Total Expenses	1,995	1,736	3,355	1,488	8,594	965	893	1,500	1,488	4,846
Net Income from operating activities	190,562	152,134	246,406	103,567	692,669	116,810	94,309	172,317	103,567	487,000
Element of loss and capital losses included in the prices of units issued less those in units redeemed - net	(7,329)	(3,623)	(10,964)	(15,914)	(37,830)	(6,466)	(2,538)	(12,520)	(15,914)	(37,438)
Provision for Workers' Welfare Fund	-	-	-	-	-	-	-	-	-	-
Net Income for the period before taxation	183,233	148,511	235,442	87,653	654,839	110,344	91,771	159,797	87,653	449,565
Taxation	-	-	-	-	-	-	-	-	-	-
Net Income for the period after taxation	183,233	148,511	235,442	87,653	654,839	110,344	91,771	159,797	87,653	449,565
Earnings per unit										

The annexed notes 1 to 19 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

	Half year ended December 31, 2016				Total	Quarter ended December 31, 2016				Total
						For the period from September 30, 2016 to December				
	NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV		NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV	
(Rupees in 000).....									
Net Income for the period after taxation	183,233	148,511	235,442	87,653	654,839	110,344	91,771	159,797	87,653	449,565
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-
Total comprehensive Income for the period	183,233	148,511	235,442	87,653	654,839	110,344	91,771	159,797	87,653	449,565

The annexed notes 1 to 19 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

	Half year ended December 31, 2016				Total	Quarter ended December 31, 2016				Total
	NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV		NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV	
	For the period from September 30, 2016 to December					(Rupees in 000)				
Undistributed income at the beginning of the period										
Realised income	13,401	11,618	555	-	25,574	100,392	60,789	30,859	-	192,040
Unrealised gain	69,165	37,025	506	-	106,696	55,063	43,104	44,647	-	142,814
	82,566	48,643	1,061	-	132,270	155,455	103,893	75,506	-	334,854
Net income for the period after taxation	183,233	148,511	235,442	87,653	654,839	110,344	91,771	159,797	87,653	449,565
Final distribution made during the period										
- (NIAAP-II) at Rs 0.2357 Per unit and (NIAAP III) at Rs. 0.0842 Per unit	-	(1,490)	(1,200)	-	(2,690)	-	-	-	-	-
Undistributed income carried forward	265,799	195,664	235,303	87,653	784,419	265,799	195,664	235,304	87,653	784,419
Undistributed income at the end of the period comprising of:										
Realised income	101,164	62,877	19,404	(4,777)	178,668	101,164	62,877	19,404	(4,777)	178,668
Unrealised income	164,635	132,787	215,899	92,430	605,751	164,635	132,787	215,899	92,430	605,751
	265,799	195,664	235,303	87,653	784,419	265,799	195,664	235,303	87,653	784,419

The annexed notes 1 to 19 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

	Half year ended December 31, 2016				For the period from September 30, 2016 to December	Total	Quarter ended December 31, 2016				Total
	NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV	December		NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV	
(Rupees in 000)-----										
Net assets at the beginning of the period	851,769	702,307	1,287,654	-	2,841,730	908,006	734,759	1,499,955	894,744	4,037,464	
Issue of units (NIAAP-II) 10,870 units - (NIAAP III) 2,342,827 units (NIAAP IV) 11,021,277 units for the half year ended	-	1,242	238,893	1,103,096	1,343,231	-	-	5,258	208,352	213,610	
Redemption of units (NIAAP-I) 511,522 units, (NIAAP-II) 383,458 units, (NIAAP III) 2,523,673 units (NIAAP IV) 2,962,664 units for the half year ended	(63,972)	(44,858)	(267,851)	(313,150)	(689,830)	(46,457)	(19,733)	(173,628)	(313,150)	(552,967)	
	(63,972)	(43,616)	(28,958)	789,947	653,401	(46,457)	(19,733)	(168,370)	(104,797)	(339,357)	
Element of loss and capital losses included in the prices of units issued less those in units redeemed - net	7,329	3,623	10,964	15,914	37,830	6,466	2,538	12,520	15,914	37,438	
- transferred to income statement	7,329	3,623	10,964	15,914	37,830	6,466	2,538	12,520	15,914	37,438	
Unrealised appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net	164,635	132,787	215,899	92,430	605,751	109,572	89,683	171,252	92,430	462,937	
Capital gain on sale of investments - net	6,971	4,269	4,951	10,851	27,042	6,967	4,266	4,183	10,851	26,267	
Other income less of expenses for the period - net	11,627	11,455	14,592	(15,628)	22,046	(6,194)	(2,177)	(15,638)	(15,628)	(39,639)	
Net (loss) / income for the period	183,233	148,511	235,442	87,653	654,839	110,344	91,771	159,797	87,653	449,565	
Final distribution made during the period											
- (NIAAP-II) at Rs 0.2357 Per unit and (NIAAP III) at Rs. 0.0842 per unit	-	(1,490)	(1,200)	-	(2,690)	-	-	-	-	-	
Net assets at the end of the period	978,359	809,335	1,503,902	893,514	4,185,110	978,359	809,335	1,503,902	893,514	4,185,110	

The annexed notes 1 to 19 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

	Half year ended December 31, 2016				For the period from September 30, 2016 to December	Quarter ended December 31, 2016				Total
					September 30, 2016 to December					
	NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV	September 30, 2016 to December	NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV	
	(Rupees in 000)					(Rupees in 000)				
CASH FLOWS FROM OPERATING ACTIVITIES										
Net Income for the period before taxation	183,233	148,511	235,442	87,653	654,839	110,344	91,771	159,797	87,653	449,565
Adjustments										
Net unrealised appreciation on re-measurement of the investment classified as 'financial assets at fair value through profit or loss'	(164,635)	(132,787)	(215,899)	(92,430)	(605,751)	(109,572)	(89,683)	(171,252)	(92,430)	(462,937)
Dividend income	(19,249)	(15,058)	(27,199)	-	(61,506)	-	-	-	-	-
Profit on bank deposits	(1,702)	(1,776)	(1,712)	(1,774)	(6,964)	(1,236)	(1,253)	1,618	(1,774)	(2,645)
Element of (income) / loss and capital (gains) / losses included in the prices of units issued less those in units redeemed	7,329	3,623	10,964	15,914	37,830	6,466	2,538	12,520	15,914	37,438
Amortisation of preliminary expenses and floatation cost	106	80	144	27	357	48	36	63	27	174
	5,082	2,593	1,740	9,390	18,805	6,050	3,409	2,746	9,390	21,595
Decrease / (Increase) in assets										
Investments	59,587	61,323	(183,149)	(778,850)	(841,089)	36,874	41,410	165,833	(778,850)	(534,733)
Preliminary expenses and floatation costs	51	45	117	(213)	257	51	45	117	(213)	257
Other receivable	126	131	-	-	257	126	131	-	-	257
	59,764	61,499	(183,032)	(779,063)	(840,832)	37,051	41,586	165,950	(779,063)	(534,476)
Increase / (decrease) in liabilities										
Payable to NBP Fullerton Asset Management Company Limited - Management Company	(134)	90	(19,834)	2,065	(17,813)	(353)	(81)	(3,701)	(9,807)	(13,942)
Payable to Central Depository Company of Pakistan Limited - Trustee	(3)	3	131	90	221	10	9	8	90	117
Payable to Securities and Exchange Commission of Pakistan	(87)	108	688	247	956	225	182	343	247	997
Payable against investments	(3,498)	(671)	(1,070,000)	1,777	(1,070,000)	(3,933)	(1,366)	1,223	3,745	(331)
Accrued expenses and other liabilities	(3,722)	(470)	(1,087,238)	6,147	(1,085,283)	(4,051)	(1,256)	(2,127)	(5,725)	(13,159)
Dividends received	19,249	15,058	27,199	-	61,506	-	-	-	-	-
Profit received on bank balances	1,563	1,706	2,025	1,529	6,823	1,224	1,172	(1,832)	1,529	2,093
Net cash generated from / (used in) operating activities	81,936	80,386	(1,239,306)	(761,997)	(1,838,981)	40,274	44,911	164,737	(773,869)	(523,947)
CASH FLOWS FROM FINANCING ACTIVITIES										
Amount received on issuance of units	-	1,242	271,269	1,103,096	1,375,607	-	-	5,258	208,352	213,610
Amount paid on redemption of units	(74,830)	(44,858)	(267,851)	(313,150)	(700,689)	(46,457)	(20,412)	(173,628)	(313,150)	(553,647)
Distributions paid	-	(1,490)	(1,200)	-	(2,690,000)	-	-	-	-	-
Net cash (used in) / generated from financing activities	(74,830)	(45,106)	2,218	789,946	672,228	(46,457)	(20,412)	(168,370)	(104,798)	(340,037)
Net increase / (decrease) in cash and cash equivalents during the period	7,106	35,280	(1,237,088)	27,949	(1,166,753)	(6,183)	24,499	(3,633)	(878,667)	(863,984)
Cash and cash equivalents at the beginning of the period	10,810	6,902	1,279,452	-	1,297,164	24,099	17,683	45,997	906,616	994,395
Cash and cash equivalents at the end of the period	17,916	42,182	42,364	27,949	130,411	17,916	42,182	42,364	27,949	130,411

The annexed notes 1 to 19 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Un-Audited) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

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 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 Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (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 period, the Fund has offered four plans namely NAFA Islamic Active Allocation Plan – I (NIAAP - I), NAFA Islamic Active Allocation Plan – II (NIAAP - II) NAFA Islamic Active Allocation Plan – III (NIAAP - III) and NAFA Islamic Active Allocation Plan – IV (NIAAP - IV) in which the offer of units is discontinued after the end of the subscription period. However, the subscription in units may be reopened for fresh issuance by the Management Company with prior approval of the SECP after intimation to the Trustee. The units of the plans are transferable and can be redeemed by surrendering them to the Fund. The Fund is categorized 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. 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 allocation plans can 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. The Management Company may also invest in any other Collective Investment Schemes available to it with the prior approval of the SECP.

The Pakistan Credit Rating Agency (PACRA) has assigned an asset manager rating of AM2++ to the Management Company as at August 04, 2016.

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 allocations plans are accounted for and maintained separately in the books of accounts which collectively constitute the Fund property of the Scheme.

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

Comparative information is not available for condensed interim income statement, statement of comprehensive income, distribution statement, statement of movement in unit holders' fund and cash flow statement as the Fund commenced its operation on January 18, 2016 as stated above.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

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

The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of International Accounting Standard 34: 'Interim Financial Reporting'. The condensed interim financial information does not include all the information and disclosure required in a full set of financial statements and should be read in conjunction with the published audited financial statements of the Fund for the period ended June 30, 2016

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

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

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

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

The significant estimates and judgments made by the management in applying the accounting policies and the key sources of estimation of uncertainty were the same as those that applied to the financial statements as at and for the period ended June 30, 2016. The development relating to estimation of provision in respect of Workers' Welfare Fund is given in note 10 to the condensed interim financial information.

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

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

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

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

	Note	Un-Audited					Audited				
		December 31, 2016					June 30, 2016				
		NIAAP I	NIAAP II	NIAAP III	NIAAP IV	TOTAL	NIAAP I	NIAAP II	NIAAP III	TOTAL	
		(Rupees in '000)									
4	BALANCES WITH BANKS										
	Profit and loss savings accounts	4.1	17,916	42,182	42,364	27,949	130,411	10,810	6,902	1,297,452	1,297,164
4.1	These carry profit at the rates ranging from 5.50% to 5.75% per annum										
5	INVESTMENT										
	'Financial assets at fair value through profit or loss' -Units of mutual funds	5.1	966,723	772,116	1,469,554	871,280	4,079,673	861,675	700,652	1,070,506	2,632,833

5.1 Investment in mutual funds - related parties

5.1.1 NAFA Islamic Active Allocation Plan I

Name of the fund	Number of units				Balances as at December 31, 2016		Market value as a percentage of net assets	Market value as a percentage of total investment
	As at July 1, 2016	Purchased during the period	Redeemed during the period	As at December 31, 2016	Carrying value	Market value		
					(Rs in '000)	%	
NAFA Islamic Active Allocation Equity Fund	59,007,644	7,898,828	5,011,034	61,895,438	741,898	905,580	92.56	93.68
NAFA Active Allocation Riba Free Saving Fund	17,284,357	5,477,100	16,766,042	5,995,415	60,190	61,143	6.25	6.32
				<u>67,890,853</u>	<u>802,088</u>	<u>966,723</u>	<u>98.81</u>	<u>100</u>

5.1.2 NAFA Islamic Active Allocation Plan II

Name of the fund	Number of units				Balances as at December 31, 2016		Market value as a percentage of net assets	Market value as a percentage of total investment
	As at July 1, 2016	Purchased during the period	Redeemed during the period	As at December 31, 2016	Carrying value	Market value		
					(Rs in '000)	%	
NAFA Islamic Active Allocation Equity Fund	45,973,175	7,563,079	2,249,927	51,286,327	617,936	750,360	92.71	97.18
NAFA Active Allocation Riba Free Saving Fund	16,393,355	2,307,066	16,567,101	2,133,320	21,393	21,756	2.69	2.82
				<u>53,419,647</u>	<u>639,329</u>	<u>772,116</u>	<u>95.40</u>	<u>100</u>

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

5.1.3 NAFA Islamic Active Allocation Plan III

Name of the fund	Number of units				Balances as at December 31, 2016		Market value as a percentage of net assets	Market value as a percentage of total investment
	As at July 1, 2016	Purchased during the period	Redeemed during the period	As at December 31, 2016	Carrying value	Market value		
	(Rs in '000 ⁰)							
NAFA Islamic Active Allocation Equity Fund	35,179,157	60,115,471	-	95,294,628	1,179,587	1,394,237	92.71	94.87
NAFA Active Allocation Riba Free Saving Fund	65,896,542	32,065,991	90,577,275	7,385,258	74,068	75,317	5.01	5.13
				102,679,886	1,253,655	1,469,554	97.72	100

5.1.4 NAFA Islamic Active Allocation Plan IV

Name of the fund	Number of units				Balances as at December 31, 2016		Market value as a percentage of net assets	Market value as a percentage of total investment
	As at July 1, 2016	Purchased during the period	Redeemed during the period	As at December 31, 2016	Carrying value	Market value		
	(Rs in '000 ⁰)							
NAFA Islamic Active Allocation Equity Fund	-	64,471,595	7,906,218	56,565,377	735,571	827,597	92.62	94.99
NAFA Active Allocation Riba Free Saving Fund	-	43,853,999	39,570,578	4,283,421	43,279	43,684	4.89	5.01
				60,848,798	778,850	871,280	97.51	100

Note

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

	----- Un-audited -----					----- Audited -----				
	-----December 31, 2016-----					-----June 30, 2016-----				
	NIAAP I	NIAAP II	NIAAP III	NIAAP IV	TOTAL	NIAAP I	NIAAP II	NIAAP III	TOTAL	
----- (Rupees in '000) -----										
Market value of investments	5.1	966,723	772,116	1,469,554	871,280	4,079,673	861,675	700,652	1,070,506	2,632,833
Less: carrying value of investments		802,088	639,329	1,253,655	778,850	3,473,922	792,510	663,627	1,070,000	2,526,137
		<u>164,635</u>	<u>132,787</u>	<u>215,899</u>	<u>92,430</u>	<u>605,751</u>	<u>69,165</u>	<u>37,025</u>	<u>506</u>	<u>106,696</u>

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

	Note	----- Un-audited -----					----- Audited -----				
		-----December 31,2016-----					-----June 30,2016-----				
		NIAAP I	NIAAP II	NIAAP III	NIAAP IV	TOTAL	NIAAP I	NIAAP II	NIAAP III	TOTAL	
		----- (Rupees in '000) -----					----- (Rupees in '000) -----				
6	PAYABLE TO NBP FULLERTON ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY										
	Remuneration of the Management Company	6.1	32	44	54	55	185	23	24	32	79
	Sindh Sales Tax Payable on remuneration of the Management Company	6.2	4	6	7	7	24	4	4	5	13
	Federal excise duty payable on remuneration of the Management Company	6.3	78	40	5	-	123	78	40	5	123
	Accounting and operational charges	6.4	460	374	734	260	1,828	552	260	6	818
	Sales load payable		3,811	3,296	4,697	1,514	13,318	3,811	3,296	25,181	32,288
	Preliminary expenses and floatation costs payable		564	359	522	214	1,659	615	405	639	1,659
	Other payable		25	25	25	15	90	25	25	10	60
			<u>4,974</u>	<u>4,144</u>	<u>6,044</u>	<u>2,065</u>	<u>17,227</u>	<u>5,108</u>	<u>4,054</u>	<u>25,878</u>	<u>35,040</u>

- 6.1 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.
- 6.2 The Provincial Government of Sindh levied Sindh Sales Tax at the rate of 13% (June 2016: 14%) on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.
- 6.3 As per the requirement of the Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company had been applied effective June 13, 2013. The Management Company was of the view that since the remuneration is already subject to provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law.

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

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

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

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, 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. Had the provision not been made, the Net Asset Value per unit of the NIAAP - I, NIAAP - II and NIAAP - III as at June 30, 2016 would have been higher by 0.00975 (June 30, 2016: Re 0.01010) per unit, 0.0065 (June 30, 2016: Re 0.0061) per unit and 0.0004 (June 30, 2016: Re 0.0004) per unit respectively.

- 6.4 Last year, the SECP vide SRO No 1160 (1) / 2015 dated November 25, 2015 introduced amendments in the NBFC regulations. As a result of these amendments, the Management Company of the Fund is entitled to reimbursement of fees and expenses incurred by the Management Company in relation to registrar services, accounting, operation and valuation services related to Collective Investment 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 460,000 (June 30, 2016: Rs. 552,000), 374,000 (June 30, 2016: Rs. 260,000), 734,000 (June 30, 2016: Rs. 6,000) and 260,000 in NIAAP - I, NIAAP - II, NIAAP - III and NIAAP - IV respectively for the period ended June 30, 2016.

Note	Un-audited					Audited			
	December 31, 2016					June 30, 2016			
	NIAAP I	NIAAP II	NIAAP III	NIAAP IV	TOTAL	NIAAP I	NIAAP II	NIAAP III	TOTAL
	----- (Rupees in '000) -----								
7 PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN - TRUSTEE									
Trustee remuneration	82	67	122	80	351	84	64	6	154
Sindh sales tax on trustee remuneration	11	9	16	10	46	12	9	1	22
	<u>93</u>	<u>76</u>	<u>138</u>	<u>90</u>	<u>397</u>	<u>96</u>	<u>73</u>	<u>7</u>	<u>176</u>

- 7.1 The Sindh Revenue Board through Circular No. SRB 3-4/TP/01/2015/86554 dated June 13, 2015 has amended the definition of services and has levied Sindh sales tax on custodianship services. Accordingly, Sindh sales tax of 13% (June 30, 2016: 14%) has been charged on Trustee fee under section 2(79A) of the Sindh Finance Bill, 2010 during the period.

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

8	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	Un-Audited					Audited			
			December 31, 2016					June 30, 2016			
			NIAAP I	NIAAP II	NIAAP III	NIAAP IV	TOTAL	NIAAP I	NIAAP II	NIAAP III	TOTAL
----- (Rupees in '000) -----											
	Annual fee	8.1	437	355	694	247	1,733	524	247	6	777
8.1	Under the provisions of the NBFC Regulations, a collective investment scheme categorised as Shariah Compliant is required to pay to the SECP an amount equal to 0.095% per annum of the average daily net assets of the Fund.										
9	ACCRUED EXPENSES AND OTHER LIABILITIES										
	Auditors' remuneration		145	146	145	142	578	301	201	50	552
	Bank charges		40	47	56	71	214	48	57	1	106
	Listing fee payable		22	22	12	5	61	41	40	-	81
	Printing charges		87	78	1	15	181	110	100	6	216
	Legal and Professional Charges		15	15	9	13	52	-	-	-	-
	Withholding tax payable		614	324	1,548	3,477	5,963	3,921	895	-	4,816
	Shariah Advisor fee		220	137	73	22	452	220	147	10	377
			1,143	769	1,844	3,745	7,501	4,641	1,440	67	6,148
10	PROVISION FOR WORKERS' WELFARE FUND										

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

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

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.

If this adjustment had been made on December 31, 2016 it would have resulted in a decrease in the net asset value per unit of NIAAP I, NIAAP II, NIAAP III and NIAAP IV respectively by Re. 0.7403, Re 0.6397, Re 0.3729 and Re 0.2175.

11 CONTINGENCIES AND COMMITMENTS

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

12 NET ASSET VALUE PER UNIT

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

13 TAXATION

The income of the Fund 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 ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend. The management intends to distribute 90 percent of the funds net accounting income by the year end as cash dividend to the unit holders. Accordingly, no provision in respect of taxation has been made in this condensed interim financial information.

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

14 EARNINGS PER UNIT

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

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

15 TOTAL EXPENSE RATIO

Total Expense ratio (all the expenses incurred during the period divided by Average net assets value for the period) is 0.44%, 0.47%, 0.46% and 0.43% p.a. including 0.11%, 0.11%, 0.12% and 0.09% representing government levies on collective Investment schemes, of NIAAP I, NIAAP II, NIAAP III and NIAAP IV respectively, such as Sales tax, Worker's Welfare Fund and Securities & Exchange Commission of Pakistan fee for the period.

16 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 16.1 Related Parties / Connected persons include NBP Fullerton Asset Management Limited being the Management Company, the Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan (NBP), and Alexandra Fund Management Pte. Limited being the sponsors, other collective investment schemes managed by the Management Company, entities having common directorship with the Management Company, retirement funds of group companies, directors and officers of the Management Company and any person or company which beneficially owns directly or indirectly 10% or more of the units in issue / net assets of the Fund.
- 16.2 The transactions with connected persons 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 NBFC regulation and the Trust Deed.

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

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

	----- Un-audited-----				Total	----- Un-audited-----				Total
	NIAAP - I	NIAAP - II	NIAAP - III	NIAAP - IV For the period from September 30, 2016 to December 31, 2016		NIAAP - I	NIAAP - II	NIAAP - III	NIAAP - IV	
	HALF YEAR ENDED DECEMBER 31, 2016					Quarter ended December 31, 2016				
	----- (Rupees in 000)-----					----- (Rupees in 000)-----				
NBP Fullerton Asset Management Limited - Management Company										
Remuneration of the Management Company	169	175	596	329	1,269	105	119	233	329	786
Sindh sales tax on remuneration of the Management Company	22	23	77	43	165	14	16	30	43	103
	-	-	-	-	-	-	-	-	-	-
Central Depository Company of Pakistan Limited - Trustee										
Remuneration	460	374	677	256	1,767	237	192	342	256	1,027
Sindh sales tax on remuneration of Trustee	60	49	88	33	230	31	25	44	33	133
Investment in NAFA Islamic Active Allocation Equity Fund										
units purchased: 7,898,828 units (NIAAP - I), 7,563,079 units (NIAAP - II), 60,115,471 units (NIAAP - III) and 64,471,595 units (NIAAP IV)	111,894	107,768	769,082	836,660	1,825,404	92,941	93,001	165,394	836,660	1,187,996
units sold: 5,011,034 units (NIAAP - I), 2,249,927 units (NIAAP II), Nil (NIAAP - III), 7,906,218 units (NIAAP - IV)	63,807	28,649	-	110,000	202,456	63,807	28,649	-	110,000	202,456
Cash distributions during the period	18,953	14,767	26,288	-	60,008	-	-	-	-	-

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

	----- Un-audited-----					----- Un-audited-----				
	NIAAP - I	NIAAP - II	NIAAP - III	NIAAP - IV		NIAAP - I	NIAAP - II	NIAAP - III	NIAAP - IV	
	For the period from September 30, 2016 to December 31, 2016				Total	Quarter ended December 31, 2016				Total
	HALF YEAR ENDED DECEMBER 31, 2016					Quarter ended December 31, 2016				
	----- (Rupees in 000)-----					----- (Rupees in 000)-----				
Investment in NAFA Active Allocation Riba Free Savings Fund										
units purchased: 5,477,100 units (NIAAP I), 2,307,066 units (NIAAP II), 32,065,991 units (NIAAP - III), 43,853,999 units (NIAAP IV)	55,296	23,292	321,911	443,000	843,499	55,000	23,000	-	443,000	521,000
units sold: 16,766,042 units (NIAAP I), 16,567,101 units (NIAAP II), 90,577,275 units (NIAAP III) and 39,570,578 units (NIAAP IV)	169,941	168,001	912,794	401,660	1,652,396	127,941	133,001	335,394	401,660	997,996
Cash distributions during the period	296	292	911	-	1,499	-	-	-	-	-
Hamdard Laboratories (Waqf) Pakistan (Unit Holder with more than 10% holding)										
units issued: Nil units (NIAAP - I), 2,356 units (NIAAP II), 1,494 units (NIAAP III) and nil units (NIAAP IV)	-	269	155	-	424	-	269	155	-	424
Ashfaq Ahmed (Unit Holder with more than 10% holding)										
units issued: Nil (NIAAP - I), Nil (NIAAP II), 1,019 units (NIAAP III) and nil units (NIAAP IV)	-	-	106	-	106	-	-	106	-	106
Employees of the Management Company										
units issued: Nil units (NIAAP - I), Nil units (NIAAP II), Nil units (NIAAP III), and Nil units (NIAAP IV)	-	-	-	199	199	-	-	-	199	199
units redeemed: Nil units (NIAAP - I), Nil units (NIAAP II), 5,845 units (NIAAP III) and nil units (NIAAP IV)	-	-	601	-	601	-	-	29	-	29

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

	----- Un- Audited ----- DECEMBER 31, 2016					----- Audited ----- JUNE 30, 2016			
	NIAAP - I	NIAAP - II	NIAAP - III	NIAAP - IV	Total	NIAAP - I	NIAAP - II	NIAAP - III	Total
	----- (Rupees in 000)-----					----- (Rupees in 000)-----			
15.6 Amounts outstanding as at period end									
NBP Fullerton Asset Management Limited - Management Company									
Management remuneration payable	32	44	54	55	185	23	24	32	79
Sindh sales tax payable on remuneration of the Management Company	4	6	7	7	24	4	4	5	13
Federal excise duty payable on remuneration of the Management Company	78	40	5	-	123	78	40	5	123
Accounting and operational charges payable to the Management Company	460	374	734	260	1,828	552	260	6	818
Sales load payable to the Management Company	3,811	3,296	4,697	1,514	13,318	3,811	3,296	25,181	32,288
Preliminary expenses and floatation costs payable to the Management Company	564	359	522	214	1,659	615	405	639	1,659
Other payable to the Management Company	25	25	25	15	90	25	25	10	60
Central Depository Company of Pakistan Limited - Trustee									
Remuneration payable	82	67	122	80	351	84	64	6	154
Sales tax payable	11	9	16	10	46	12	9	1	22
NAFA Islamic Active Allocation Equity Fund									
Investment of: 61,895,438 units (NIAAP - I), 51,286,327 units (NIAAP - II), 95,294,628 units (NIAAP - III) and 56,565,377 units (NIAAP - IV), (June 30, 2016 - 59,007,644 units (NIAAP - I), 45,973,175 units (NIAAP - II), and 35,179,157 units (NIAAP - III))	905,580	750,360	1,394,237	827,597	3,877,774	688,560	536,461	410,506	1,635,527
NAFA Active Allocation Riba Free Savings Fund									
Investment of: 5,995,415 units (NIAAP - I), 2,133,320 units (NIAAP - II), 7,385,258 units (NIAAP - III) and 4,283,422 units (NIAAP - IV), (June 30, 2016 17,284,357 units (NIAAP - I), 16,393,355 units (NIAAP - II), and 65,896,542 units (NIAAP - III))	61,143	21,756	75,317	43,684	201,900	173,115	164,191	660,000	997,306
Hamdard Laboratories (Waqf) Pakistan (Unit Holder with more than 10% holding)									
Investment of: 1,000,000 units (NIAAP - I), Nil (NIAAP - II), Nil (NIAAP - III) and Nil (NIAAP - IV), (June 30, 2016 - 976,197 units (NIAAP - I), 1,522,446 units (NIAAP II) and 2,454,990 units (NIAAP III))	133,009	200,205	291,233	-	624,447	108,098	163,574	245,702	517,374

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

	Un- Audited					Audited			
	NIAAP - I	NIAAP - II	NIAAP - III	NIAAP - IV	Total	NIAAP - I	NIAAP - II	NIAAP - III	Total
	----- (Rupees in 000)-----								
PSOCL- Employees Gratuity Fund (Unit Holder with more than 10% holding)									
Investment of: 976,197 units (NIAAP - I), 1,524,802 units (NIAAP - II), 2,456,484 units (NIAAP - III) and 4,283,422 units (NIAAP - IV), (June 30,2016 - 1,000,000 units (NIAAP - I), Nil (NIAAP II) and Nil (NIAAP III))	136,252	-	1,489	44,489	182,230	110,734	-	-	110,734
Ashfaq Ahmed (Unit Holder with more than 10% holding)									
units held: Nil (NIAAP - I), Nil (NIAAP II), 1,396,353 units (NIAAP III) (June 30,2016 - Nil (NIAAP - I), Nil (NIAAP II), 1,395,334 units (NIAAP III))	-	-	165,547	-	165,547	-	-	139,649	139,649
Employees of the Management Company									
units held: 1,503 units (NIAAP - I), Nil (NIAAP II), Nil (NIAAP III) and 1,979 units (NIAAP IV) (June 30,2016 - 1,503 units (NIAAP - I), Nil (NIAAP II) and 5,845 units (NIAAP III))	205	-	-	219	424	166	-	585	751
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

17 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

Fair value of investments is determined as follows:

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

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

17.1 Fair value hierarchy

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

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

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

	----- Un-audited -----				----- Audited -----			
	----- As at December 31, 2016 -----				----- As at June 30, 2016 -----			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	----- Rupees in '000-----				----- Rupees in '000-----			
17.1.1 NAFA Islamic Active Allocation Plan I								
ASSETS								
Investment - financial assets 'at fair value through profit or loss'								
- Mutual funds	966,723	-	-	966,723	861,675	-	-	861,675
	<u>966,723</u>	<u>-</u>	<u>-</u>	<u>966,723</u>	<u>861,675</u>	<u>-</u>	<u>-</u>	<u>861,675</u>
17.1.2 NAFA Islamic Active Allocation Plan II								
ASSETS								
Investment - financial assets 'at fair value through profit or loss'								
- Mutual fund units	772,116	-	-	772,116	700,652	-	-	700,652
	<u>772,116</u>	<u>-</u>	<u>-</u>	<u>772,116</u>	<u>700,652</u>	<u>-</u>	<u>-</u>	<u>700,652</u>

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

	----- Un-audited -----				----- Audited -----			
	----- As at December 31, 2016 -----				----- As at June 30, 2016 -----			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	----- Rupees in '000-----				----- Rupees in '000-----			
17.1.3 NAFA Islamic Active Allocation Plan III								
ASSETS								
Investment - financial assets 'at fair value through profit or loss'								
- Mutual fund units	<u>1,469,554</u>	<u>-</u>	<u>-</u>	<u>1,469,554</u>	<u>1,070,506</u>	<u>-</u>	<u>-</u>	<u>1,070,506</u>
17.1.4 NAFA Islamic Active Allocation Plan IV								
ASSETS								
Investment - financial assets 'at fair value through profit or loss'								
- Mutual fund units					<u>871,280</u>	<u>-</u>	<u>-</u>	<u>871,280</u>

18 DATE OF AUTHORISATION FOR ISSUE

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

19 GENERAL

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

19.2 Comparative information, other than for the condensed interim statement of assets and liabilities is not available as the Fund commenced its operations on January 18, 2016.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director



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

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