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

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II

QUARTERLY
REPORT September 30
2017




Your investments & "NAFA" grow together



**FULLERTON FUND
MANAGEMENT**

Joint - Venture Partners

MISSION STATEMENT



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

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NAFA ISLAMIC ACTIVE ALLOCATION FUND-II

FUND'S INFORMATION

Management Company

NBP Fullerton Asset Management Limited – Management Company

Board of Directors of the Management Company

Mr. Mudassir Husain Khan	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Tariq Jamali	Director
Mr. Abdul Hadi Palekar	Director
Mr. Kamal Amir Chinoy	Director
Mr. Shehryar Faruque	Director
Dr. Foo Chiah Shiung (Kelvin Foo)	Director
Mr. Lui Mang Yin (Martin Lui)	Director
Mr Humayun Bashir	Director

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

Mr. Shehryar Faruque	Chairman
Mr. Tariq Jamali	Member
Dr. Foo Chiah Shiung (Kelvin Foo)	Member

Human Resource and Remuneration Committee

Mr. Kamal Amir Chinoy	Chairman
Mr. Abdul Hadi Palekar	Member
Mr. Lui Mang Yin (Martin Lui)	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
United Bank Limited
Dubai Islamic Bank Limited
Allied Bank Limited
JS Bank Limited

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No.02
Beaumont Road,
Karachi - 75530, Pakistan.

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-II

DIRECTORS' REPORT

The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the unaudited financial statements of **NAFA Islamic Active Allocation Fund - II (NIAAF-II)** for the quarter ended September 30, 2017.

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-II has been constituted in the form of a Trust Scheme through five (5) Allocation Plans including NAFA Islamic Active Allocation Plan-VI (NIAAP-VI), NAFA Islamic Active Allocation Plan-VII (NIAAP-VII) which 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

The market started FY18 on a frail note as non-materialization of highly anticipated net foreign inflows in June, post up-gradation of PSX into MSCI Emerging Index from Frontier Market, sapped investor's sentiments. Deteriorating Balance of Payment (BoP) position and its associated impact on other macro-economic indicators dampened investors' confidence in the market. Adding to the investor worries was elevated political incertitude. The growing tensions in the Pak-US relations also impacted the stock market. Resultantly, the benchmark KMI 30 Index declined by 9.1% during the period under review. Looking at the sector-wise performance, Oil & Gas Exploration, Oil & Gas Marketing Companies, Fertilizer, Power Generation & Distribution, and Banking sectors fared better than the market. Cement sector was a major index drag with under-performance of around 18.4%.

After sizeable net outflow of USD652mn in FY17, foreigners continued to remain net sellers during 1QFY18, as they offloaded equity stakes worth USD90mn. Other than foreigners, Mutual Funds during the quarter also remained net sellers with a net outflow of USD38mn. Their counterparts were Insurance Companies and Banks/DFIs with net inflow of USD49mn and USD34mn, respectively.

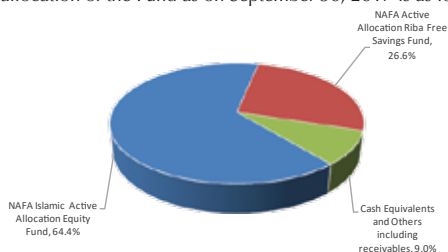
During the period, State Bank of Pakistan (SBP) maintained the policy rate at 5.75%. SBP cited that macroeconomic environment remains conducive to growth without impacting headline inflation. Average CPI inflation eased to 3.4% in Jul-Sep FY18 compared to 3.9% during the same period last year. Given potential risks to inflation and interest rates from deteriorating Balance of Payment (BoP) position, investors' preference tilted towards short-term government securities as indicated by heavy participation in 03 month T-bills. During the quarter, T-bill yields remained almost unchanged however, PIB yields increased by 45 bps, 56 bps and 13 bps for the 3 year, 5 year and 10 year tenors, respectively. With pickup in private sector investment activity we have seen increased issuance of corporate debt securities.

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

Plan's Performance

During the quarter, the unit price of NAFA Islamic Active Allocation Plan-VI (NIAAP-VI) has decreased from Rs.94.4551 on June 30, 2017 to Rs.88.0865 on September 30, 2017, thus showing a decrease of 6.7%. The Benchmark (Daily weighted return of KMI-30 Index & 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) decreased by 5.4%. Thus, the Fund has underperformed its Benchmark by 1.3%. Since Inception, the unit price of NAFA Islamic Active Allocation Plan-VI (NIAAP-VI) has decreased from Rs.100.00 on May 26, 2017 to Rs.88.0865 on September 30, 2017, thus showing a decrease of 11.9%. The Benchmark return during the same period was decreased by 12.5%. Thus, the Fund has outperformed its Benchmark by 0.6%. This performance is net of management fee and all other expenses. The size of the Fund is Rs.644 million.

NIAAP-VI has incurred loss of Rs.54.70 million during the period. After accounting for expenses of Rs.1.12 million, the net loss is Rs.55.82 million. The asset allocation of the Fund as on September 30, 2017 is as follows:



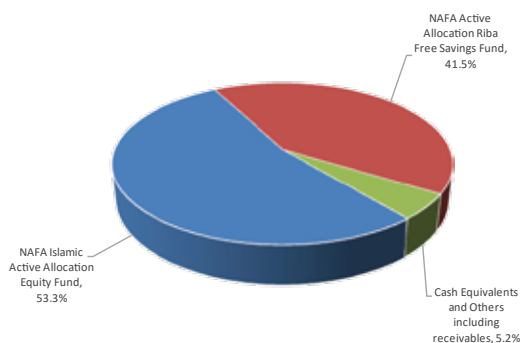
NAFA ISLAMIC ACTIVE ALLOCATION FUND-II

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

Plan's Performance

During the quarter, the unit price of NAFA Islamic Active Allocation Plan-VII (NIAAP-VII) has decreased from Rs.99.9773 on June 30, 2017 to Rs.94.4285 on September 30, 2017, thus showing a decrease of 5.6%. The Benchmark (Daily weighted return of KMI-30 Index & 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) decreased by 4.7%. Thus, the Fund has underperformed its Benchmark by 2.0%. Since Inception, the unit price of NAFA Islamic Active Allocation Plan-VII (NIAAP-VII) has decreased from Rs.100.00 on June 29, 2017 to Rs.94.4285 on September 30, 2017, thus showing a decrease of 5.6%. The Benchmark return during the same period was decreased by 5.3%. Thus, the Fund has underperformed its Benchmark by 0.3%. This performance is net of management fee and all other expenses. The size of the Fund is Rs.220 million.

NIAAP-VII has incurred loss of Rs.11.92 million during the period. After accounting for expenses of Rs.0.34 million, the net loss is Rs.12.26 million. The asset allocation of the Fund as on September 30, 2017 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: October 27, 2017
Place: Karachi.

Director

ڈائریکٹر رپورٹ

این پی پی فلٹرٹن ایسیٹ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NAFA اسلامک ایکٹو ایلوکیشن فنڈ-II (NIAAF-II) کے غیر آڈٹ شدہ مالیاتی گوشوارے برائے مختتمہ سہ ماہی 30 ستمبر 2017 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

فنڈ کی کارکردگی

اس فنڈ کا عزم ہے کہ سرمایہ داروں کو ایسے مواقع فراہم کئے جائیں جن کے ذریعے وہ شریعت کے مطابق ایکویٹی فنڈ اور انکم/مینی مارکیٹ فنڈ کے متحرک انتظامی پورٹ فولیو کے تحت پرکشش منافع حاصل کر سکیں۔

NAFA اسلامک ایکٹو ایلوکیشن فنڈ-II دو ٹرسٹ اسکیموں پر مشتمل ہے جن کے نام یہ ہیں: NAFA اسلامک ایکٹو ایلوکیشن پلان-VI (NIAAF-VI)، NAFA اسلامک ایکٹو ایلوکیشن پلان-VII (NIAAP-VII) جنہیں پہلے ہی متعارف کروایا جا چکا ہے۔ ان پلان کے تحت مندرجہ ذیل بنیادی فنڈز میں سرمایہ کاری کی جاتی ہے اور ہماری سرمایہ کاری کمیٹی ان بنیادی فنڈز میں سرمایہ کاری کے پس منظر کو مد نظر رکھتے ہوئے تبدیلی کرتی رہتی ہے:

☆ NAFA ایکٹو ایلوکیشن ریفری سیونگ فنڈ

☆ NAFA اسلامک ایکٹو ایلوکیشن ایکویٹی فنڈ

مالی سال 2018 میں مارکیٹ ایک نازک موڑ سے شروع ہوئی جس کی وجہ جون میں متوقع بیرونی ترسیلات کی عدم حصولی ہے جس نے فرنچائز مارکیٹ میں PSX کی MSCI اےمرجنگ انڈیکس میں اپ گریڈیشن کے باوجود سرمایہ داروں کے جذبات متحور کئے۔ توازن ادائیگی کے بگڑتی ہوئی صورتحال اور کئی معاشی اعداد و شمار کے متعلقہ اثرات نے مارکیٹ میں سرمایہ داروں کے اعتماد پر برا اثر ڈالا۔ غیر مستحکم سیاسی صورتحال نے سرمایہ داروں کی پریشانی میں مزید اضافہ کر دیا۔ پاک-امریکہ تعلقات میں تناؤ کی وجہ سے بھی اسٹاک مارکیٹ متاثر ہوئی۔ جس کے نتیجے میں شیخ مارک 30-KMI زیر جائزہ مدت کے دوران 9.1 فیصد گر گیا۔ اگر ہم صنعت وارا کارکردگی کا جائزہ لیں تو تیل و گیس کی تلاش، گیس و تیل کی کمپنیاں، کھاد، توانائی پیدا کرنے اور تقسیم کرنے والے اداروں اور بینکنگ سیکٹرز کی کارکردگی بہتر رہی۔ البتہ سیمنٹ سیکٹر کے انڈیکس میں شدید مندی کا رجحان رہا جس میں 18.4 فیصد کمی دیکھی گئی۔

مالی سال 2017 میں یو ایس ڈالر 652 ملین کا بھاری مقدار میں بیرونی بہاؤ ہوا، غیر ملکیوں نے خصوصی طور پر مالی سال 2018 کی پہلی سہ ماہی میں یو ایس ڈالر 90 ملین ڈالر کی ایکویٹی سے جان چھڑائی۔ غیر ملکیوں کے علاوہ، میوچل فنڈز نے بھی اس سہ ماہی میں یو ایس ڈالر 38 ملین کا سرمایہ باہر نکالا۔ جبکہ اس کے برخلاف انشورنس کمپنیاں اور بینک/ڈی ایف آئی نے بالترتیب یو ایس ڈالر 49 ملین اور یو ایس ڈالر 34 ملین کی سرمایہ کاری کی۔

اس مدت کے دوران، اسٹیٹ بینک آف پاکستان نے اپنے پالیسی نرخ 5.75% پر برقرار رکھے۔ SBP نے بڑے معاشی معاملات کو ترقی کے لئے موزوں قرار دیا اس بات کی پرواہ کئے بغیر کہ افراط زر کے کیا اثرات مرتب ہو گئے۔ جولائی سے ستمبر مالی سال 2018 کے دوران درمیانی CPI افراط زر میں قدرے کمی آئی جو کہ 3.4 فیصد رہی جو پچھلے سال اسی مدت کے دوران 3.9 فیصد تھی۔ توازن ادائیگی کی بگڑتی ہوئی صورتحال کے پیش نظر افراط زر اور سودی نرخوں میں متوقع اضافے کی وجہ سے 3 ماہ کی مدت کی قلیل المیعاد حکومتی تسکات کی طرف سرمایہ داروں کا رجحان رہا جس کی نشاندہی سہ ماہی T-Bills میں ہماری سرمایہ کاری سے ہوتی ہے۔ اس سہ ماہی کے دوران T-Bills پر منافع تقریباً غیر متزلزل رہا تاہم PIB کی تین سالہ، پانچ سالہ اور 10 سالہ مدتی اسکیموں کے منافع میں بالترتیب 45 پی پی ایس، 56 پی پی ایس اور 13 پی پی ایس اضافہ ہوا۔ پرائیویٹ سیکٹر میں سرمایہ کاری کی سرگرمیوں میں اضافہ کی وجہ سے کارپوریٹ قرضہ کی تسکات میں اضافہ دیکھنے میں آیا۔

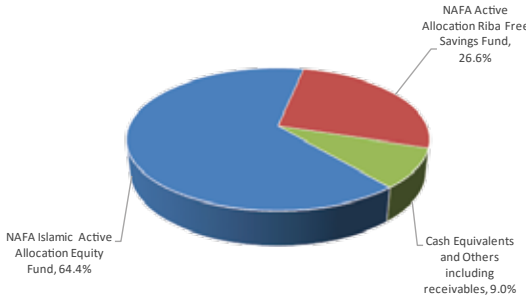
NAFA ISLAMIC ACTIVE ALLOCATION FUND-II

NAFA اسلامک ایکٹو ایلوکیشن پلان (NIAAP-VI)

پلان کی کارکردگی

اس سہ ماہی کے دوران، NAFA اسلامک ایکٹو ایلوکیشن پلان (NIAAP-VI) VI کے یونٹ کی قیمت 30 جون 2017 کو 94.455 روپے سے گر کر 30 ستمبر 2017 کو 88.0865 روپے ہو گئی، جو کہ 6.7 فیصد کمی کی نشاندہی کرتا ہے۔ بینچ مارک (KMI-30) کاروبار اور مالی منافع اور تین A کی درجہ بندی کے اسلامک بینکوں اور ونڈوز کے چھ ماہ کی جمع شدہ رقم کا نرخ جیسا کہ MUFAP نے اس فنڈ کی ذیلی اسکیموں کے بینچ مارک کے ملاپ سے اصل تخصیص کے مطابق منتخب کیا) میں 5.4 فیصد کمی واقع ہوئی۔ لہذا فنڈ کی کارکردگی بینچ مارک سے 1.3 فیصد کم رہی۔ NAFA اسلامک ایکٹو ایلوکیشن پلان (NIAAP-VI) VI کے قیام کے وقت 26 مئی 2017 کو یونٹ کی قیمت 100.00 روپے (ایکس ڈیو) سے کم ہو کر ستمبر 2017 کو 88.0865 روپے ہو گئی، جو کہ 11.9 فیصد کمی کی نشاندہی کرتا ہے۔ اس مدت کے دوران بینچ مارک پر منافع 12.5 فیصد کم ہو گیا۔ لہذا فنڈ کی کارکردگی بینچ مارک سے 0.6 فیصد بہتر رہی۔ یہ کارکردگی انتظامیہ کے معاوضہ اور دیگر تمام اخراجات نکالنے کے بعد ہے۔ فنڈ کا حجم 644 ملین روپے ہے۔

(NIAAP-VI) کو اس مدت کے دوران 54.70 ملین روپے کا خسارہ ہوا۔ 1.12 ملین روپے کے اخراجات کے بعد خالص خسارہ 55.82 ملین روپے ہو گیا۔ 30 ستمبر 2017 کو اثاثوں کی تخصیص درج ذیل ہے:



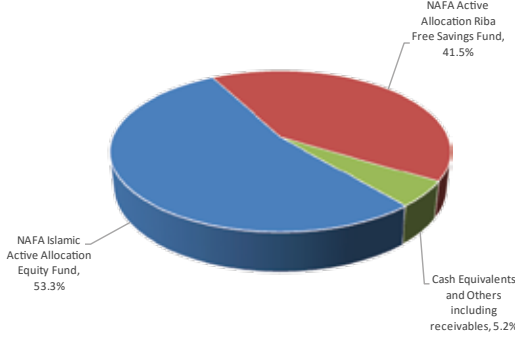
NAFA اسلامک ایکٹو ایلوکیشن پلان (NIAAP-VII)

پلان کی کارکردگی

اس سہ ماہی کے دوران، NAFA اسلامک ایکٹو ایلوکیشن پلان (NIAAP-VII) VII کے یونٹ کی قیمت 30 جون 2017 کو 99.9773 روپے سے گر کر 30 ستمبر 2017 کو 94.4285 روپے ہو گئی، جو کہ 5.6 فیصد کمی کی نشاندہی کرتا ہے۔ بینچ مارک (KMI-30) کاروبار اور مالی منافع اور تین A کی درجہ بندی کے اسلامک بینکوں اور ونڈوز کے چھ ماہ کی جمع شدہ رقم کا نرخ جیسا کہ MUFAP نے اس فنڈ کی ذیلی اسکیموں کے بینچ مارک کے ملاپ سے اصل تخصیص کے مطابق منتخب کیا) میں 4.7 فیصد کمی واقع ہوئی۔ لہذا فنڈ کی کارکردگی بینچ مارک سے 2.0 فیصد کم رہی۔ NAFA اسلامک ایکٹو ایلوکیشن پلان (NIAAP-VII) VII کے قیام کے وقت 29 جون 2017 کو یونٹ کی قیمت 100.00 روپے (ایکس ڈیو) سے کم ہو کر ستمبر 2017 کو 94.4285 روپے ہو گئی، جو کہ 5.6 فیصد کمی کی نشاندہی کرتا ہے۔ اس مدت کے دوران بینچ مارک پر منافع 5.3 فیصد کم ہو گیا۔ لہذا فنڈ کی کارکردگی بینچ مارک سے 0.3 فیصد کم رہی۔ یہ کارکردگی انتظامیہ کے معاوضہ اور دیگر تمام اخراجات نکالنے کے بعد ہے۔ فنڈ کا حجم 220 ملین روپے ہے۔

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II

(NIAAP-VII) کو اس مدت کے دوران 11.92 ملین روپے کا خسارہ ہوا۔ 0.34 ملین روپے کے اخراجات کے بعد خالص خسارہ 12.26 ملین روپے ہو گیا۔ 30 ستمبر 2017 کو اثاثوں کی تخصیص درج ذیل ہے:



اعتراف

اس موقع پر بورڈ اپنے تمام یونٹ ہولڈرز کا شکریہ ادا کرتے ہیں جنہوں نے انتظامی کمپنی پر اپنے بھروسے اور اعتماد کا اظہار کیا اور ہمیں اپنی خدمت کا موقع دیا۔ بورڈ اپنی مخلصانہ ستائش سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹیٹ بینک کو ان کی سرپرستی اور رہنمائی پر پیش کرتا ہے۔

بورڈ بخوشی اس بات کا اعتراف کرتا ہے کہ ملازمین اور سٹیف نے انتھک محنت، جدوجہد اور لگن سے کام کیا۔

از طرف بورڈ

این بی پی فلٹرین ایسیٹ مینجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

بتاریخ: اکتوبر 27، 2017

بمقام کراچی

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2017

		Un-Audited----- -----SEPTEMBER 30, 2017-----			Audited----- -----JUNE 30, 2017-----		
		NIAAP-VI	NIAAP-VII	Total	NIAAP-VI	NIAAP-VII	Total
	Note	----- (Rupees in 000) -----			----- (Rupees in 000) -----		
ASSETS							
Balances with banks		63,331	15,136	78,467	68,640	176,697	245,337
Investments	4	604,311	209,071	813,382	828,864	92,805	921,669
Profit receivable	5	292	88	380	947	36	983
Other Receivables		40	9	49	37	3	40
Preliminary and floatation costs		1,175	182	1,357	1,354	208	1,562
Total assets		669,149	224,486	893,635	899,842	269,749	1,169,591
LIABILITIES							
Payable to NBP Fullerton Asset Management Company Limited		4,242	3,783	8,025	4,109	2,296	6,405
Payable to Central Depository Company of Pakistan Limited - Trustee		64	21	85	85	1	86
Payable to Securities and Exchange Commission of Pakistan		185	55	240	84	1	85
Payable against redemption of units		125	-	125	186	-	186
Payable against investments		-	-	-	-	92,805	92,805
Accrued expenses and other liabilities	6	330	127	457	1,474	69	1,543
Total liabilities		4,946	3,986	8,932	5,938	95,172	101,110
NET ASSETS		<u>664,203</u>	<u>220,500</u>	<u>884,703</u>	<u>893,904</u>	<u>174,577</u>	<u>1,068,481</u>
UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)		<u>664,203</u>	<u>220,500</u>	<u>884,703</u>	<u>893,904</u>	<u>174,577</u>	<u>1,068,481</u>
CONTINGENCIES AND COMMITMENTS							
Number of units in issue	7	<u>7,540,349</u>	<u>2,335,096</u>		<u>9,463,800</u>	<u>1,746,167</u>	
		-----Rupees-----			-----Rupees-----		
NET ASSET VALUE PER UNIT		88.0865	94.4285		94.4551	99.9773	

The annexed notes 1 to 13 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-II

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2017

INCOME

Capital (Loss) / Gain on sale of investments - net
Dividend Income
Profit on bank deposits
Net unrealised (diminution) on re-measurement
as 'financial assets at fair value through profit or loss'

Total Loss

EXPENSES

Remuneration of NBP Fullerton Asset Management Limited
Management Company
Sindh sales tax on remuneration of the Management Company
Remuneration of Central Depository Company Of Pakistan Limited - Trustee
Sindh Sales Tax on Remuneration Of the Trustee
Annual fee - Securities and Exchange Commission of Pakistan
Settlement and bank charges
Auditors' remuneration
Accounting and operational charges to the Management Company
Legal & Professional charges
Shariah Advisor Fee
Amortisation of Formation Cost
Printing charges

Total Expenses

Net Loss for the period before taxation

Taxation

Net Loss for the period after taxation

Earnings per unit

Allocation of Net income for the period:

Income already paid on units redeemed
Accounting income available for distribution carried to distribution account:
-Relating to capital gains
-Excluding capital gains

The annexed notes 1 to 13 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

QUARTER ENDED SEPTEMBER 30, 2017		
Note	NIAAP-VI	NIAAP-VII
	(Rupees in 000)	
		Total
	(7,082)	30
	6,725	1,850
	1,007	450
	(55,354)	(14,253)
	(54,704)	(11,923)
		(66,627)

182	133	315
24	17	41
195	58	253
25	8	33
185	55	240
12	3	15
74	34	108
195	1	196
14	5	19
23		23
179	26	205
6	2	8
1,114	342	1,456

(55,818) (12,265) (68,083)

8 - - -

(55,818) (12,265) (68,083)

9 - - -

(89) (8) (97)

-	-	-
-	-	-

(55,907) (12,273) (68,180)

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2017

	QUARTER ENDED SEPTEMBER 30, 2017		
	NIAAP-VI	NIAAP-VII	Total
	----- (Rupees in 000) -----		
Accounting Loss available for Distribution	(55,907)	(12,273)	(68,180)
			-
Total comprehensive loss for the period	(55,907)	(12,273)	(68,180)

The annexed notes 1 to 13 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-II

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2017

Net assets at the beginning of the period

Issue of units (NIAAP-VI) NIL - (NIAAP-VII) 930,440 units

Redemption of units (NIAAP-VI) 1,923,541 units - (NIAAP-VII) 341,511 units

Accounting income/loss available for distribution

Income already paid on units redeemed

Net assets at the end of the period

Net Assets value per unit as at beginning of the period

Net Assets value per unit as at end of the period

Undistributed Loss brought forward

Realised income

Unrealised Loss

Accounting income/loss available for distribution:

Relating to capital gains

Excluding capital gains

Undistributed income carried forward

Undistributed income carried forward comprises of:

- Realised Gain

- Unrealised Gain

The annexed notes 1 to 13 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive Officer

Director

QUARTER ENDED SEPTEMBER 30, 2017		
NIAAP-VI	NIAAP-VII	Total
----- (Rupees in 000) -----		
893,904	174,577	1,068,481
-	91,542	91,542
(173,883)	(33,354)	(207,237)
(173,883)	58,188	(115,695)
(55,907)	(12,273)	(68,180)
89	8	97
664,203	220,500	884,703
94,4551	99,9773	
88,0865	94,4285	
58,949	(41)	58,908
(111,425)	-	(111,425)
(52,476)	(41)	(52,517)
-	-	-
-	-	-
(55,907)	(12,273)	(68,180)
(108,383)	(12,314)	(120,697)
(53,029)	1,939	(51,090)
(55,354)	(14,253)	(69,607)
(108,383)	(12,314)	(120,697)

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2017

CASH FLOW FROM OPERATING ACTIVITIES

Net Loss for the period before taxation

Adjustments

Net unrealised diminution on re-measurement of investments
as 'financial assets at fair value through profit or loss'
Amortisation of Formation Cost

(Increase) / decrease in assets

Investments
Profit receivable
Other Receivable

Increase / (decrease) in liabilities

Payable to NBP Fullerton Asset Management Company Limited
Payable to Central Depository Company of Pakistan Limited - Trustee
Payable to Securities and Exchange Commission of Pakistan
Payable against investments
Accrued expenses and other liabilities

Net cash generated from/(Used in) operating activities

CASH FLOW FROM FINANCING ACTIVITIES

Net receipts from issue of units
Net payments on redemption of units
Distributions Paid

Net cash generated from/(used in) financing activities

Net increase/(decrease) in cash and cash equivalents during the period

Cash and cash equivalents at the beginning of the period

Cash and cash equivalents at the end of the period

-----Un-Audited----- QUARTER ENDED SEPTEMBER 30, 2016		
NIAAP-VI	NIAAP-VII	Total
----- (Rupees in 000) -----		
(55,818)	(12,265)	(68,083)
55,354	14,253	69,607
179	26	205
(285)	2,014	1,729
169,199	(130,519)	38,680
655	(52)	603
(3)	(6)	(9)
169,851	(130,577)	39,274
133	1,487	1,620
(21)	20	(1)
101	54	155
-	(92,805)	(92,805)
(1,144)	58	(1,086)
(931)	(91,186)	(92,117)
168,635	(219,749)	(51,114)
-	91,542	91,542
(173,944)	(33,354)	(207,298)
-	-	-
(173,944)	58,188	(115,756)
(5,309)	(161,561)	(166,870)
68,640	176,697	245,337
63,331	15,136	78,467

The annexed notes 1 to 13 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-II

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Un-Audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

NAFA Islamic Active Allocation Fund - II (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 24 March 2017 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 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 two plans namely NAFA Islamic Active Allocation Plan – VI (NIAAP- VI) and NAFA Islamic Active Allocation Plan – VII (NIAAP -VII) 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 Plan VI was initially offered for public subscription from 24 May 2017 to 26 May 2017 at initial price of Rs. 100 and received Rs. 985.106 million against IPO from various investors upto 26 May 2017. Accordingly the Fund commenced its business activities on 27 May 2017. Therefore, these first set of the financial statements have been prepared for the period from 27 May 2017 to 30 June 2017. The units of the plans are transferable and can be categorised as an Open-End "Shariah Compliant Fund of Funds" as per the criteria laid down by the SECP for categorisation 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.

The Pakistan Credit Rating Agency (PACRA) has assigned an asset manager rating of 'AM1' to the Management Company as at 21 April 2017. The Fund has not yet been rated.

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

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II

The duration of the Fund / allocation plans is perpetual. However, the initial maturities of NIAAP - VI and NIAAP - VII shall be two years from the close of the subscription period. Management Company may open the subscription of units after initial maturities with the prior approval of the SECP. SECP or the Management Company may wind allocation plans on the occurrence of certain events as specified in offering document of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the repealed Companies Ordinance, 1984, the Non- Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRS, the requirements of the NBFC Rules, 2003, the NBFC Regulations, 2008, or the directives issued by the SECP shall prevail. The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34, Interim Financial Reporting.

The directors of the asset management company declare that these condensed interim financial statements give a true and fair view of the Fund.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the condensed financial statements for the quarter ended September 30, 2017 are same as those applied in the preparation of annual audited financial statements for the year ended June 30, 2017 except for element of income. Pursuant to SRO 756(I)/2017, management has changed its accounting policy whereby element of income / loss and capital gains / losses in prices of units issued less those in units redeemed' during the year, previously transferred to the 'income statement' has now been taken to unit holders' fund. The above change has been applied from July 01, 2017 as clarified by MUFAP, therefore the comparative information have not been restated.

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II

NIAAP VI NIAAP VII Total

-----September 30,2017-----
Un-Audited

NIAAP VI NIAAP VII Total

-----June 30,2017-----
Audited

4 INVESTMENT

'Financial assets at fair value through profit or loss

-Units of mutual funds

604,311 209,071 **813,382**

828,864 92,805 **921,669**

4.1 Investment in Funds NIAAP VI

Name of the investee company	Number Of Units					Balances as at SEPTEMBER 30, 2017		Market value as a percentage of net assets	Market value as a percentage of total investment
	As at July 1, 2017	Purchases during the period	Bonus / right shares	Sales during the period	As at SEPTEMBER 30, 2017	Carrying Value	Market Value		
(Rs in "000") %.....									
NAFA Islamic Active Allocation Equity Fund	36,937,734	4,859,890	-	5,517,677	36,279,947	484,482	427,574	64.37	70.75
NAFA Active Allocation Riba Free Saving Fund	33,269,542	993,295	-	16,775,823	17,487,014	175,184	176,738	26.61	29.25
					53,766,961	659,666	604,311	91	100
Carrying value as at September 30, 2017							659,666		

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II

4.2 Investment in Funds NIAAP VII

Name of the investee company	Number Of Units					Balances as at SEPTEMBER 30, 2017		Market value as a percentage of net assets	Market value as a percentage of total investment
	As at July 1, 2017	Purchases during the period	Bonus / right shares	Sales during the period	As at SEPTEMBER 30, 2017	Carrying Value	Market Value		
(Rs in "000")%.....									
NAFA Islamic Active Allocation Equity Fund	6,916,095	3,061,843	-	-	9,977,938	132,494	117,594	53.33	56.25
NAFA Active Allocation Riba Free Saving Fund	-	12,823,138	-	3,772,093	9,051,045	90,830	91,477	41.49	43.75
					19,028,983	223,324	209,071	95	100

Carrying value as at September 30, 2017

223,324

-----Un-Audited-----	-----Audited-----
-----September 30,2017-----	-----June 30,2017-----
NIAAP VI	NIAAP VI
NIAAP VII	NIAAP VII
TOTAL	TOTAL

5 PROFIT RECEIVABLE

Profit receivable on balances with banks	292	88	380	947	36	983
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NAFA ISLAMIC ACTIVE ALLOCATION FUND-II

	-----Un-Audited-----			-----Audited-----		
	-----September 30,2017-----			-----June 30,2017-----		
	NIAAP VI	NIAAP VII	TOTAL	NIAAP VI	NIAAP VII	TOTAL
6 ACCRUED EXPENSES AND OTHER LIABILITIES						
Auditors' remuneration	149	69	218	76	35	111
Bank charges	25	7	32	21	4	25
Legal Fee	29	15	44	15	10	25
Printing charges	41	22	63	35	20	55
With-Holding Tax payable	26	14	40	1290	-	1,290
Shariah Advisor fee	60	-	60	37	-	37
	<u>330</u>	<u>127</u>	<u>457</u>	<u>1,474</u>	<u>69</u>	<u>1,543</u>

7 CONTINGENCIES AND COMMITMENTS

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

8 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 Fund's net accounting income earned 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 provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

9 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-II

10 Total Expense Ratio

Total expense ratio (all the expenses, including government levies, incurred during the year divided by average net asset value for the year) is 0.57%(NIAAP-VI) and 0.58%(NIAAP-VII) per annum including 0.12%(NIAAP-VI) and 0.13%(NIAAP-VII) representing government levies on collective investment scheme such as sales tax, worker's welfare fund and SECP fee for the period.

11 TRANSACTIONS WITH CONNECTED PERSONS

- 11.1 Connected persons include NBP Fullerton Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan and Alexandra Fund Management Pte. Limited being the sponsors, NAFA provident Trust Fund being the employee contribution plan of the Management Company, other collective investment schemes managed by the Management Company and directors and officers of the Management Company.
- 11.2 The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 11.3 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.
- 11.4 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-II

11.5 Details of the transactions with connected persons are as follows:

NBP Fullerton Asset Management Limited - Management Company

Remuneration of the Management Company	182	133	315
Sindh sales tax on remuneration of the Management Company	24	17	41
Accounting and operational charges to the Management Company	195	1	196
Preliminary expenses and floatation costs	179	26	205

Central Depository Company of Pakistan Limited - Trustee

Remuneration	195	58	253
Sindh sales tax on remuneration of Trustee	25	8	33

Investment in NAFA Islamic Active Allocation Equity Fund

Units purchased: 4,859,890 units (NIAAP - VI), 3,061,843 units (NIAAP - VII),	55,911	37,839	93,750
Units sold: 5,517,677 (NIAAP - VI), Nil units (NIAAP VII)	66,250	-	66,250
Cash distributions during the period	6,725	1,850	8,575

Investment in NAFA Active Allocation Riba Free Savings Fund

Units purchased: 993,295 units (NIAAP VI), 12,823,138 units (NIAAP VII),	10,000	128,636	138,636
Units sold: 16,775,823 units (NIAAP VI), 3,772,093 units (NIAAP VII),	168,502	37,839	206,341
Cash distributions during the period			-

BankIslami Pakistan Limited

Markup on balances	284	81	365
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-----Un-audited-----		
QUARTER ENDED SEPTEMBER 30, 2017		
NIAAP-VI	NIAAP-VII	Total
------(Rupees in 000)-----		

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II

11.6 Amounts outstanding as at period end

NBP Fullerton Asset Management Limited - Management Company

	-----Un-Audited----- -----SEPTEMBER 30,2017----- NIAAP-VI NIAAP-VII Total -----(Rupees in 000)----			-----Audited----- -----JUNE 30,2017----- NIAAP-VI NIAAP-VII Total -----(Rupees in 000)----		
Management remuneration payable	58	13	71	112	3	115
Sindh sales tax payable on remuneration of the Management Company	7	2	9	15	-	15
Accounting and operational charges payable to the Management Company	283	1	284	88	1	89
Sales load payable to the Management Company	2,161	3,136	5,297	2,161	1,831	3,992
Sindh Sales Tax on sales load	281	408	689	281	238	519
Preliminary expenses and floatation costs payable to the Management Company	1,432	208	1,640	1,432	208	1,640
Other payable to the Management Company	20	15	35	20	15	35
Units held : 499,812 units (NIAAP-VII)	-	47,197	47,197	-	49,970	49,970

Employees of the Management Company

Units held: 1,935 units (NIAAP-VI)				183	-	183
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Central Depository Company of Pakistan Limited - Trustee

Remuneration payable	57	19	76	75	1	76
Sales tax payable	7	2	9	10	-	10

NAFA Islamic Active Allocation Equity Fund

Investment of: 36,279,947 units (NIAAP - VI), 9,977,937 units (NIAAP - VII), (June 30,2017 36,937,734 units (NIAAP-VI) 6,916,095 units (NIAAP-VII)	427,574	117,594	545,168	495,656	92,805	588,461
Payable against purchase of investment	-	-	-	-	92,805	92,805

NAFA Active Allocation Riba Free Savings Fund

Investment of: 17,487,014 units (NIAAP - VI), 9,051,045 units (NIAAP - VII) (June 30,2017: 33,269,542 units (NIAAP-VII))	176,738	91,477	268,215	333,208	-	333,208
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BankIslami Pakistan Limited

Bank balances	61,228	15,003	76,231	66,856	137,350	204,206
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NAFA ISLAMIC ACTIVE ALLOCATION FUND-II

12 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on October 27, 2017.

13 GENERAL

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

13.2 Comparative information is not available as the Fund commenced its operations on May 27, 2017(where applicable)

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



NBP Fullerton
Asset Management Ltd.

A Subsidiary of
National Bank of Pakistan

Head Office

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