



NBP FUNDS

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NAFA ISLAMIC ACTIVE ALLOCATION FUND-II

**QUARTERLY
REPORT**
March 31, 2018



MISSION STATEMENT

To rank in the top quartile
in performance of
NBP 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 Fund Management Limited - Management Company

Formerly: NBP Fullerton Asset Management Limited (NAFA)

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. 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
Mr. Humayun Bashir	Member

Human Resource and Remuneration Committee

Mr. Kamal Amir Chinoy	Chairman
Mr. Abdul Hadi Palekar	Member
Mr. Humayun Bashir	Member

Strategy & Business Planning Committee

Mr. Humayun Bashir	Chairman
Mr. Tariq Jamali	Member
Mr. Shehryar Faruque	Member
Dr. Foo Chiah Shiung (Kelvin Foo)	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: 021 (111-111-632),
(Toll Free): 0800-20002,
Fax: (021) 35825329
Website: www.nbpffunds.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
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 Fund Management Limited (Formerly; NBP Fullerton Asset Management Limited) is pleased to present the unaudited financial statements of **NAFA Islamic Active Allocation Fund - II (NIAAF-II)** for the period year ended March 31, 2018.

Fund's Performance

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

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

After a sizeable decline of 12.7% during the 1HFY2018 mainly driven by plethora of negative news on the political front and concerns on the widening current account deficit, the KMI-30 staged a strong recovery of 12.2% in the 3QFY2018. Overall, during 9MFY2018, the KMI-30 witnessed a meager decline of 2.0%. The rebound in the 3QFY2018 is attributable to anticipation of a Foreign Assets Declaration Scheme (FADR) with the associated expectation of significant inflows to the tune of USD3-5bn, PKR devaluation of around 9%, and 25 basis points increase in policy rate to address the galloping current account deficit. Adding to the investors' optimism were expectations of some tax relief for the capital market and listed sectors of the economy in the upcoming federal budget. The PKR devaluation is generally positive for the stock market as it usually improves the profitability of the select heavy-weight sectors such as Oil & Gas Exploration, Banks, Textile Composite, and Technology & Communication while, profit margins of the other sectors such as Automobile Assemblers, Cement, and Fertilizer, etc remain intact on account of pass-through of the rising input cost. It is worthwhile to mention that post the first round of devaluation on December 8, 2017 through March-end, the KMI-30 Index is up by 15%. Similarly, positive impact of currency devaluation has started reflecting as exports are up by a handsome 12% on a year-on-year basis in March 2018.

During 9MFY2018, Oil & Gas Exploration, Food & Personal Care, and Fertilizer sectors delivered better returns than the benchmark, while Refineries, Cements and Engineering sectors considerably under-performed the benchmark. Foreign investors remained net sellers with outflows of USD124 million during the aforesaid period. On the local side, Insurance and Companies remained major net buyers, taking fresh equity exposure worth USD105 million and USD94 million, respectively. Mutual Funds, on the other hand, remained net sellers, off-loading shares worth USD77 million during the aforementioned period.

During the period under review, in its bi-monthly monetary policy review in January 2018, State Bank of Pakistan (SBP) increased the policy rate and discount rate by 25 basis points to 6.00% and 6.50%, respectively. After remaining range bound, sovereign yields responded to the recent increase in the policy rate and on expectation of further hike in the near future. During the period under review, yields on T-bills for 3-month, 6-month, and 12-month tenors increased by 41 basis points, 57 basis points and 71 basis points respectively. Expecting upside risks to inflation and interest rates, investors' preference remained tilted toward short tenors.

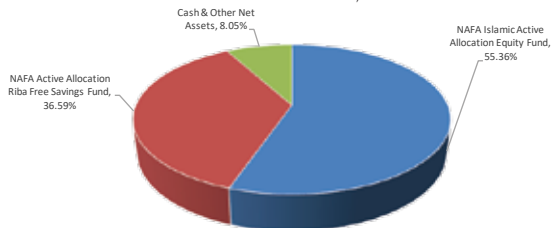
The primary market for corporate Sukuks remained under-supplied against the large demand. In the secondary market, the trading activity in the corporate Sukuk remained thin. Prices of GoP Sukuk moved up with corresponding decline in yields by 120-182 basis points for different Ijara issues.

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

Plan's Performance

During the period, the unit price of NAFA Islamic Active Allocation Plan-VI (NIAAP-VI) has decreased from Rs.94.4551 on June 30, 2017 to Rs. 90.4879 on March 31, 2018, thus showing a decrease of 4.20%. The Benchmark increased by 0.56%. Thus, the Fund has underperformed its Benchmark by 4.76%. Since inception, the unit price of NAFA Islamic Active Allocation Plan-VI (NIAAP-VI) has decreased from Rs.100.0000 on May 26, 2017 to Rs.90.4879 on March 31, 2018, thus showing a decrease of 9.51%. The Benchmark decline during the same period was 6.94%. Thus, the Fund has underperformed its Benchmark by 2.57%. This performance is net of management fee and all other expenses. The size of the Fund is Rs.494 million.

NIAAP-VI has incurred loss of Rs.44.026 million during the period. After accounting for expenses of Rs 2.751 million, the net loss is Rs.46.777 million The asset allocation of the Fund as on March 31, 2018 is as follows:



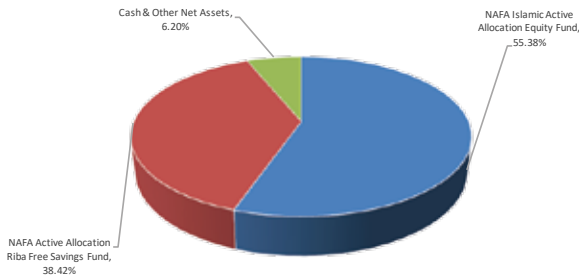
NAFA ISLAMIC ACTIVE ALLOCATION FUND-II

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

Plan's Performance

During the period, the unit price of NAFA Islamic Active Allocation Plan-VII (NIAAP-VII) has decreased from Rs.99.9773 on June 30, 2017 to Rs.97.1482 on March 31, 2018, thus showing a decrease of 2.83%. The Benchmark increased by 1.37%. Thus, the Fund has underperformed its Benchmark by 4.20%. 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.97.1482 on March 31, 2018, thus showing a decrease of 2.85%. The Benchmark increased during the same period was 0.76%. Thus, the Fund has underperformed its Benchmark by 3.61%. This performance is net of management fee and all other expenses. The size of the Fund is Rs.209 million.

NIAAP-VII has incurred loss of Rs.5.593 million during the period. After accounting for expenses of Rs 0.982 million, the net loss is Rs.6.575 million The asset allocation of the Fund as on March 31, 2018 is as follows:

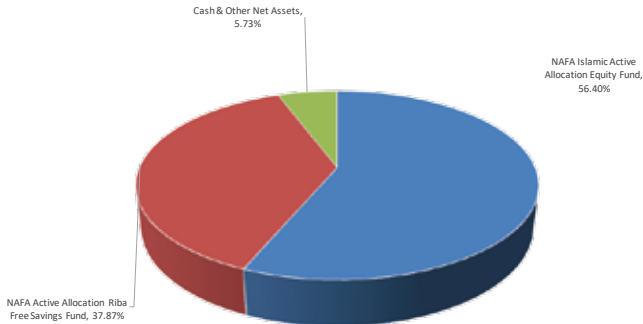


NAFA Islamic Active Allocation Plan-VIII (NIAAP-VIII)

Plan's Performance

Since inception, the unit price of NAFA Islamic Active Allocation Plan-VIII (NIAAP-VIII) has increased from Rs.100.00 on November 03, 2017 to Rs.104.2450 on March 31, 2018, thus showing an increase of 4.25%. The Benchmark increase during the same period was 6.24%. Thus, the Fund has underperformed its Benchmark by 1.99%. This performance is net of management fee and all other expenses. The size of the Fund is Rs.657 million.

NIAAP-VIII has earned income of Rs.30.767 million during the period. After accounting for expenses of Rs 2.155 million, the net loss is Rs.28.612 million The asset allocation of the Fund as on March 31, 2018 is as follows:



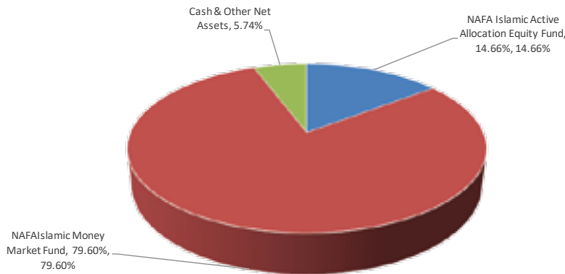
NAFA ISLAMIC ACTIVE ALLOCATION FUND-II

NAFA Islamic Capital Preservation Plan-I (NICPP-I)

Plan's Performance

Since inception, the unit price of NAFA Islamic Capital Preservation Plan-I (NICPP-I) has increased from Rs.100.00 on February 28, 2018 to Rs.100.6594 on March 31, 2018, thus showing an increase of 0.66%. The Benchmark increase during the same period was 0.82%. Thus, the Fund has underperformed its Benchmark by 0.16%. This performance is net of management fee and all other expenses. The size of the Fund is Rs.2,128 million.

NICPP-I has earned income of Rs.15.266 million during the period. After accounting for expenses of Rs 1.153 million, the net loss is Rs.14.113 million. The asset allocation of the Fund as on March 31, 2018 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 Fund Management Limited
(Formerly; NBP Fullerton Asset Management Limited)

Chief Executive Officer

Director

Date: April 30, 2018

Place: Karachi.

NIFA ISLAMIC ACTIVE ALLOCATION FUND-II

ڈائریکٹرز رپورٹ

NBP فنڈ منیجمنٹ لیڈر (سابقہ: NBP فنڈز انویسٹمنٹ ٹرسٹ) کے بورڈ آف ڈائریکٹرز بعد صدمت 31 مارچ 2018 کو قائم ہونے والی مدت کے لئے NIFA اسلامک ایکٹیو ایلوکیشن فنڈ-II (تغیر آؤٹ شدہ ایلیٹ گولڈ سٹار سے پیش کرتے ہیں۔

فنڈ کی کارکردگی

NIFA اسلامک ایکٹیو ایلوکیشن فنڈ-II ایک ٹرسٹ اسکیم کی شکل میں تیار کیا گیا ہے جو کہ پانچ (5) ایلوکیشن پلانز کے ذریعے درج ذیل مجموعی سرمایہ کاری کی اسکیموں میں سرمایہ کاری کریں گے، یہ پلانز NIFA اسلامک ایکٹیو ایلوکیشن پلان (NIFA-VI)، NIFA-VI، NIFA-VI، NIFA-VI، NIFA-VI، NIFA-VI، NIFA-VI، NIFA-VI، NIFA-VI، NIFA-VI اور NIFA اسلامک ایکٹیو ایلوکیشن پلان (NIFA-VI) ہیں۔

* NIFA اسلامک ایکٹیو ایلوکیشن پلان (NIFA-VI) کے ذریعے

NIFA اسلامک ایکٹیو ایلوکیشن پلان (NIFA-VI) کے ذریعے

NIFA اسلامک ایکٹیو ایلوکیشن پلان (NIFA-VI) کے ذریعے

2018 کی پہلی ششماہیہ میں 12.7% کی نمایاں کمی دیکھنے میں آئی جس کی بڑی وجہ سی ایس ایچ پی مارجن پر مبنی خردوں کی بھر مار اور کرنٹ اکاؤنٹ خسارے کے خدشات میں توسیع تھی تاہم KMI-30 نے 2018 کی تیسری سہ ماہیہ میں 12.2% سے بہتری دکھائی۔ مجموعی طور پر 2018 کے نو ماہ میں KMI-30 2.0% کی نمو کی ہوئی۔ اس کے علاوہ روڈنی اثاثہ جات ظاہر کرنے کی (FADRS) (Foreign assets Declaration Scheme) اور اس کے نتیجے میں 3-5 بلین امریکی ڈالر کے اندرونی بہاؤ کے امکانات، پاکستانی روپے کی قدر میں 9% کی کمی اور کرنٹ اکاؤنٹ خسارے میں تیزی برقرار پانے کیلئے پالیسی میں 25 سبس پیس اضافہ کا بھی اس بحالی میں کردار ادا کر رہا ہے۔ آنے والے وفاقی بجٹ میں کپٹل مارکیٹ اور درج شدہ شعبوں کی ریلیف کی توقعات سے سرمایہ کاروں کی مثبت سوچ میں اضافہ ہوا ہے۔ پاکستانی روپے کی قدر میں کمی عام طور پر اسٹاک مارکیٹ کیلئے مثبت ہوتی ہے کیونکہ اس سے عموماً بڑے شعبہ جات جیسے آئل اینڈ گیس، ایکلو ریٹین، بینکس، ٹیلی کالم، کمپیوٹر اور ٹیکنالوجی اور دیگر انڈسٹریز کی منافع میں بہتری آتی ہے جب کہ دوسرے شعبہ جات جیسے آٹوموبائل، آئٹلر، سیٹ، روڈریلاز اور دیگر واپس کے اخراجات کے لحاظ سے غیر متاثر رہتے ہیں۔ یہاں یہ کہنا ہے جائز ہوگا کہ 8 دسمبر 2017 سے مارچ کے اختتام تک روپے کی قدر میں کمی کے پچھلے راکڈ میں KMI 30 انڈیکس میں 15% اضافہ ہوا۔ اسی طرح روپے کی قدر میں کمی سے برآمدات کا گراف بھی سال بہ سال کے لحاظ سے مارچ 2018 میں 12% تک بڑھ گیا۔

مالی سال 2018 کے نو ماہ دوران میں آئل اینڈ گیس، ایکلو ریٹین، فوڈ اینڈ پریل، کینر، فریلاز اور کمرشل بینکس کے شعبہ جات نے مارکیٹ سے زیادہ بہترین نتائج پیش کئے جب کہ دیگر پلانز، سیٹ اور انٹیکسٹریگ کے شعبہ جات نے مارکیٹ سے کافی حد تک کم کارکردگی کا مظاہرہ کیا۔ بیرونی سرمایہ کار خالص فروخت کنندہ رہے جس سے مذکورہ مدت میں سودی سٹ کو 124 ملین امریکی ڈالر کا بہاؤ ریکارڈ کیا گیا۔ مقامی سطح پر انشورنس اور کمپنیاں بڑی خالص خریدار ہیں جنہوں نے بالترتیب 105 ملین امریکی ڈالر اور 94 ملین امریکی ڈالر کا تازہ ایکویٹی حاصل کی۔ دوسری طرف میچ پیئر فنڈز زنگی خالص فروخت کنندہ رہے جنہوں نے مذکورہ عرصہ میں 77 ملین امریکی ڈالر کے مساوی منہز فروخت کئے۔

زیر جائزہ مدت میں اسٹیٹ بینک آف پاکستان (SBP) نے جنوری 2018 میں اپنی دو ماہ کی ماہگیری پالیسی میں 25 سبس پیس پائمنٹس کے اضافے سے انھیں بالترتیب 6.00% اور 6.50% تک پہنچا دیا ہے۔ بقدرت کے محدود ہونے کے بعد (Sovereign) منافع نے حالیہ پالیسی میں اضافے اور مستقبل قریب میں مزید اضافے کی توقع کا رد عمل ظاہر کیا۔ زیر جائزہ مدت کے دوران میں 3 ماہ، 6 ماہ، 12 ماہ کیلئے T-Bills کے منافع میں بالترتیب 41 سبس پیس، 57 سبس پیس اور 71 سبس پیس پائمنٹس اضافہ ہوا۔ افراط زر اور شرح سود سے متعلقہ رہتے ہوئے خدشات کی بنا پر سرمایہ کاروں کی ترجیح کا چھکا مختصر مدت کی طرف رہا۔

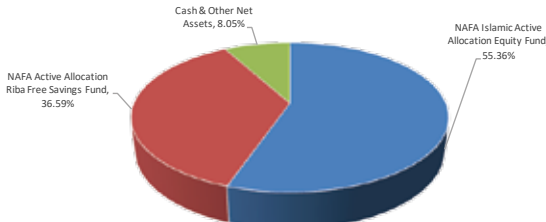
کارپوریٹ Sukuk کی ابتدائی مارکیٹ نے بڑی طلب کے مقابلے میں کم فراہمی کا مظاہرہ کیا۔ ثانوی مارکیٹ میں کارپوریٹ Sukuk میں تجارتی سرگرمیاں بھی کم رہیں مختلف اجارہ جات کے اجراء کے باعث نتائج میں 120-182 سبس پیس پائمنٹس اضافہ ہوا اور اس کے مطابق حکومت پاکستان کے Sukuk بچھے گئے۔

NIFA اسلامک ایکٹیو ایلوکیشن پلان (NIFA-VI)

فنڈ کی کارکردگی

اس مدت کے دوران NIFA اسلامک ایکٹیو ایلوکیشن پلان (NIFA-VI) کی پورٹ کی قیمت 30 جون 2017 کو 94.455 روپے سے کم ہو کر 31 مارچ 2018 کو 90.4879 روپے ہو چکی ہے اور اس طرح 4.20% کی کمی دکھائی ہے۔ پچ مارک کم ہو کر 0.56% ہو گیا۔ لہذا فنڈ نے اپنے پچ مارک سے 4.76% خراب کارکردگی کا مظاہرہ کیا ہے۔ 26 مئی 2017 کو اپنے قیام کے وقت NIFA اسلامک ایکٹیو ایلوکیشن پلان (NIFA-VI) کی پورٹ کی قیمت 100.0000 روپے سے کم ہو کر 31 مارچ 2018 کو 90.4879 روپے ہو چکی تھی لہذا 9.54% کی کمی دکھائی ہے۔ اسی مدت کے دوران پچ مارک خسارہ 6.94% تھا۔ لہذا فنڈ نے اپنے پچ مارک سے 2.57% خراب کارکردگی کا مظاہرہ کیا ہے۔ یہ کارکردگی منجھوت میں اور دیگر تمام اخراجات کے بعد خالص ہے۔ فنڈ کا 494 ملین روپے ہے۔

NIFA-VI کو اس مدت کے دوران 44.026 ملین روپے کا خسارہ 2.75 ملین روپے کے اخراجات منہا کرنے کے بعد خالص خسارہ 46.777 ملین روپے ہے۔ فنڈ کی ایسیٹ ایلوکیشن 31 مارچ 2018 کو برابری ذیل ہے:



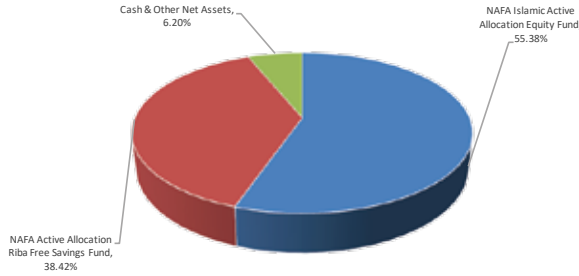
NAFA ISLAMIC ACTIVE ALLOCATION FUND-II

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

فنڈ کی کارکردگی

اس مدت کے دوران NAFA اسلامک ایکٹیو ایلو کیشن پلان-VII (NIAAP-VII) کے فنڈ کی قیمت 30 جون 2017 کو 99.977 روپے (Ex-Div) سے کم ہو کر 31 مارچ 2018 کو 97.148 روپے ہو گئی، لہذا %2.83 کی کمی ہوئی۔ اسی مدت کے دوران فنڈ مارک کم ہو کر 1.37% ہو گیا۔ لہذا فنڈ کی اپنے فنڈ مارک سے %4.20 خراب کارکردگی رہی۔ 29 جون 2017 کو اپنے قیام کے وقت NAFA اسلامک ایکٹیو ایلو کیشن پلان-VII (NIAAP-VII) کے فنڈ کی قیمت 100.00 روپے (Ex-Div) سے کم ہو کر 31 مارچ 2018 کو 97.148 روپے ہو گئی ہے، لہذا %2.83 کی کمی دکھائی ہے۔ اسی مدت کے دوران فنڈ مارک خسارہ %0.7 تھا۔ لہذا فنڈ نے اپنے فنڈ مارک سے %3.6 خراب کارکردگی کا مظاہرہ کیا ہے۔ یہ کارکردگی منجھت فیس اور دیگر اخراجات کے بعد خالص ہے۔ فنڈ کا ساٹھ 209 ملین روپے ہے۔

NIAAP-VII کو اس مدت کے دوران 5.593 ملین روپے کا خسارہ ہوا 0.982 ملین روپے کے اخراجات منہا کرنے کے بعد خالص خسارہ 6.575 ملین روپے ہے۔ فنڈ کی ایسیٹ ایلو کیشن 31 مارچ 2018 کو برطانوی ذیل ہے:

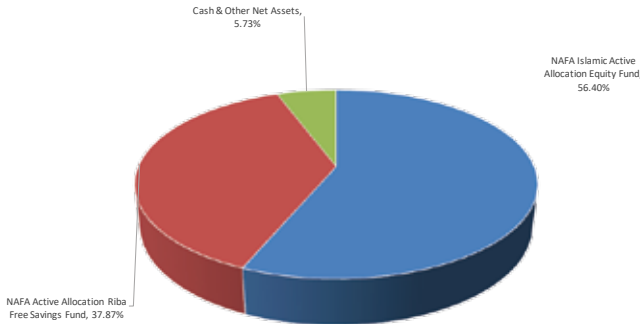


NAFA اسلامک ایکٹیو ایلو کیشن پلان-VIII (NIAAP-VIII)

فنڈ کی کارکردگی

اپنے قیام سے لے کر اب تک NAFA اسلامک ایکٹیو ایلو کیشن پلان-VIII (NIAAP-VIII) کے فنڈ کی قیمت 03 نومبر 2017 کو 100.00 روپے (Ex-Div) سے بڑھ کر 31 مارچ 2018 کو 104.245 روپے ہو گئی، لہذا %4.25 کا اضافہ دیکھنے میں آیا۔ اسی مدت کے دوران فنڈ مارک میں %6.24 کا اضافہ ہوا تھا۔ لہذا فنڈ نے اپنے فنڈ مارک کے مقابلے %1.99 خراب کارکردگی دکھائی۔ یہ کارکردگی منجھت فیس اور دیگر اخراجات کے بعد خالص ہے۔ فنڈ کا ساٹھ 657 ملین روپے ہے۔

NIAAP-VIII کو اس مدت کے دوران 30.76 ملین روپے کی آمدنی ہوئی 2.155 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 28.61 ملین روپے ہے۔ فنڈ کی ایسیٹ ایلو کیشن 31 مارچ 2018 کو برطانوی ذیل ہے:



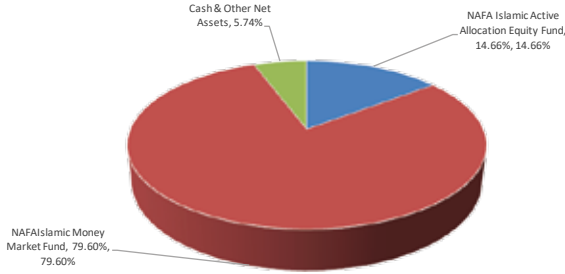
NAFA ISLAMIC ACTIVE ALLOCATION FUND-II

NAFA اسلامک کیپیٹل پریزرویشن پلان-I (NICPP-I)

فنانس کی کارکردگی

اپنے قیام سے لے کر اب تک NAFA اسلامک کیپیٹل پریزرویشن پلان-I (NICPP-I) کے پانچ کی قیمت 28 فروری 2018 کو 100.00 روپے (Ex-Div) سے بڑھ کر 31 مارچ 2018 کو 100.6594 روپے ہوئی، لہذا 0.66% کا اضافہ دیکھنے میں آیا۔ اسی مدت کے دوران پانچ مارک میں 0.82% کا اضافہ ہوا تھا۔ لہذا فنڈ نے اپنے پانچ مارک کے مقابلے 0.16% خراب کارکردگی دکھائی۔ یہ کارکردگی منجھوت فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ فنڈ کا سا 2,128 ملین روپے ہے۔

NICPP-I کو اس مدت کے دوران 15.26 ملین روپے کی آمدنی ہوئی 1.153 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 14.11 ملین روپے ہے۔ فنڈ کی ایسیٹ ایلوکیشن 31 مارچ 2018 کو مطابق ذیل ہے:



اظہار تشکر

بورڈ اس موقع کا فائدہ اٹھاتے ہوئے منجھوت کمپنی پر اعتماد اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر ریٹ ہو لڈرز کا شکریہ ادا کرتا ہے۔ یہ سیکورٹیز اینڈ ایکچینج 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 رٹیل کی طرف سے محنت، لگن اور عزم کے مظاہرے پر اپنا خراج تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

NBP فنڈ منجھوت لمیٹڈ

(سابقہ: NBP فنڈزٹریڈ ایسیٹ منجھوت لمیٹڈ)

ڈائریکٹر

چیف ایگزیکٹو آفیسر

تاریخ

30 اپریل 2018

بہ مقام: کراچی

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II

Condensed Interim Statement of Assets and Liabilities As at 31 March 2018

	Unaudited 31 March 2018					Audited 30 June 2017		
	NIAAP-VI	NIAAP-VII	NIAAP-VIII	NICPP-I	Total	NIAAP-VI	NIAAP-VII	Total
	(Rupees '000')					(Rupees '000')		
ASSETS								
Bank balances	43,945	16,960	39,006	125,716	225,627	68,640	176,697	245,337
Investments	454,522	196,488	618,886	2,005,678	3,275,574	828,864	92,805	921,669
Profit receivable on bank deposits	104	88	274	1,159	1,625	947	36	983
Advance and other receivable	43	12	5	-	60	37	3	40
Preliminary expenses and floatation costs	225	34	150	561	970	1,354	208	1,562
Total assets	498,839	213,582	658,321	2,133,114	3,503,856	899,842	269,749	1,169,591
LIABILITIES								
Payable to Management Company	3,681	3,775	592	4,728	12,776	4,109	2,296	6,405
Payable to the Trustee	47	20	64	180	311	85	1	86
Payable to Securities and Exchange Commission of Pakistan	451	155	269	174	1,049	84	1	85
Payable against redemption of units	-	-	-	-	-	186	-	186
Payable against investments	-	-	-	-	-	-	92,805	92,805
Accrued expenses and other liabilities	324	151	888	322	1,685	1,474	69	1,543
Total liabilities	4,503	4,101	1,813	5,404	15,821	5,938	95,172	101,110
Net assets	494,336	209,481	656,508	2,127,710	3,488,035	893,904	174,577	1,068,481
Unit holders' fund (as per statement attached)	494,336	209,481	656,508	2,127,710	3,488,035	893,904	174,577	1,068,481
Contingency and commitment								
Number of units in issue	5,463,004	2,156,306	6,297,741	21,137,723		9,463,800	1,746,167	
Net assets value per unit	90.4879	97.1482	104.2450	100.6594		94.4551	99.9773	

The annexed notes 1 to 11 form an integral part of these condensed financial statements.

For NBP Fund Management Limited
(Formerly;NBP Fullerton Asset Management Limited)
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II

Condensed Interim Income Statement (Unaudited) For The Nine Months Period And Quarter Ended March 31, 2018

	Nine months period ended March 31, 2018					From November 04, 2017 to March 31, 2018					From March 01, 2018 to March 31, 2018					Quarter Ended March 31, 2018					From March 01, 2018 to March 31, 2018				
Note	NIAAP-VI	NIAAP-VII	NIAAP-VIII	NICPP-I	Total	NIAAP-VI	NIAAP-VII	NIAAP-VIII	NICPP-I	Total	NIAAP-VI	NIAAP-VII	NIAAP-VIII	NICPP-I	Total	NIAAP-VI	NIAAP-VII	NIAAP-VIII	NICPP-I	Total	NIAAP-VI	NIAAP-VII	NIAAP-VIII	NICPP-I	Total
	(Rupees '000')					(Rupees '000')					(Rupees '000')					(Rupees '000')					(Rupees '000')				
Income																									
Capital (loss) / gain on sale of investments - net	(40,464)	(4,628)	2,998	178	(41,916)	(16,370)	(3,835)	2,055	178	(17,972)	(16,370)	(3,835)	2,055	178	(17,972)	(16,370)	(3,835)	2,055	178	(17,972)	(16,370)	(3,835)	2,055	178	(17,972)
Dividend Income	6,725	1,850	-	-	8,575	461	261	662	-	1,384	461	261	662	-	1,384	461	261	662	-	1,384	461	261	662	-	1,384
Profit on bank deposits	2,231	963	1,589	1,588	6,371	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net unrealised (diminution) / appreciation on re-measurement as 'financial assets at fair value through profit or loss'	(12,518)	(3,778)	26,180	13,500	23,384	43,209	14,599	28,511	13,500	99,819	43,209	14,599	28,511	13,500	99,819	43,209	14,599	28,511	13,500	99,819	43,209	14,599	28,511	13,500	99,819
Total (loss) / income	(44,026)	(5,593)	30,767	15,266	(3,586)	27,300	11,025	31,228	15,266	84,819	27,300	11,025	31,228	15,266	84,819	27,300	11,025	31,228	15,266	84,819	27,300	11,025	31,228	15,266	84,819
Expenses																									
Remuneration of Management Company	422	214	275	195	1,106	84	41	133	195	453	84	41	133	195	453	84	41	133	195	453	84	41	133	195	453
Sindh sales tax on remuneration of the Management Company	55	28	36	25	144	11	5	18	25	59	11	5	18	25	59	11	5	18	25	59	11	5	18	25	59
Remuneration to the Trustee	472	162	280	159	1,073	124	51	166	159	500	124	51	166	159	500	124	51	166	159	500	124	51	166	159	500
Sindh Sales Tax on remuneration to the Trustee	61	21	36	21	139	16	7	21	21	65	16	7	21	21	65	16	7	21	21	65	16	7	21	21	65
Annual fee - Securities and Exchange Commission of Pakistan	451	155	269	174	1,049	120	49	161	174	504	120	49	161	174	504	120	49	161	174	504	120	49	161	174	504
Settlement and bank charges	47	16	47	52	162	5	8	5	52	70	5	8	5	52	70	5	8	5	52	70	5	8	5	52	70
Auditors' remuneration	134	96	134	12	376	27	15	27	12	81	27	15	27	12	81	27	15	27	12	81	27	15	27	12	81
Allocation of expenses related to registrar services, accounting, operation and valuation services	476	106	284	183	1,049	128	52	170	183	533	128	52	170	183	533	128	52	170	183	533	128	52	170	183	533
Legal and professional charges	34	26	30	2	92	19	11	15	2	47	19	11	15	2	47	19	11	15	2	47	19	11	15	2	47
Listing fee	11	10	-	-	21	4	3	-	-	7	4	3	-	-	7	4	3	-	-	7	4	3	-	-	7
Shariah advisor fee	146	62	68	11	287	46	24	42	11	123	46	24	42	11	123	46	24	42	11	123	46	24	42	11	123
Amortisation of formation cost	417	61	87	26	591	100	12	51	26	189	100	12	51	26	189	100	12	51	26	189	100	12	51	26	189
Printing charges	25	25	25	5	80	7	18	7	5	37	7	18	7	5	37	7	18	7	5	37	7	18	7	5	37
Total expenses	2,751	982	1,571	865	6,169	691	296	816	865	2,668	691	296	816	865	2,668	691	296	816	865	2,668	691	296	816	865	2,668
Net (loss)/ income from operating activities	(46,777)	(6,575)	29,196	14,401	(9,755)	26,609	10,729	30,412	14,401	82,151	26,609	10,729	30,412	14,401	82,151	26,609	10,729	30,412	14,401	82,151	26,609	10,729	30,412	14,401	82,151
Provision for Sindh Workers' Welfare Fund	-	-	(584)	(872)	5	-	-	(584)	(872)	(872)	-	-	(584)	(872)	(872)	-	-	(584)	(872)	(872)	-	-	(584)	(872)	(872)
Net (loss) / income for the period before taxation	(46,777)	(6,575)	28,612	14,113	(10,627)	26,609	10,729	29,828	14,113	81,279	26,609	10,729	29,828	14,113	81,279	26,609	10,729	29,828	14,113	81,279	26,609	10,729	29,828	14,113	81,279
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net (loss) / Income for the period after taxation	(46,777)	(6,575)	28,612	14,113	(10,627)	26,609	10,729	29,828	14,113	81,279	26,609	10,729	29,828	14,113	81,279	26,609	10,729	29,828	14,113	81,279	26,609	10,729	29,828	14,113	81,279
Earnings per unit																									
Allocation of net gain for the period																									
Net income for the period	-	-	28,612	14,113	-	-	-	29,828	14,113	-	-	-	29,828	14,113	-	-	-	29,828	14,113	-	-	-	29,828	14,113	-
Income already paid on units redeemed	-	-	(2,393)	(176)	-	-	-	(2,393)	(176)	-	-	-	(2,393)	(176)	-	-	-	(2,393)	(176)	-	-	-	(2,393)	(176)	-
	-	-	26,219	13,937	-	-	-	27,435	13,937	-	-	-	27,435	13,937	-	-	-	27,435	13,937	-	-	-	27,435	13,937	-
Accounting income available for distribution:																									
- Relating to capital gains	-	-	27,189	13,514	-	-	-	28,114	13,507	-	-	-	28,114	13,507	-	-	-	28,114	13,507	-	-	-	28,114	13,507	-
- Excluding capital gains	-	-	(970)	(423)	-	-	-	(679)	(430)	-	-	-	(679)	(430)	-	-	-	(679)	(430)	-	-	-	(679)	(430)	-
	-	-	26,219	13,937	-	-	-	27,435	13,937	-	-	-	27,435	13,937	-	-	-	27,435	13,937	-	-	-	27,435	13,937	-

The annexed notes 1 to 11 form an integral part of these condensed financial statements.

For NBP Fund Management Limited
(Formerly;NBP Fullerton Asset Management Limited)
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II

Condensed Interim Statement of Comprehensive Income (Unaudited) For The Nine Months Period And Quarter Ended March 31, 2018

	Nine months period ended March 31, 2018		From 04 November to 31 March 2018	From 01 March to 31 March 2018		Quarter Ended March 31,2018			From 01 March to 31 March 2018	
	NIAAP- VI	NIAAP- VII	NIAAP- VIII	NICPP-I	Total	NIAAP- VI	NIAAP- VII	NIAAP- VIII	NICPP-I	Total
	(Rupees '000')					(Rupees '000')				
Net (loss)/income for the period	(46,777)	(6,575)	28,612	14,113	(10,627)	26,609	10,729	29,828	14,113	81,279
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-
Total comprehensive (loss)/income for the period	(46,777)	(6,575)	28,612	14,113	(10,627)	26,609	10,729	29,828	14,113	81,279

The annexed notes 1 to 11 form an integral part of these condensed financial statements.

For NBP Fund Management Limited
(Formerly;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 (Unaudited) For The Nine Months Period And Quarter Ended March 31, 2018

	Nine months period ended March 31, 2018									From March 01, 2018 to March 31, 2018					
	NIAAP-VI			NIAAP-VII			NIAAP-VIII			NICPP-I			Total		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees in '000)			(Rupees in '000)			(Rupees in '000)			(Rupees in '000)			(Rupees in '000)		
Net assets at beginning of the period	946,380	(52,476)	893,904	174,618	(41)	174,577	-	-	-	-	-	-	1,120,998	(52,517)	1,068,481
Issue of units (NIAAP-VI) NIL, (NIAAP-VII) 930,440 units, (NIAAP-VIII) 7,732,131 units, (NICPP-I) 21,548,449 units															
- Capital value	-	-	-	93,023	-	93,023	773,213	-	773,213	2,154,845	-	2,154,845	3,021,081	-	3,021,081
- Element of (loss) / income	-	-	-	(1,481)	-	(1,481)	108	-	108	-	-	-	(1,373)	-	(1,373)
Total proceeds on issuance of units	-	-	-	91,542	-	91,542	773,321	-	773,321	2,154,845	-	2,154,845	3,019,708	-	3,019,708
Redemption of units (NIAAP-VI) 4,000,796 units, (NIAAP-VII) 520,301 units, (NIAAP-VIII) 1,434,390 units (NICPP-I) 410,726 units															
- Capital value	(377,896)	-	(377,896)	(52,018)	-	(52,018)	(143,439)	-	(143,439)	(41,073)	-	(41,073)	(614,425)	-	(614,425)
- Element of income	25,105	-	25,105	1,955	-	1,955	407	(2,393)	(1,986)	-	(176)	(176)	27,467	(2,569)	24,898
Total payments on redemption of units	(352,791)	-	(352,791)	(50,063)	-	(50,063)	(143,032)	(2,393)	(145,425)	(41,073)	(176)	(41,248)	(586,959)	(2,569)	(589,528)
Total comprehensive (loss) /gain for the period	-	(46,777)	(46,777)	-	(6,575)	(6,575)	-	28,612	28,612	-	14,113	14,113	-	(10,627)	(10,627)
Net assets at end of the period	593,589	(99,253)	494,336	216,097	(6,616)	209,481	630,289	26,219	656,508	2,113,772	13,937	2,127,710	3,553,748	(65,713)	3,488,035
Undistributed loss brought forward															
- Realised		58,949			(41)			-			-			58,908	
- Unrealised		(111,425)			-			-			-			(111,425)	
		(52,476)			(41)			-			-			(52,517)	
Accounting (loss) /gain available for distribution:															
- Relating to capital gains		-			-			26,738			13,507			40,245	
- Excluding capital gains		-			-			(519)			(430)			(89)	
		-			-			26,219			13,937			40,156	
Net (loss) for the period		(46,777)			(6,575)			-			-			(53,352)	
Undistributed (loss) /gain carried forward		(99,253)			(6,616)			26,219			13,937			(65,713)	
Undistributed (loss) /gain carried forward															
- Realised		(86,715)			(2,838)			39			437			(89,097)	
- Unrealised		(12,518)			(3,778)			26,180			13,500			23,384	
		(99,253)			(6,616)			26,219			13,937			(65,713)	
	(Rupees)			(Rupees)			(Rupees)			(Rupees)			(Rupees)		
Net assets value per unit at beginning of the period / par value.	94.4551			99.9773			100			100			100		
Net assets value per unit at end of the period	90.4879			97.1482			104.2450			100.6594			100.6594		

The annexed notes 1 to 11 form an integral part of these condensed financial statements.

**For NBP Fund Management Limited
(Formerly;NBP Fullerton Asset Management Limited)
(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II

Condensed Interim Cash Flow Statement (Unaudited) For The Nine Months Period And Quarter Ended March 31, 2018

Note	Nine months period ended March 31, 2018		From 04 November to 31 March 2018	From 01 March to 31 March 2018	Total
	NIAAP-VI	NIAAP-VII	NIAAP-VIII	NICPP-I	
			(Rupees in '000)		
CASH FLOW FROM OPERATING ACTIVITIES					
Net (loss)/income for the period before taxation	(46,777)	(6,575)	28,612	14,113	(10,627)
Adjustments					
Net unrealised diminution / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	12,518	3,778	(26,180)	(13,500)	(23,384)
Amortisation of Formation Cost	417	61	87	26	591
	(33,842)	(2,736)	2,519	639	(33,420)
(Increase) / decrease in assets					
Investments	361,824	(107,461)	(592,706)	(1,992,178)	(2,330,521)
Profit receivable on bank deposits	843	(52)	(274)	(1,159)	(642)
Advance and other receivable	(6)	(9)	(5)	-	(20)
Preliminary expenses and floatation costs	712	113	(237)	(587)	1
	363,373	(107,409)	(593,222)	(1,993,924)	(2,331,182)
Increase / (decrease) in liabilities					
Payable to Mangement Company	(428)	1,479	592	4,728	6,371
Payable to the Trustee	(38)	19	64	180	225
Payable to Securities and Exchange Commission of Pakistan	367	154	269	174	964
Payable against investments	-	(92,805)	-	-	(92,805)
Accrued expenses and other liabilities	(1,150)	82	888	322	142
	(1,249)	(91,071)	1,813	5,404	(85,103)
Net cash generated from / (used in) operating activities	328,282	(201,216)	(588,890)	(1,987,881)	(2,449,705)
CASH FLOW FROM FINANCING ACTIVITIES					
Amount received against issuance of units	-	91,542	773,321	2,154,845	3,019,708
Payments against redemption of units	(352,977)	(50,063)	(145,425)	(41,248)	(589,713)
Distributions paid	-	-	-	-	-
Net cash (used in) / generated from financing activities	(352,977)	41,479	627,896	2,113,597	2,429,996
Net (decrease) / increase in cash and cash equivalents during the period	(24,695)	(159,737)	39,006	125,716	(19,710)
Cash and cash equivalents at the beginning of the period	68,640	176,697	-	-	245,337
Cash and cash equivalents at the end of the period	43,945	16,960	39,006	125,716	225,627

The annexed notes 1 to 11 form an integral part of these condensed financial statements.

For NBP Fund Management Limited
(Formerly;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 Condensed Interim Financial Information (Unaudited) For the nine, five & one months period ended 31 March 2018

1. LEGAL STATUS AND NATURE OF BUSINESS

NAFA Islamic Active Allocation Fund - II (the Fund) was established under a Trust Deed executed between NBP Funds Management Limited (Formally: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 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 13 April 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 Four plans namely NAFA Islamic Active Allocation Plan – VI (NIAAP - VI), NAFA Islamic Active Allocation Plan – VII (NIAAP - VII) , NAFA Islamic Active Allocation Plan –VIII (NIAAP - VIII) and NAFA Islamic Capital Preservation Plan I (NICPP-I) 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. 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, income fund and capital protected 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 Management Company may also invest in any other Collective Investment Schemes available to it with the prior approval of the SECP.

Each allocation plan under the Fund announces separate NAV which ranks pari passu according to the number of units of the respective allocation plans. The books and records of each plan have been maintained separately.

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

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II

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.

The duration of the Fund / allocation plans is perpetual. However, the initial maturities of NIAAP - VI , NIAAP - VII, NIAAP - VIII and NICPP-I shall be two years from the close of the subscription period. The Management Company may open the subscription of units after initial maturities with the prior approval of the SECP. SECP or the Management Company may 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 the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and

Notified Entities Regulations, 2008(the NBFC Regulations) and requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

The disclosures made in this condensed interim financial information have been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published financial statements of the Fund for the year ended June 30, 2017

In compliance with schedule V of the NBFC Regulations the directors of the Management Company hereby declared that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2018.

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, basis of accounting estimates applied and method of computation adopted in the preparation of this condensed interim financial information and financial risk management objectives and policies are the same as those applied in the preparation of the financial statements of the Fund for the year ended June 30, 2017 except as explained in note 3.1.

- 3.1 The Securities and Exchange Commission of Pakistan through its SRO 756(I)/2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations. The notification includes a definition and explanation relating to "element of income" and excludes the element of income from the expression "accounting income" as described in Regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the revised regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution. Furthermore, the amended regulations also require certain additional disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', whereas disclosure with respect to 'Distribution Statement' has been deleted in the amended regulations.

Previously, an equalization account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' was created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. The net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during the accounting period which pertained to unrealized appreciation / (diminution) held in the Unit Holder's Fund was recorded in a separate account and any amount remaining in this reserve account at the end of the accounting period (whether gain or loss) was included in the amount available for distribution to the unitholders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period was recognized in the Income Statement.

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from July 1, 2017 as allowed by the SECP vide their email to MUFAP dated February 8, 2018. Accordingly, corresponding figures have not been restated. The 'Distribution Statement' for the comparative period has not been presented as it has been deleted as a result of the amendments made in the NBFC Regulations the aforementioned SRO issued by the SECP.

Had the element of income been recognised as per the previous accounting policy, the loss of the Fund would have been lower by Rs. 25.105 million in NIAAP-VI, Rs. 0.474 million in NIAAP-VII and the profit of the Fund would have been lower by Rs. 1.840 million in NIAAP-VIII, Rs. 0.172 million in NICPP-I net off charge for SWWF in respect of element of income / loss and consequently NAV per unit would have been lower by Rs. 0.2982 in NIAAP-VIII and Rs. 0.0083 in NICPP-I. However, the change in accounting policy does not have any impact on the 'Cash Flow Statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' as shown in the 'statement of Assets and Liabilities' and 'Statement of Movement in Unit Holders' Fund'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund which have been incorporated in these statements.

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II

4 INVESTMENTS

31 March 2018					30 June 2017		
Unaudited					Audited		
NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP-I	Total	NIAAP - VI	NIAAP - VII	Total
----- (Rupees in '000) -----					-----		

Financial assets 'at fair value through profit or loss' - held for trading

Investment in mutual funds - related parties	454,522	196,488	618,886	2,005,678	3,275,574	828,864	92,805	921,669
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4.1 Investment in mutual funds - related parties

4.1.1 NAFA Islamic Active Allocation Plan VI

Name of Fund	As at 1 July 2017	Purchased during the period	Redeemed during the period	As at 31 March 2018	Market value / carrying value as at 31 March 2018	Market value as a percentage of net assets	Market value as a percentage of total investments
	----- (Number of units) -----				(Rupees in '000)	----- (%) -----	
NAFA Islamic Active Allocation Equity Fund	36,937,734	16,195,438	30,632,679	22,500,493	273,648	55.36	60.21
NAFA Islamic Active Allocation Riba Free Savings Fund	33,269,542	24,940,149	40,655,285	17,554,406	180,874	36.59	39.79
Total	70,207,276	41,135,587	71,287,964	40,054,899	454,522	91.946	100.00
Carrying value before fair value adjustment as at 31 March 2018					467,041		

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II

4.1.2 NAFA Islamic Active Allocation Plan VII

Name of Fund	As at 1 July 2017	Purchased during the period	Redeemed during the period	As at 31 March 2018	Market value / carrying value as at 31 March 2018	Market value as a percentage of net assets	Market value as a percentage of total investments
	----- (Number of units) -----				(Rupees in '000)	----- (%) -----	
NAFA Islamic Active Allocation Equity Fund	6,916,095	7,868,715	5,246,898	9,537,912	115,999	55.37	59.04
NAFA Islamic Active Allocation Riba Free Savings Fund	-	18,768,208	10,956,487	7,811,721	80,489	38.42	40.96
Total	6,916,095	26,636,923	16,203,385	17,349,633	196,488	93.80	100.00
Carrying value before fair value adjustment as at 31 March 2018					200,266		

4.1.3 NAFA Islamic Active Allocation Plan VIII

Name of Fund	As at 1 July 2017	Purchased during the period	Redeemed during the period	As at 31 March 2018	Market value / carrying value as at 31 March 2018	Market value as a percentage of net assets	Market value as a percentage of total investments
	----- (Number of units) -----				(Rupees in '000)	----- (%) -----	
NAFA Islamic Active Allocation Equity Fund	-	33,230,041	2,786,222	30,443,819	370,255	56.40	59.83
NAFA Islamic Active Allocation Riba Free Savings Fund	-	58,631,482	34,500,967	24,130,515	248,631	37.87	40.17
Total	-	91,861,523	37,287,189	54,574,334	618,886	94.27	100.00
Carrying value before fair value adjustment as at 31 March 2018					592,706		

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II

4.1.4 NAFA Islamic Capital Preservation Plan-I

Name of Fund	As at 1 July 2017	Purchased during the period	Redeemed during the period	As at 31 March 2018	Market value / carrying value as at 31 March 2018	Market value as a percentage of net assets	Market value as a percentage of total investments
	----- (Number of units) -----				(Rupees in '000)	----- (%) -----	
NAFA Islamic Active Allocation Equity Fund	-	25,640,023	-	25,640,023	311,831	14.66	15.55
NAFA Islamic Money Market Fund	-	174,285,773	5,530,574	168,755,199	1,693,847	79.61	84.45
Total	-	199,925,796	5,530,574	194,395,222	2,005,678	94.26	100.00
Carrying value before fair value adjustment as at 31 March 2018					<u>1,992,178</u>		

4.2 Net unrealised (diminution) on re-measurement of investments classified as financial assets at 'fair value through profit or loss'

		31 March 2018 (Unaudited)				
		NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICCP-I	Total
		----- (Rupees in '000) -----				
Market value of investments	4.1	454,522	196,488	618,886	2,005,678	3,275,574
Less: Carrying value of investments	4.1	(467,041)	(200,266)	(592,706)	(1,992,178)	(3,252,190)
		<u>(12,519)</u>	<u>(3,778)</u>	<u>26,180</u>	<u>13,500</u>	<u>23,384</u>

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II

5 PROVISION FOR SINDH WORKERS' WELFARE FUND

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

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

The Fund, being prudent, recognised provision for SWWF amounting to Rs. 0.584 million, and Rs. 0.288 million in NIAAP-VIII and NICPP-I respectively for the period ended March 31, 2018 in this condensed interim financial information. Had the provision not been made, net assets value per unit at March 31, 2018 would have been higher by Rs. 0.0927/-, Rs. 0.0136/- in NIAAP-VIII and NICPP-I respectively per unit.

6 CONTINGENCY AND COMMITMENT

There was no contingency and commitment outstanding as at 31 March 2018 and June 30, 2018.

7 TAXATION

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

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

8 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses incurred during the period divided by average net asset value for the period) is 0.58%, 0.60%, 0.50% and 0.21% per annum of NIAAP-VI, NIAAP-VII, NIAAP-VIII and NICPP-I respectively per annum including 0.12%, 0.13%, 0.22% and 0.09% per annum of NIAAP-VI, NIAAP-VII, NIAAP-VIII, NICPP-I representing government levies on collective investment scheme such as sales tax, Sindh worker's welfare fund and SECP fee for the period.

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II

9 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

- 9.1 Connected persons include NBP Funds Asset Management Limited (Formally: NBP Fullerton Asset Management Limited) being the Management Company (NAFA), Central Depository Company of Pakistan Limited (CDC) being the Trustee, National Bank of Pakistan (NBP) and its connected persons, and Alexandra Fund Management Pte. Limited being the sponsors, NAFA Pension Fund, NAFA Provident Fund Trust being the associates of the Management Company, other collective investment schemes managed by the Management Company and directors and officers of the Management Company, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund and unit holders holding 10 percent or more units of the Fund.
- 9.2 The transactions with connected persons are in the normal course of business, at contracted terms determined in accordance with the market rates.
- 9.3 Remuneration to the Management Company and Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.
- 9.4 The details of significant transactions and balances with connected persons at period end except those disclosed elsewhere in these financial statements are as follows:
- 9.5 Transactions during the period:

	-----Unaudited-----				Total
	For the period 31 March 2018		For the period 4 November 2017 to 31 March 2018	From 01 March to 31 March 2018	
	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP-I	
	(Rupees in '000)				
Management Company					
Remuneration to Management Company	422	214	275	195	1,106
Sindh Sales Tax on remuneration of Management Company	55	28	36	25	144
Allocation of expenses related to registrar services, accounting, operation and valuation services	476	106	284	183	1,049
Preliminary expenses and floatation costs	417	61	87	26	591
Central Depository Company of Pakistan Limited - Trustee					
Remuneration to the Trustee	472	162	280	159	1,073
Sindh Sales Tax on remuneration to Trustee	61	21	36	21	139
Employees of the Management Company					
Units issued : 103 units (NIAAP-VII), 1940 units (NIAAP-VIII) 14,141 units (NICPP-I)	-	10	194	1,423	1,627

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II

	-----Unaudited-----				
	For the period 31 March 2018		For the period 4 November 2017 to 31 March 2018	From 01 March to 31 March 2018	Total
	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP-I	
	(Rupees in '000)				
Investment in NAFA Islamic Active Allocation Equity Fund					
Units Purchased: 16,195,438 Units (NIAAP-VI) , 7,868,715 Units (NIAAP-VII), 33,230,041 Units (NIAAP-VIII), 25,640,023 Units(NICPP-I)	192,574	94,643	379,197	304,121	970,535
Cash distributions during the period	6,725	1,850	-	-	8,575
Units Sold: 30,632,679 units (NIAAP-VI) , 5,246,898 units (NIAAP-VII), 2,786,222 Units (NIAAP-VIII)	356,280	60,961	32,506	-	449,747
Investment in NAFA Islamic Active Allocation Riba Free Savings Fund					
Units Purchased: 24,940,149 units (NIAAP-VI), 18,768,208 units (NIAAP-VII), 58,631,482 units (NIAAP-VIII)	254,739	189,600	595,506	-	1,039,845
Units Sold: 40,655,285 units (NIAAP-VI) , 10,956,487 units (NIAAP-VII), 34,500,967 units (NIAAP-VI)	412,392	111,193	352,489	-	876,074
Investment in NAFA Islamic Money Market Fund					
Units Purchased: 174,285,772 units (NICPP-I)	-	-	-	1,743,379	1,743,379
Units Sold: 5,530,574 units (NICPP-I)	-	-	-	55,500	55,500
BankIslami Pakistan Limited					
Markup on balances	2,159	892	1,559	922	5,531

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II

9.6 Amounts outstanding as at period end:

Amounts outstanding as at period end:	31 March 2018					30 June 2017		
	Unaudited					Audited		
	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP-I	Total	NIAAP - VI	NIAAP - VII	Total
			(Rupees in '000)				(Rupees in '000)	
NBP Fullerton Asset Management Limited - Management Company								
Management remuneration payable	21	13	54	195	283	112	3	115
Sindh Sales Tax payable	3	2	7	25	37	15	-	15
Allocation of expenses related to registrar services, accounting, operation and valuation services	475	106	284	183	1,048	88	1	89
Sales load and transfer load payable	2,161	3,135	-	3,299	8,595	2,161	1,831	3,992
Sindh Sales Tax on sales load	281	408	-	429	1,118	281	238	519
Other payable	20	15	10	10	55	20	15	35
Preliminary expenses and floatation costs payable	720	96	237	587	1,640	1,432	208	1,640
Units held : 499,812 units (30 June 2017: 499,812 units) (NIAAP-VII)		48,556			48,556	-	49,970	49,970
Employees of the Management Company								
Units held: 1,935 units (30 June 2017: 1,935) (NIAAP-VI), 103 units (30 June 2017: Nil) (NIAAP-VII), 1940 units (NIAAP-VIII)								
14,141 units (NICPP-I)	175	10	202	1,423	1,811	183	-	183
Central Depository Company of Pakistan Limited - Trustee								
Remuneration payable	42	18	57	159	276	75	1	76
Sindh Sales Tax payable on remuneration to Trustee	5	2	7	21	35	10	-	10
NAFA Islamic Active Allocation Equity Fund								
Units held: 22,500,494 units (30 June 2017: 36,937,734 units) (NIAAP-VI) 9,537,911 units (30 June 2017: 6,916,065 units) (NIAAP-VII), 30,443,819 units (NIAAP-VIII)								
25,640,023 units (NICPP-I)	273,648	115,999	370,255	311,831	1,071,733	495,656	92,805	588,461
Payable against purchase of investment	-	-	-	-	-	-	92,805	92,805

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II

	31 March 2018 Unaudited					30 June 2017 Audited		
	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP-I	Total	NIAAP - VI	NIAAP - VII	Total
	(Rupees in '000)					(Rupees in '000)		
NAFA Islamic Active Allocation Riba Free Savings Fund								
Units held: 17,554,405 units (30 June 2017: 33,269,542 units (NIAAP-VI), 7,811,721 units (30 June 2017: Nil) (NIAAP-VII) 24,130,514 units (NIAAP-VIII)	180,874	80,489	248,631	-	509,994	333,208	-	333,208
NAFA Islamic Money Market Fund								
Units held: 168,755,198 units	-	-	-	1,693,847	1,693,847	-	-	-
BankIslami Pakistan Limited								
Bank balances	42,144	16,897	38,463	1,423	97,504	66,856	137,350	204,206

10 GENERAL

Figures have been rounded off to the nearest thousand rupees.

Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure. There have been no significant reclassification during the period except for the impact of change in accounting policy as more fully disclosed in note 3.1 to the condensed interim financial information.

11 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on April 30, 2018.

For NBP Fund Management Limited
(Formerly; NBP Fullerton Asset Management Limited)
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Head Office

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