

**AM1**  
Rated by PACRA



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

# NAFA ISLAMIC ASSET ALLOCATION FUND

**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 ASSET ALLOCATION FUND

## 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 Shahra-e-Faisal, Karachi.

### Bankers to the Fund

Al-Baraka Islamic Bank  
Allied Bank Limited  
Askari Bank Limited  
Bank Alfalah Limited  
Bank Islami Pakistan Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
MCB Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
NIB Bank Limited  
Soneri Bank Limited  
United Bank Limited  
Bank Al-Habib Limited  
Dubai Islamic Bank Pakistan Limited  
Silk Bank Limited  
Summit Bank Limited  
Sindh Bank Limited  
JS Bank Limited

# NAFA ISLAMIC ASSET ALLOCATION FUND

## **Auditors**

Deloitte Yousuf Adil  
Chartered Accountants  
Cavish Court,  
A-35, Block 7 & 8,  
KCHSU, Sharae Faisal  
Karachi-75350 Pakistan

## **Legal Advisor**

M/s Jooma Law Associates  
205, E.I. Lines, Dr. Daudpota Road,  
Karachi.

## **Head Office:**

7<sup>th</sup> Floor Clifton Diamond Building, Block No. 4,  
Scheme No. 5, Clifton Karachi.  
UAN: 111-111-NFA (111-111-632)  
Helpline (Toll Free): 0800-20001  
Fax: (021) 35825329

## **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 ASSET ALLOCATION FUND

## DIRECTORS' REPORT

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

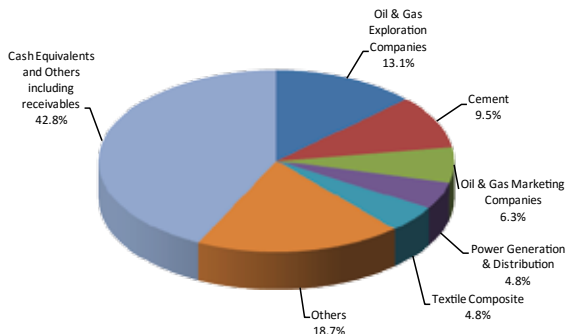
### Fund's Performance

During the first quarter, the unit price of NAFA Islamic Asset Allocation Fund has decreased from Rs. 16.9827 (Ex-Div) on June 30, 2017 to Rs. 15.8866 on September 30, 2017, thus showing a decrease of 6.5%. 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, decreased by 5.1%. Thus, the Fund has underperformed its Benchmark by 1.4% during the period under review. This performance is net of management fee and all other expenses. The Fund size of NIAAF at the end of the period stood at Rs.13,892 million, 5.9% lower compared to the previous quarter.

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 uncertainty. 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%.

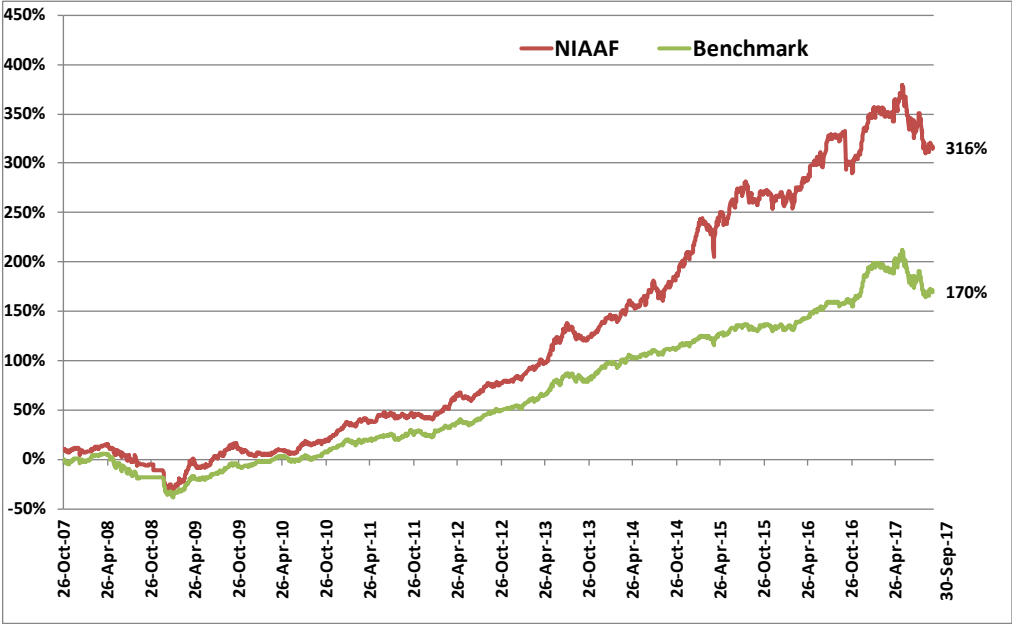
After sizeable net outflow of USD652mn in FY17, foreigners continued to remain net sellers during 1QFY18, as they offloaded equity stakes worth USD90mn. Other than foreigners, Mutual Funds during the quarter also remained net sellers with a net outflow of USD38mn. Their counterparts were Insurance Companies 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. The Fund has incurred loss of Rs.892.22 million during the period. After accounting for expenses of Rs.110.95 million, the net loss is Rs.1,003.17 million. The asset allocation of the Fund as on September 30, 2017 is as follows:



# NAFA ISLAMIC ASSET ALLOCATION FUND

NAFAF Performance versus Benchmark (Since Inception)



Acknowledgement

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

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

On behalf of the Board of  
NBP Fullerton Asset Management Limited

Chief Executive

Director

Date: October 27, 2017  
Place: Karachi.

## ڈائریکٹر رپورٹ

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

## فنڈ کی کارکردگی

اس سہ ماہی کے دوران، NAFA اسلامک ایسیٹ ایلوکیشن فنڈ کے یونٹ کی قیمت 30 جون 2017 کو 16.9827 روپے (Ex-Div) سے گر کر 30 ستمبر 2017 کو 15.8866 روپے ہو گئی، جو کہ 6.5 فیصد کمی کی نشاندہی کرتا ہے۔ بیچ مارک KMI-30 کا روزانہ اوازنی منافع اور تین A- (تھری اے) کی درجہ بندی کے اسلامک بینکوں اور ونڈز کے چھ ماہ کی جمع شدہ رقم کا وسطاً نرخ جنہیں MUFAP نے منتخب کیا تھا، جو فنڈ کی اصل تخصیص پر تھا، اس میں 5.1 فیصد کمی واقع ہوئی۔ لہذا زیر جائزہ مدت کے دوران فنڈ کی کارکردگی بیچ مارک سے 1.4 فیصد کم رہی۔ یہ کارکردگی انتظامیہ کے معاوضہ اور دیگر تمام اخراجات نکالنے کے بعد ہے۔ اس مدت کے اختتام پر NIAAF کا حجم 13,892 ملین روپے تھا، جو کہ سابقہ سہ ماہی کی نسبت 5.9 فیصد کم ہے۔

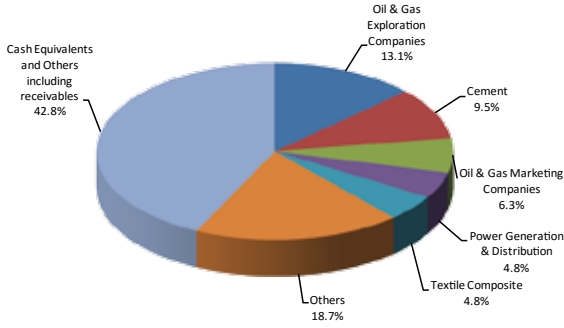
مالی سال 2018 میں مارکیٹ ایک نازک موڑ سے شروع ہوئی اسکی وجہ جون میں متوقع بیرونی ترسیلات کی عدم حصولی ہے۔ جس سے غیر ملکی مارکیٹ میں PSX کی MSCI ایمرجنگ انڈیکس میں اپ گریڈیشن کے باوجود سرمایہ کاروں کے جذبات مجروح کئے۔ توازن ادائیگی کے بگڑتی ہوئی صورتحال اور کئی معاشی اعداد و شمار کے متعلق اثرات نے مارکیٹ میں سرمایہ داروں کے اعتماد پر برا اثر ڈالا۔ غیر مستحکم سیاسی صورتحال نے سرمایہ کاروں کی پریشانی میں مزید اضافہ کر دیا۔ پاک۔ امریکہ تعلقات میں تناؤ کی وجہ سے بھی اسٹاک مارکیٹ متاثر ہوئی۔ جس کے نتیجے میں بیچ مارک KMI-30 زیر جائزہ مدت کے دوران 9.1 فیصد گر گیا۔ اگر ہم صنعت وارا کر کردگی کا جائزہ لیں تو تیل و گیس کی تلاش، گیس و تیل کی اشتہاری کمپنیاں، کھاد، توانائی پیدا کرنے اور تقسیم کرنے والے اداروں اور بینکنگ سیکٹرز 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 کے ایکویٹی سرمایہ کو مارکیٹ سے باہر نکالا۔ غیر ملکیوں کے علاوہ، میوچل فنڈ نے بھی اس سہ ماہی میں یو ایس ڈالر 38 ملین کا بھی سرمایہ باہر نکالا۔ جبکہ اس کے برخلاف انشورنس کمپنیاں اور بینک/ڈی ایف آئیز نے بالترتیب یو ایس ڈالر 49 ملین اور یو ایس ڈالر 34 ملین کی سرمایہ کاری کی۔

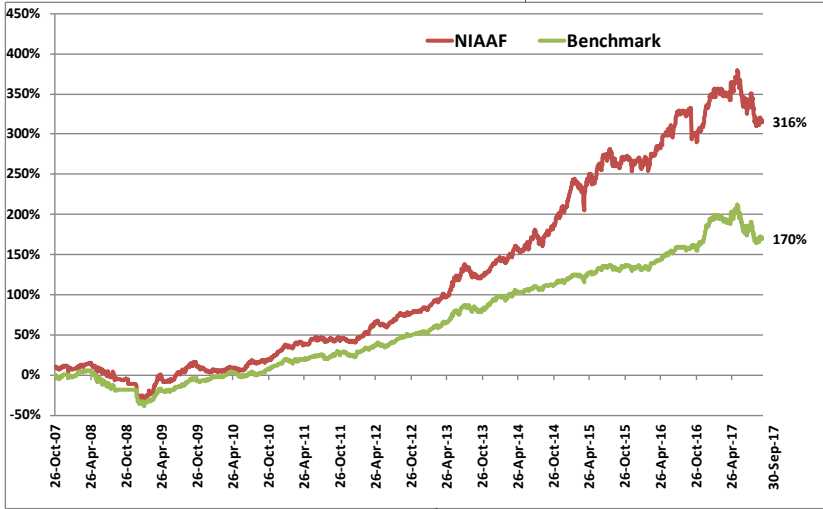
اس مدت کے دوران، اسٹیٹ بینک آف پاکستان نے اپنے پالیسی نرخ 5.75% پر برقرار رکھے۔ SBP نے بڑے معاشی معاملات کو ترقی کے لئے موزوں قرار دیا اس بات کی پرواہ کئے بغیر کہ افراط زر کے کیا اثرات مرتب ہونگے۔ جولائی سے ستمبر مالی سال 2018 کے دوران درمیانی CPI افراط زر میں قدرے کمی آئی جو کہ 3.4 فیصد رہی جبکہ پچھلے 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 بھاری 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۔ فنڈ کو اس مدت کے دوران 892.22 ملین روپے کا خسارہ ہوا۔ 110.95 ملین روپے کے اخراجات کے بعد خالص خسارہ 1,003.17 ملین روپے ہو گیا۔ 30 ستمبر 2017 کو اثاثوں کی تخصیص درج ذیل ہے:



# NAFA ISLAMIC ASSET ALLOCATION FUND



NIAAF کی کارکردگی بمقابلہ بیچ مارک (قیام سے اب تک)



اعتراف

اس موقع پر بورڈ اپنے تمام ایونٹ ہولڈرز کا شکریہ ادا کرتا ہے جنہوں نے انتظامی کمپنی پر اپنے بھروسے اور اعتماد کا اظہار کیا اور ہمیں اپنی خدمت کا موقع دیا۔ میں اپنی خالص سٹاکس سیکوریٹیز اینڈ ایڈجسٹڈ کمیشن آف پاکستان اور اسٹیٹ بینک کو پیش کرتا ہوں جنہوں نے ہماری سرپرستی اور رہنمائی کی۔

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

از طرف بورڈ

این بی پی فلٹرن ایسیٹ مینجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

بتاریخ: اکتوبر 27، 2017

بمقام کراچی

# NAFA ISLAMIC ASSET ALLOCATION FUND

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

	Note	(Un- Audited) September 30' 2017	Audited June 30, 2017
(Rupees in '000)			
<b>Assets</b>			
Balances with banks		6,289,064	6,044,017
Investments	4	7,948,353	9,047,063
Dividend and profit receivable	5	84,298	56,542
Receivable against conversion of units		93	4,861
Receivable against sale of Investments		14,370	-
Advances, Deposits, prepayments and other receivable		5,361	3,961
<b>Total assets</b>		<b>14,341,539</b>	<b>15,156,444</b>
<b>Liabilities</b>			
Payable to Management Company		100,285	112,880
Payable to Trustee		1,358	1,533
Payable to Securities and Exchange Commission of Pakistan		3,442	10,281
Payable against redemption of units		12,694	7,412
Payable against purchase of Investments		-	2,027
Payable against conversion of units		-	2,055
Dividend payable		89,527	22,790
Accrued expenses and other liabilities	6	242,342	233,233
<b>Total liabilities</b>		<b>449,648</b>	<b>392,211</b>
<b>Net Assets</b>		<b>13,891,891</b>	<b>14,764,233</b>
<b>Unit Holders' Funds (as per statement attached)</b>		<b>13,891,891</b>	<b>14,764,233</b>
<b>Commitments</b>	14	-	-
-----Number of units-----			
<b>Number of units in issue</b>		<b>874,438,949</b>	<b>864,317,639</b>
------(Rupees)-----			
<b>Net asset value per unit</b>		<b>15.8866</b>	<b>17.0820</b>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

**For NBP Fullerton Asset Management Limited  
(Management Company)**

**Chief Financial Officer**

**Chief Executive Officer**

**Director**

# NAFA ISLAMIC ASSET ALLOCATION FUND

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

	Note	Quarter Ended September 30' 2017 (Rupees in '000)	Quarter Ended September 30, 2016
<b>INCOME</b>			
(Loss) / Gain on sale of investments - net		(127,490)	5,950
Income from Sukuk bonds		-	945
Profit on bank deposits		86,490	32,748
Dividend income		57,331	37,388
Unrealised (loss) / gain on investments at fair value through profit or loss - net		(908,546)	321,907
<b>Total Income</b>		<b>(892,215)</b>	<b>398,938</b>
<b>EXPENSES</b>			
Remuneration of the Management Company		72,453	29,565
Sindh Sales Tax on Management Fee		9,419	3,843
Reimbursement of operational expenses to the Management Company		3,623	1,478
Selling and marketing expenses	13	14,491	-
Remuneration of the Trustee		3,875	1,730
Sindh Sales Tax on Trustee Fee		504	225
Annual fee - Securities and Exchange Commission of Pakistan		3,442	1,257
Securities transaction cost		2,141	353
Settlement and bank charges		539	230
Annual listing fee		14	10
Auditors' remuneration		180	113
Fund rating fee		45	51
Other expenses		123	95
Legal and Professional charges		105	137
<b>Total Expenses</b>		<b>110,954</b>	<b>39,087</b>
<b>Net (loss) / income from operating activities</b>		<b>(1,003,169)</b>	<b>359,851</b>
Element of income and capital gains included in prices of units issued less those in units redeemed		-	60,442
Provision for sindh workers' welfare fund	7	-	-
<b>Net (loss) / income for the period before taxation</b>		<b>(1,003,169)</b>	<b>420,293</b>
<b>Taxation</b>	10	<b>-</b>	<b>-</b>
<b>Net (loss) / income for the period after taxation</b>		<b>(1,003,169)</b>	<b>420,293</b>
<b>Earning per unit</b>	9		
<b>Allocation of Net income for the period:</b>			
Income already paid on units redeemed		(1,801)	-
Accounting income available for distribution:			
- Relating to Capital Gains		-	-
- Excluding Capital Gains		-	-
		<b>(1,004,970)</b>	<b>420,293</b>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

**For NBP Fullerton Asset Management Limited**  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# NAFA ISLAMIC ASSET ALLOCATION FUND

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

	Quarter Ended September 30' 2017	Quarter Ended September 30, 2016
	(Rupees in '000)	
Net (loss) / income available for distribution for the period	(1,004,970)	420,293
<b>Other comprehensive income</b>		
Net unrealised appreciation / (diminution) during the period in the market value of investments classified as 'available for sale'	-	-
<b>Total comprehensive (loss) / income for the period</b>	<u>(1,004,970)</u>	<u>420,293</u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# NAFA ISLAMIC ASSET ALLOCATION FUND

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

	Note	Quarter Ended September 30' 2017 (Rupees in '000)	Quarter Ended September 30, 2016
Net assets at the beginning of the period		14,764,233	5,435,118
Issue of 184,071,256 units (September 30, 2016: 132,388,269 units)		3,045,290	2,161,776
Redemption of 173,949,946 units (September 30, 2016: 76,658,250 units)		(2,834,534) 210,756	(1,232,337) 929,439
- amount representing (income) transferred to income statement		-	(60,442)
- amount representing (income) transferred to distribution statement		-	-
		-	(60,442)
Accounting (loss) / income for the period		(1,004,970)	420,293
Income already paid on units redeemed		1,801	-
Final distribution for the period ended June 30, 2017 : 0.94% (June 30, 2016: Nil)		(79,929)	-
Net assets as at the end of the period		<u>13,891,891</u>	<u>6,724,408</u>
Net Assets value per unit as at beginning of the period		<u>17.0820</u>	<u>15.5920</u>
Net Assets value per unit as at end of the period		<u>15.8866</u>	<u>16.6316</u>
Distribution during for the period:			
Undistributed income brought forward comprises of:			
- Realised Gain		845,799	182,540
- Unrealised Gain		1,058,393	433,815
		<u>1,904,192</u>	<u>616,355</u>
Accounting income available for distribution:			
-Relating to capital gains		-	-
-Excluding capital gains		-	-
		<u>(1,004,970)</u>	<u>420,293</u>
Distributions during the period			
Final distribution for the period ended June 30, 2017 : 0.94% (June 30, 2016: Nil)		(79,929)	-
Undistributed income carried forward		<u>819,293</u>	<u>1,036,648</u>
Undistributed income carried forward comprises of:			
- Realised Gain		1,727,839	714,741
- Unrealised (loss) / Gain		(908,546)	321,907
		<u>819,293</u>	<u>1,036,648</u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# NAFA ISLAMIC ASSET ALLOCATION FUND

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

	Quarter Ended September 30' 2017	Quarter Ended September 30, 2016
(Rupees in '000)		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net (loss) / Income for the period	(1,003,169)	420,293
<b>Adjustments</b>		
Unrealised (gain) / loss on investments at fair value through profit or loss - net	908,546	(321,907)
Loss / (Gain) on sales of investments	127,490	(5,950)
Impairment (gain) / loss on investments classified as 'available for sale'	-	-
Element of income and capital gains included in prices of units issued less those in units redeemed	-	(60,442)
	32,867	31,994
<b>(Increase) / decrease in assets</b>		
Receivable against sale of investments	(14,370)	53
Investments	62,674	(183,544)
Dividend and profit receivable	(27,756)	(60,619)
Advances, Deposits, prepayments and other receivable	(1,400)	(46)
	19,148	(244,156)
<b>Increase / (decrease) in liabilities</b>		
Payable to Management Company	(12,595)	8,709
Payable against sale of investments	(2,027)	13,835
Payable to Trustee	(175)	162
Payable to Securities and Exchange Commission of Pakistan	(6,839)	(2,086)
Accrued expenses and other liabilities	9,109	(25,164)
	(12,527)	(4,544)
<b>Net cash used in operating activities</b>	39,488	(216,706)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Receipts from issue of units	3,050,058	2,710,634
Payments on redemption of units	(2,831,307)	(1,250,032)
Distribution paid	(13,192)	(1,011)
<b>Net cash inflow from financing activities</b>	205,559	1,459,591
<b>Net increase in cash and cash equivalents during the period</b>	245,047	1,242,885
Cash and cash equivalents at the beginning of the period	6,044,017	1,615,172
<b>Cash and cash equivalents at the end of the period</b>	6,289,064	2,858,057

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# NAFA ISLAMIC ASSET ALLOCATION FUND

## NOTES TO AND FORMING PART OF THIS CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2017

### 1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Islamic Asset Allocation Fund ("the Fund") was established under a Trust Deed executed between NBP Fullerton Asset Management Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on 20 August 2007 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 03 September 2007 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules 2003.

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 SECP. The registered office of the Management Company is situated at 7th floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi. The Management Company is also the member of MUFAP.

The Fund is an open-ended mutual fund and is listed on the Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

The Board of Directors had approved that the Fund should be categorized as "Shariah Compliant (Islamic) Scheme" and Balanced Fund as per the categories defined by the Securities and Exchange Commission of Pakistan. With effect from 22 April 2014 the Fund re-categorized as shariah compliant Asset Allocation scheme. Accordingly name of the fund was renamed as NAFA Islamic Asset Allocation Fund.

The Objective of the Scheme is to generate capital appreciation by investing in Shariah Compliant equity and equity related securities and income by investing in Shariah Compliant bank deposits, debt & money market securities.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM1' to the Management Company. Based on the performance of the Fund, it has assigned performance ranking of Three Star (short term) to the Fund.

Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as trustee 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 comprises of such International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Noted Entities Regulations, 2008 (the NBFC Regulations) and directives issued by Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by 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 ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the financial statements for the quarter ended September 30, 2017 are same as those applied in the preparation of the 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 ASSET ALLOCATION FUND

## 4. INVESTMENTS

Note Un-audited As at September 30, 2017 Audited As at June 30, 2017  
(Rupees in '000)

### At fair value through profit or loss - held for trading

Investment in shares of listed companies	4.1	7,948,353	9,047,063
Investment in Sukuk bonds	4.2	-	-
		<u>7,948,353</u>	<u>9,047,063</u>

### 4.1 Investment in shares of listed companies - at fair value through profit or loss

Name of the investee company	As at 01 July 2017	Purchases during the period	Bonus / right issue	Sales during the period	As at 30 Sep 2017	Market value at 30 Sep 2017	Market value as a percentage of net assets	Market value as a percentage of total investments	Investment as a percentage of paid up capital of the investee company
	(Number of shares)					(Rupees in '000)	%		
<b>OIL AND GAS MARKETING COMPANIES</b>									
Attock Petroleum Limited	133,900	-	-	-	133,900	83,785	0.60	1.05	0.10
Pakistan State Oil Company Limited	1,003,596	-	-	140,000	863,596	381,502	2.75	4.80	0.14
Hascol Petroleum Limited	2,604	-	-	-	2,604	732	0.01	0.01	0.00
Sui Northern Gas Pipelines Limited	1,085,500	686,000	-	102,000	1,669,500	223,479	1.61	2.81	0.04
Shell (Pakistan) Limited	494,200	3,250	-	60,000	437,450	181,918	1.31	2.29	0.17
<b>OIL AND GAS EXPLORATION COMPANIES</b>									
Oil & Gas Development Company Limited	2,756,300	250,000	-	-	3,006,300	446,856	3.22	5.62	0.01
Pakistan Oil Fields Limited	758,560	175,300	-	-	933,860	496,851	3.58	6.25	0.21
Pakistan Petroleum Limited	1,945,070	506,500	-	94,000	2,357,570	411,844	2.96	5.18	0.02
Mari Petroleum Company Limited	330,720	-	-	24,380	306,340	461,045	3.32	5.80	0.42
<b>REFINERY</b>									
Attock Refinery Limited	150,600	30,000	-	-	180,600	74,626	0.54	0.94	0.09
<b>CHEMICALS</b>									
Akzo Nobel Pakistan Limited	29,900	-	-	-	29,900	5,938	0.04	0.07	0.01
Dynema Pakistan Limited	21,500	-	-	-	21,500	1,580	0.01	0.02	0.00
Itehad Chemicals Limited	327,750	-	-	-	327,750	9,469	0.07	0.12	0.01
I. C. I. Pakistan Limited	-	5,000	-	-	5,000	4,568	0.03	0.06	0.00
<b>PAPER &amp; BOARD</b>									
Century Paper & Board Mills Ltd	-	60,400	-	-	60,400	4,038	0.03	0.05	0.00
<b>FOOD AND PERSONAL CARE PRODUCTS</b>									
Engro Foods Limited	85,500	-	-	-	85,500	8,125	0.06	0.10	0.00
Al Shaheer Corporation Limited	1,116,654	-	-	-	1,116,654	35,309	0.25	0.44	0.02
<b>LEATHER AND TANNERIES</b>									
Service Industries Limited	26,000	-	-	-	26,000	23,712	0.17	0.30	0.01
<b>ENGINEERING</b>									
International Steels Limited	1,141,500	167,000	-	110,000	1,198,500	145,174	1.05	1.83	0.03
International Industries Limited	125,900	12,000	-	-	137,900	40,019	0.29	0.50	0.03
K.S.B. Pumps Company Limited	8,200	-	-	-	8,200	2,460	0.02	0.03	0.02
Crescent Steel & Allied Products Limited	350,000	-	-	227,000	123,000	19,457	0.14	0.24	0.03
Amnelli Steels Limited	1,413,000	407,000	-	-	1,820,000	185,585	1.34	2.33	0.06
Mughal Iron And Steel Industries Limited	1,359,543	701,500	-	253,500	1,807,543	103,428	0.74	1.30	0.08
<b>CEMENT</b>									
D.G. Khan Cement Company Limited	1,998,900	-	-	440,500	1,558,400	228,867	1.65	2.88	0.05
Lucky Cement Company Limited	563,200	28,400	-	11,000	580,600	328,144	2.36	4.13	0.10
Maple Leaf Cement Factory Limited	994,000	-	-	479,000	515,000	45,091	0.32	0.57	0.01
Attock Cement Pakistan Limited	814,200	85,900	-	-	900,100	181,811	1.31	2.29	0.16
Pioneer Cement Limited	1,597,200	-	-	210,000	1,387,200	124,765	0.90	1.57	0.05
Fauji Cement Company Limited	3,582,000	-	-	400,000	3,182,000	103,479	0.74	1.30	0.01
Fecto Cement Limited	239,200	-	-	-	239,200	19,837	0.14	0.25	0.01
Kohat Cement Company Limited	582,300	77,300	-	-	659,600	98,914	0.71	1.24	0.06
Cherat Cement Company Limited	566,200	955,100	-	-	1,521,300	182,526	1.31	2.30	0.10
<b>Industrial Transportation</b>									
Pakistan National Shipping Corporation	169,200	-	-	-	169,200	21,964	0.16	0.28	0.02
<b>TEXTILE COMPOSITE</b>									
Nishat Mills Limited	2,286,100	514,000	-	197,000	2,603,100	377,710	2.72	4.75	0.11
Kohinoor Textile Limited	3,152,100	70,600	-	-	3,222,700	289,444	2.08	3.64	0.12
<b>FERTILIZER</b>									
Engro Corporation Limited	1,799,200	-	-	419,000	1,380,200	418,325	3.01	5.26	0.02
Engro Fertilizers Limited	5,842,000	-	-	2,704,000	3,138,000	197,412	1.42	2.48	0.04
Fauji Fertilizer Bin Qasim Limited	825,000	-	-	825,000	-	-	-	-	-
Dawood Hercules Corporation Limited	267,200	-	-	-	267,200	32,962	0.24	0.41	0.01
Fatima Fertilizer Limited	2,500	-	-	-	2,500	85	0.00	0.00	0.00



# NAFA ISLAMIC ASSET ALLOCATION FUND

Name of the investee company	As at 01 July 2017	Purchases during the period	Bonus / right issue	Sales during the period	As at 30 Sep 2017	Market value at 30 Sep 2017	Market value as a percentage of net assets	Market value as a percentage of total investments	Investment as a percentage of paid up capital of the investee company
	(Number of shares)					(Rupees in '000)	%		
<b>POWER GENERATION AND DISTRIBUTION</b>									
The Hub Power Company Limited	3,147,960	510,000	-	119,000	3,538,960	395,691	2.85	4.98	0.03
Lalpir Power Limited	407,000	-	-	-	407,000	9,088	0.07	0.11	0.00
Pakgen Power Limited	5,000	-	-	-	5,000	109	0.00	0.00	0.00
Kot Addu Power Company Limited	2,238,000	-	-	420,000	1,818,000	138,241	1.00	1.74	0.02
K-Electric Limited	11,665,000	9,809,500	-	3,950,000	17,524,500	123,372	0.89	1.55	0.00
<b>COMMERCIAL BANKS</b>									
Meezan Bank Limited	665,781	-	-	-	665,781	50,353	0.36	0.63	0.01
<b>AUTOMOBILE ASSEMBLER</b>									
Miltat Tractors Limited	274,600	11,500	-	7,720	278,380	347,499	2.50	4.37	2.61
Hinopak Motors Limited	1,780	-	-	-	1,780	1,936	0.01	0.02	0.02
Honda Atlas Cars (Pakistan) Limited	104,450	-	-	-	104,450	56,350	0.41	0.71	0.04
Indus Motor Company Limited	134,380	-	-	-	134,380	231,244	1.66	2.91	0.29
<b>AUTOMOBILE PARTS AND ACCESSORIES</b>									
Baluchistan Wheels Limited	227,000	-	-	-	227,000	27,694	0.20	0.35	0.21
Thal Limited	160,096	-	-	7,700	152,396	83,986	0.60	1.06	0.21
<b>PHARMACEUTICALS</b>									
Abbott Laboratories (Pakistan) Limited	148,450	-	-	2,550	145,900	115,115	0.83	1.45	0.12
Ferozsons Laboratories Limited	51,200	-	-	-	51,200	15,421	0.11	0.19	0.05
The Searle Company Limited	86,806	-	-	17,000	69,806	28,196	0.20	0.35	0.03
Glaxosmithkline Pakistan Limited	97,100	-	-	-	97,100	17,865	0.13	0.22	0.01
<b>TECHNOLOGY AND COMMUNICATION</b>									
Avanceon Limited	634,000	-	-	-	634,000	27,040	0.19	0.34	0.03
<b>CABLE AND ELECTRIC GOODS</b>									
Pak Elektron Limited	3,002,500	189,000	-	1,929,000	1,262,500	95,887	0.69	1.21	0.02
<b>GLASS AND CERAMICS</b>									
Tariq Glass Industries Limited	1,005,500	87,200	-	-	1,092,700	114,886	0.83	1.45	0.16
Shabbir Tiles and Ceramics Limited	1,895,500	16,000	-	-	1,911,500	25,022	0.18	0.31	0.03
<b>MISCELLANEOUS</b>									
Synthetic Products Limited	578,500	35,500	-	-	614,000	40,524	0.29	0.51	0.05
<b>Total - 30 September 2017</b>	<b>66,477,600</b>	<b>15,393,950</b>	<b>-</b>	<b>13,149,350</b>	<b>68,722,200</b>	<b>7,948,353</b>	<b>57.22</b>	<b>100.00</b>	
<b>Carrying value of investment before fair value adjustment</b>						<b>8,856,899</b>			

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

## 4.2 Sukuk bonds - available for sale

Name of investee company	Number of bonds				Market value at 30 Sep 2017	Investment as a percentage of	
	As at 01 July 2017	Purchases during the period	Sales during the period	As at 30 Sep 2017		Market value of net assets	Market value of total investments
Eden Housing Limited (Note 4.2.3)		5,000	-	-	5,000	-	-
Carrying value of investment before fair value adjustment						4,922	

4.2.1 All sukuk bonds have a face value of Rs 5,000 each.

4.2.2 Fair value of all performing listed term finance certificates classified as investments at fair value through profit or loss is determined using rates notified by the Mutual Funds Association of Pakistan (MUFAP).

4.2.3 This represents investment in privately placed sukuk bonds issued with a term of ve years. On 6 May 2011, these Sukuks have been classified as non performing by MUFAP.

# NAFA ISLAMIC ASSET ALLOCATION FUND

	Un-audited As at September 30, 2017	Audited As at June 30, 2017
	(Rupees in '000)	
<b>5 DIVIDEND AND PROFIT RECEIVABLE</b>		
Dividend receivable on equity securities	55,716	29,249
Profit receivable on savings deposits	28,582	27,293
	<u>84,298</u>	<u>56,542</u>
<b>6 ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
Auditors' remuneration	582	402
Federal Excise Duty on remuneration of the Management Company	18,406	18,406
Brokerage payable	192	264
Bank charges payable	206	86
Settlement charges	135	99
Charity payable	6,100	5,916
Printing charges	102	98
Rating fee payable	120	-
Others	1,199	764
Withholding tax	148,681	130,800
Capital gain tax	5,757	15,536
Provision for Sindh Workers' Welfare Fund	60,862	60,862
	<u>242,342</u>	<u>233,233</u>

## 7 Sindh Workers' Welfare Fund (SWWF)

As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF.

In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP on January 12, 2017 recommended all its members that as a matter of abundant caution the provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e. starting from May 21, 2015).

Had the provision for SWWF not been recorded in the financial statements of the Fund, the net asset value of the Fund as at September 30, 2017 would have been higher by Re 0.0696 per unit.

## 8 TRANSACTIONS WITH CONNECTED PERSONS

Connected persons include NBP Fullerton Asset Management Limited (NAFA) being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan (NBP) and Alexandra Fund Management Pte. Limited being the sponsors, other collective investment schemes managed by the Management Company and directors and officers of the Management Company.

The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

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.

Remuneration payable to the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

# NAFA ISLAMIC ASSET ALLOCATION FUND

Un-Audited  
Quarter ended  
September 30,  
2017  
-----  
(Rupees in '000)-----

Un-Audited  
Quarter ended  
September 30,  
2016  
-----  
(Rupees in '000)-----

## 8.1 Details of the transactions with connected persons are as follows:

### NBP Fullerton Asset Management Limited - Management Company

Management fee expense for the period	72,453	29,565
Sindh Sales Tax for the period on Management Fee	9,419	3,843
Front end load for the period	35,093	8,424
Accounting and operational charges to the Management Company	3,623	1,478

### International Industries Limited (Common directorship with the Management Company)

Shares purchased 12,000 (2016: 18,000)	3,910	2,250
Dividend income	276	-

### International Steel Limited (Common directorship with the Management Company)

Shares purchased 167,000 (2016: Nil)	20,743	-
Shares sold 110,000 (2016: Nil)	13,373	-
Dividend income	1,032	-

### Cherat Cement Company Limited (Common directorship with the Management Company)

Shares purchased 955,100 (2016: Nil)	152,289	-
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### Bank Islami Pakistan Limited (Common directorship with the Management Company)

Profit on bank deposits	28,227	-
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### Taurus Securities (Private) Limited

Brokerage	67	7
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### Central Depository Company of Pakistan Limited - Trustee

Trustee fee for the period	3,875	1,730
Sindh Sales Tax on Trustee Fee	504	225
CDS charges	46	-

### Employees of the Management Company

Dividend Re-invest 2,508 units (2016: NIL units)	40	-
Units Issued 166,132 (2016 : 178,273 units)	2,793	2,911
Units Redeemed 178,546 (2016 : 179,625 units)	2,953	2,934

### NAFA Islamic Principal Preservation Fund

Units Issued 13,735 (2016: 6,347,743 units)	220	102,542
Units Redeemed 167,674 (2016: 2,278,434 units)	2,893	37,058

### Telenor Pakistan (Private) Limited Employees Provident Fund (Islamic)

(Portfolio managed by Management Company)

Units Issued 339,879 (2016: Nil)	5,779	-
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# NAFA ISLAMIC ASSET ALLOCATION FUND

8.2	Amounts outstanding as at quarter end	Un-Audited As at September 30, 2017	Audited As at June 30, 2017
	<b>NBP Fullerton Asset Management Limited - Management Company</b>	------(Rupees in '000)-----	
	Management Fee payable	22,512	24,768
	Sindh Sales Tax on remuneration of the Management Company	2,924	3,217
	Operational expenses	13,858	10,235
	Sales load	7,099	32,020
	Sindh Sales Tax and Federal Excise Duty on sales load	20,264	23,503
	Selling and Marketing Expenses	33,628	19,137
	<b>Central Depository Company of Pakistan Limited - Trustee</b>		
	Remuneration of the Trustee	1,206	1,365
	Sindh Sales Tax on remuneration of the Trustee	153	168
	CDS charges	90	44
	Security deposit	100	100
	<b>National Bank of Pakistan (Parent of the Management Company)</b>		
	Bank balances in current accounts	1,067	3,274
	<b>International Industries Limited (Common directorship with the Management Company)</b>		
	Ordinary shares held 137,900 ( 30 June 2017: 125,900 shares)	40,019	46,403
	Dividend receivable	276	434
	<b>International Steel Limited (Common directorship with the Management Company)</b>		
	Ordinary shares held 1,198,500 (30 June 2017: 1,141,500 shares)	145,174	145,986
	Dividend receivable	1,032	2,854
	<b>Cherat Cement Company Limited (Common directorship with the Management Company)</b>		
	Ordinary shares held 1,521,300 (30 June 2017: 566,200 shares)	182,526	101,225
	Dividend receivable	5,325	-
	<b>Fatima Fertilizer Limited (Common directorship with the Management Company)</b>		
	Ordinary shares held shares 2,500	85	-
	<b>Bank Islami Pakistan Limited (Common directorship with the Management Company)</b>		
	Bank balances in saving accounts	1,234,838	2,521,661
	Mark-up accrued	6,152	11,675
	<b>Askari Bank Limited (Common directorship with the Management Company)</b>		
	Bank balance in savings account	442	4,484
	<b>Summit Bank Limited (Common directorship with the Management Company)</b>		
	Bank balances in current accounts	14,369	13,073
	<b>Employees of the Management Company</b>		
	Investment held in the Fund 498,689 units (2017: 605,610 units)	7,922	8,688
	<b>CDC Trustee NAFA Islamic Principal Preservation Fund (CIS managed by Management Company)</b>		
	Investment held in the Fund 2,360,926 units (2017: 2,514,865 units)	37,507	42,959
	<b>Telenor Pakistan (Private) Limited Employees Provident Fund (Islamic)</b> (Portfolio managed by Management Company)		
	Investment held in the Fund 2,783,825 units (2017: 2,443,945 units)	44,226	41,747
	<b>Net amount receivable / (payable) against transfer of units from / to:</b>		
	NAFA Riba Free Savings Fund	-	(75)
	NAFA Islamic Energy Fund	-	515
	NAFA Income Opportunity Fund	-	(1,440)
	NAFA Money Market Fund	-	4,346
	NAFA Islamic Income Fund	-	(215)
	NAFA Financial Sector Income Fund	-	(325)

# NAFA ISLAMIC ASSET ALLOCATION FUND

## 9 EARNING PER UNIT

Earning per unit (EPU) for the quarter ended September 30, 2017 has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

## 10 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.

## 11 DETAILS OF NON-COMPLIANT INVESTMENTS

The Securities and Exchange Commission of Pakistan vide circular no. 7 of 2009 dated March 6, 2009, required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the circular. The Board has approved the category of the fund as 'Income Scheme'.

The Securities and Exchange Commission of Pakistan vide its circular no. 16 dated July 7, 2010, prescribed specific disclosures for the schemes holding investments that are non-compliant either with the minimum investment criteria specified for the category assigned to such schemes or with the investment requirements of their constitutive documents.

The following are the details of non-compliant investments:

Names of non-compliant investment	Non-compliance of clause	Type of Investment	Value of investment before provision	Provision held	Value of investment after provision	% of net assets
Eden Housing Limited	Rating is below investment grade as prescribed in clause 9 (v) of the annexure of circular no. 7 of 2009	Sukuks (5.5)	4,922	-	(4,922)	-

11.1 At the time of purchase, these sukuks were in compliance with the aforementioned circular. However, they were subsequently defaulted or were downgraded to non investment grade.

## 12 TOTAL EXPENSE RATIO

Total Expense Ratio (all the expenses incurred during the period divided by Average net assets value for the period) is 3.06 % per annum including 0.37 % representing government levies on collective investment scheme such as sales tax, Sindh worker's welfare fund and SECP fee for the period.

## 13 SELLING AND MARKETING EXPENSES

In pursuance to Regulation 60(3)(V), selling and marketing expense is being charged to the fund having compliance with the conditions laid down by the regulator.

## 14 COMMITMENTS

There were no commitments as on September 30, 2017 and June 30, 2017.

# NAFA ISLAMIC ASSET ALLOCATION FUND

15 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.

16 GENERAL

- 16.1 Figures have been rounded off to the nearest thousand rupees.
- 16.2 The bifurcation of undistributed income into realised and unrealised income at the beginning and end of the year as required by the NBFC Regulations has not been disclosed as such bifurcation is not practicable.

**For NBP Fullerton Asset Management Limited  
(Management Company)**

Chief Financial Officer	Chief Executive Officer	Director
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NBP Fullerton  
Asset Management Ltd.  
A Subsidiary of  
National Bank of Pakistan

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