

**AM1**  
Rated by PACRA



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

## NAFA ISLAMIC ENERGY 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.

# NAFA ISLAMIC ENERGY FUND

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# NAFA ISLAMIC ENERGY 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

Silk Bank Limited  
United Bank Limited  
BankIslami Pakistan Limited  
Meezan Bank Limited  
Dubai Islamic Bank Pakistan Limited  
Habib Bank Limited  
Habib Mertopolitan Bank Limited  
Allied Bank Limited  
Summit Bank Limited  
MCB Bank Limited  
JS Bank Limited

# NAFA ISLAMIC ENERGY FUND

## **Auditors**

A.F. Ferguson & Co.  
Chartered Accountants  
State Life Building No. 1-C  
I.I. Chundrigar Road,  
P.O.Box 4716  
Karachi.

## **Legal Advisor**

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

## **Head Office:**

7th Floor Clifton Diamond Building, Block No. 4,  
Scheme No. 5, Clifton Karachi.  
UAN: 111-111NFA (111-111-632),  
(Toll Free): 0800-20001,  
Fax: (021) 35825329  
Website: [www.nafafunds.com](http://www.nafafunds.com)

## **Lahore Office:**

7-Noon Avenue, Canal Bank,  
Muslim Town, Lahore.  
UAN: 042-111-111-632  
Fax: 92-42-35861095

## **Islamabad Office:**

Plot No. 395, 396  
Industrial Area, I-9/3 Islamabad.  
UAN: 051-111-111-632  
Phone: 051-2514987  
Fax: 051-4859031

## **Peshawar Office:**

1st Floor, Haji Tehmas Centre,  
Near KFC, Tehkal Payan  
University Road, Peshawar.  
Phone: 92-91-5711784, 5711782  
Fax: 92-91-5211780

## **Multan Office:**

NBP City Branch, Hussain-a-Gahi, Multan.  
Phone No: 061-4502204  
Fax No: 061-4502203

# NAFA ISLAMIC ENERGY FUND

## DIRECTORS' REPORT

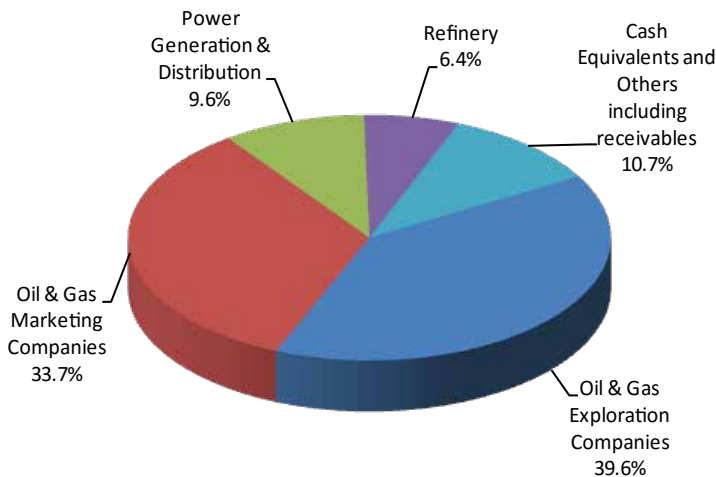
The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the unaudited financial statements of **NAFA Islamic Energy Fund (NIEF)** for the quarter ended September 30, 2017.

### Fund's Performance

During the first quarter the unit price of NAFA Islamic Energy Fund (NIEF) has decreased from Rs. 13.0957 on June 30, 2017 to Rs. 12.8655 on September 30, 2017, thus showing a decrease of 1.8%. The Benchmark (KMI-30 Index) decreased by 9.1%. Thus, the Fund has outperformed its Benchmark by 7.3% during the period under review. Since inception (April 21, 2016), the unit price of the Fund has shown a growth of 42.2% as compared to 21.2% increase in its Benchmark. Thus, the Fund has outperformed its Benchmark by 21.01%. This performance is net of management fee and all other expenses. The Fund size of NIEF at the end of the period stood at Rs.2,126 million, 8.2% lower compared to the previous quarter.

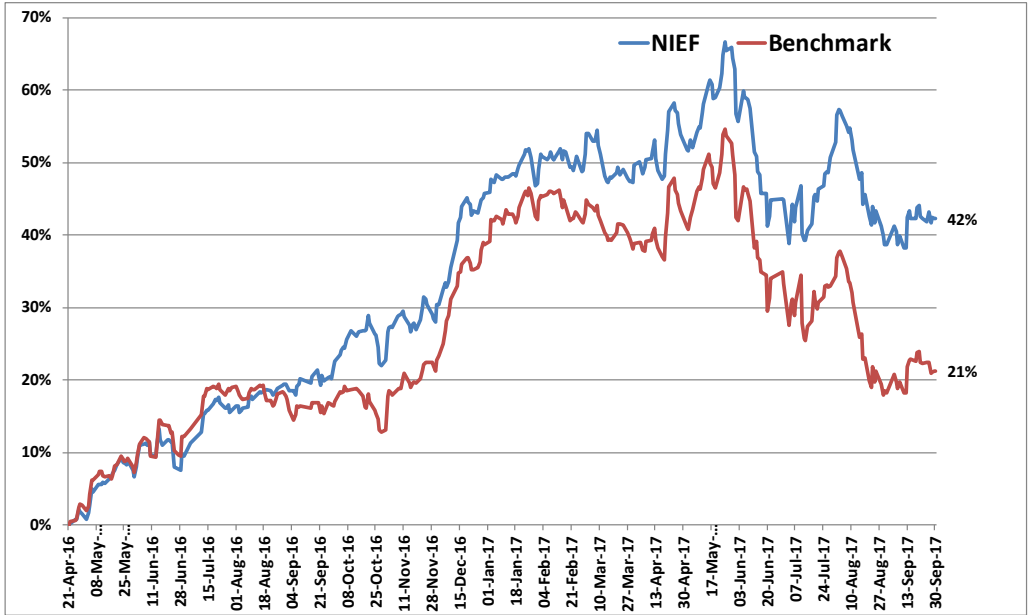
The market started FY18 on a frail note as non-materialization of highly anticipated net foreign inflows in June, post up-gradation of PSX into MSCI Emerging Index from Frontier Market, sapped investor's sentiments. Deteriorating Balance of Payment (BoP) position and its associated impact on other macro-economic 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%.

The Fund has incurred loss of Rs.34.70 million during the period. After accounting for expenses of Rs.18.53 million, the net loss is Rs.53.23 million. The below chart presents the asset allocation of NIEF.



# NAFA ISLAMIC ENERGY FUND

NIEF 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.

# NAFA ISLAMIC ENERGY FUND

## ڈائریکٹر رپورٹ

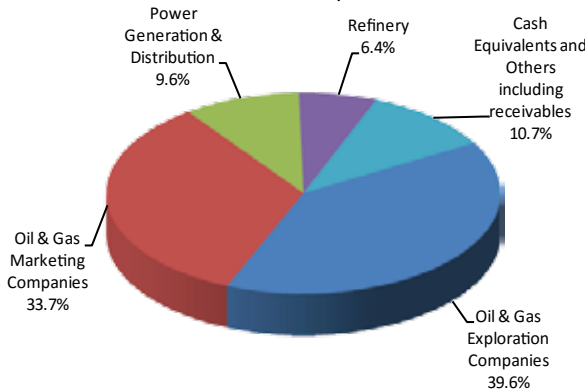
این بی پی فلٹرن ایسیٹ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NAFA اسلامک انرجی فنڈ (NIEF) کے غیر آڈٹ شدہ مالیاتی گوشوارے برائے مختتم سہ ماہی 30 ستمبر 2017 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

## فنڈ کی کارکردگی

اس سہ ماہی کے دوران، NAFA اسلامک انرجی فنڈ (NIEF) کے یونٹ کی قیمت 30 جون 2017 کو 13.0957 روپے سے گر کر 30 ستمبر 2017 کو 12.8655 روپے ہوئی، جو کہ 1.8 فیصد کی کمی نشاندہی کرتا ہے۔ بیچ مارک (KMI-30) میں 9.1 فیصد کمی ہوئی۔ لہذا زیر جائزہ مدت کے دوران فنڈ کی کارکردگی بیچ مارک سے 7.3 فیصد بہتر رہی۔ اس کے قیام (21 اپریل 2016) سے فنڈ کے یونٹ کی قیمت میں 42.2 فیصد اضافہ ہوا۔ یہ نسبت بیچ مارک کے جس میں 21.2 فیصد اضافہ ہوا۔ لہذا فنڈ کی کارکردگی بیچ مارک سے 21.01 فیصد بہتر رہی۔ یہ کارکردگی انتظامیہ کے معاوضہ اور دیگر تمام اخراجات نکالنے کے بعد ہے۔ NIEF فنڈ کا حجم 12,12 ملین روپے رہا جو کہ سابقہ سہ ماہی کی بد نسبت 8.2 فیصد کم ہے۔

مالی سال 2018 میں مارکیٹ ایک نازک موڑ سے شروع ہوئی جس کی وجہ جون میں متوقع بیرونی ترسیلات کی عدم حصولی ہے جس نے فرنٹیر 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 کلی معاشی اعداد و شمار کے متعلقہ 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 و کارکردگی کا جائزہ لیں تو تیل و گیس کی تلاش، گیس و تیل کی کمپنیاں، کھاد، توانائی پیدا کرنے اور تقسیم کرنے والے اداروں اور میننگ سیکٹر کی کارکردگی بہتر رہی۔ البتہ سینٹریکس کے انڈیکس میں شدید مندی کا رجحان رہا جس میں 18.4 فیصد کمی دیکھی گئی۔

فنڈ کو اس مدت کے دوران 34.70 ملین روپے کا خسارہ ہوا۔ 18.53 ملین روپے کے اخراجات کے بعد خالص خسارہ 53.23 ملین روپے ہو گیا۔ مندرجہ ذیل چارٹ NIEF کے اثاثوں کی تخصیص ظاہر کرتا ہے:





# NAFA ISLAMIC ENERGY FUND

## اعتراف

اس موقع پر بورڈ اپنے تمام لوینٹ ہولڈرز کا شکریہ ادا کرتے ہیں جنہوں نے انتظامی کمپنی پر اپنے بھروسے اور اعتماد کا اظہار کیا اور ہمیں اپنی خدمت کا موقع دیا۔ بورڈ اپنی مخلصانہ ستائش سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹیٹ بینک کو ان کی سرپرستی اور رہنمائی پر پیش کرتا ہے۔ بورڈ بخوشی اس بات کا اعتراف کرتا ہے کہ ملازمین اور سٹیز نے انتھک محنت، جدوجہد اور لگن سے کام کیا۔

از طرف بورڈ

این بی بی فلرٹن ایسٹ مینجمنٹ لیٹیڈ

ڈائریکٹر

چیف ایگزیکٹو

بتاریخ: اکتوبر 27، 2017

بمقام کراچی

# NAFA ISLAMIC ENERGY FUND

## Condensed Interim Statement of Assets and Liabilities As at 30 September 2017

|  | Note | (Un- Audited)<br>September 30'<br>2017 | Audited<br>June 30,<br>2017 |
|--|------|--|-----------------------------|
| (Rupees in '000)   |      |  |                             |
| <b>Assets</b>  |      |  |                             |
| Balances with banks  | 4    | 280,493                                | 246,013                     |
| Investments  | 5    | 1,899,528                              | 2,390,332                   |
| Receivable against issue of units  |      | 18,500                                 | -                           |
| Dividend and profit receivable   | 6    | 7,383                                  | 7,934                       |
| Deposits and other receivable  |      | 5,625                                  | 5,604                       |
| Preliminary expenses and floatation costs  |      | 1,624                                  | 1,740                       |
| <b>Total assets</b>  |      | <u>2,213,153</u>                       | <u>2,651,623</u>            |
| <b>Liabilities</b>   |      |  |                             |
| Payable to NBP Fullerton Asset Management Limited - Management Company               |      | 23,122                                 | 21,753                      |
| Remuneration payable to the Central Depository Company of Pakistan Limited - Trustee |      | 1,331                                  | 1,112                       |
| Payable to Securities and Exchange Commission of Pakistan                            |      | 535                                    | 2,212                       |
| Payable against redemption of units  |      | 15,830                                 | 250,819                     |
| Dividend payable   |      | 145                                    | 16,017                      |
| Accrued expenses and other liabilities   | 7    | 46,141                                 | 44,184                      |
| <b>Total liabilities</b>   |      | <u>87,104</u>                          | <u>336,097</u>              |
| <b>Net assets</b>  |      | <u>2,126,049</u>                       | <u>2,315,526</u>            |
| <b>Unit holders' fund</b>  |      | <u>2,126,049</u>                       | <u>2,315,526</u>            |
| <b>Contingencies and commitments</b>   | 8    |  |                             |
| -----Number of units-----  |      |  |                             |
| <b>Number of units in issue</b>  |      | <u>165,251,493</u>                     | <u>176,815,790</u>          |
| ------(Rupees)-----  |      |  |                             |
| <b>Net assets value per unit</b>   |      | <u>12.8655</u>                         | <u>13.0957</u>              |

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# NAFA ISLAMIC ENERGY FUND

## Condensed Interim Income Statement (Unaudited) For the quarter ended 30 September 2017

|   | Quarter Ended<br>September 30'<br>2017 | Quarter Ended<br>September 30,<br>2016 |
|---|--|--|
|   | ----- (Rupees in '000) -----           |  |
| <b>Income</b>   |  |  |
| Profit on bank deposits   | 3,031                                  | 4,019                                  |
| Dividend income   | 6,569                                  | 13,608                                 |
| Net (loss) / gain on sale of investments -net   | (24,792)                               | 12,745                                 |
| Net unrealised (diminution) / appreciation on re-measurement of investments<br>at fair value through profit and loss -net | (19,508)                               | 127,940                                |
| <b>Total (loss) / income</b>  | <b>(34,700)</b>                        | <b>158,312</b>                         |
| <b>Expenses</b>   |  |  |
| Remuneration of Management Company  | 11,257                                 | 6,922                                  |
| Sales tax and federal excise duty on remuneration of<br>Management Company  | 1,463                                  | 900                                    |
| Accounting and operational charges  | 563                                    | 346                                    |
| Selling and marketing expense   | 2,251                                  |  |
| Remuneration of Central Depository Company of Pakistan<br>Limited - Trustee   | 815                                    | 598                                    |
| Sindh Sales tax on remuneration of trustee  | 106                                    | 78                                     |
| Annual fee - Securities and Exchange Commission of Pakistan   | 535                                    | 329                                    |
| Settlement and bank charges   | 309                                    | 147                                    |
| Securities and transaction cost   | 894                                    | 525                                    |
| Amortization of formation cost  | 115                                    | 114                                    |
| Annual listing Fee  | 7                                      | 10                                     |
| Auditors' remuneration  | 94                                     | 120                                    |
| Shariah Advisor fee   | 106                                    | 76                                     |
| Printing and related charges  | 10                                     | 18                                     |
| <b>Total expenses</b>   | <b>18,525</b>                          | <b>10,183</b>                          |
|   | <b>(53,225)</b>                        | <b>148,129</b>                         |
| Net element of Income included in prices of units issued less those<br>in units redeemed.                                 | -                                      | 20,729                                 |
| Provision for Sindh Workers' Welfare Fund   | -                                      | -                                      |
| <b>Net (loss) / income for the period before taxation</b>   | <b>(53,225)</b>                        | <b>168,858</b>                         |
| Taxation  | -                                      | -                                      |
| <b>Net income for the period after taxation</b>   | <b>(53,225)</b>                        | <b>168,858</b>                         |
| <b>Earnings per unit</b>  | <b>11</b>                              |  |
| <b>Allocation of Net income for the period:</b>   |  |  |
| Income already paid on units redeemed   | (4,448)                                | -                                      |
| Accounting income available for distribution  |  |  |
| -Relating to capital gains  | -                                      | -                                      |
| -Excluding capital gains  | -                                      | -                                      |
| Accounting Income available for Distribution  | <b>(57,673)</b>                        | <b>168,858</b>                         |

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director

# NAFA ISLAMIC ENERGY FUND

## Condensed Interim Statement of Comprehensive Income (Unaudited) For the quarter ended 30 September 2017

|  | Quarter Ended<br>September 30'<br>2017 | Quarter Ended<br>September 30,<br>2016 |
|--|--|--|
|  | ----- (Rupees in '000) -----           |  |
| Accounting Income available for Distribution   | (57,673)                               | 168,858                                |
| Other comprehensive income   |  |  |
| Items that may be reclassified subsequently to income statement                                    |  |  |
| Net unrealised (diminution) on re-measurement of<br>investments classified as 'available-for-sale' | -                                      |  |
| Total comprehensive income for the period  | <u>(57,673)</u>                        | <u>168,858</u>                         |

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# NAFA ISLAMIC ENERGY FUND

## Condensed Interim Statement of Movement in reserves or Unit Holders' Fund (Unaudited) For the quarter ended 30 September 2017

|   | Quarter Ended<br>September 30'<br>2017 | Quarter Ended<br>September 30,<br>2016 |
|---|--|--|
|   | ----- (Rupees in '000) -----           |  |
| Net assets at the beginning of the period   | 2,315,526                              | 1,033,099                              |
| Issue of 39,324,148 units (2016:50,077,195 units)   | 525,422                                | 560,506                                |
| Redemption of 50,888,445 units (2016: 13,570,651 units)   | (661,674)                              | (154,566)                              |
|   | (136,252)                              | 405,940                                |
| Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed | -                                      | (20,729)                               |
| Accounting income for the period  | (57,673)                               | 168,858                                |
| Income already paid on units redeemed   | 4,448                                  |  |
| Net assets as at the end of the period  | <u>2,126,049</u>                       | <u>1,587,168</u>                       |
| Net Assets value per unit as at beginning of the period   | <u>13.0957</u>                         | <u>10.5499</u>                         |
| Net Assets value per unit as at end of the period   | <u>12.8655</u>                         | <u>11.8065</u>                         |
| Distribution during for the period:   |  |  |
| Undistributed income brought forward comprises of:  |  |  |
| - Realised Gain   | 102,089                                | (9,347)                                |
| - Unrealised Gain   | 401,897                                | 63,199                                 |
|   | <u>503,986</u>                         | <u>53,852</u>                          |
| Net income for the period after taxation  | -                                      | -                                      |
| -Relating to capital gains  | (48,002)                               | -                                      |
| -Excluding capital gains  | <u>(9,671)</u>                         | <u>-</u>                               |
|   | (57,673)                               | 168,858                                |
| Distributions during the period   | -                                      | -                                      |
| Undistributed income carried forward  | <u>446,313</u>                         | <u>222,710</u>                         |
| Undistributed income carried forward comprises of:  |  |  |
| - Realised Gain   | 465,821                                | 94,770                                 |
| - Unrealised Gain   | (19,508)                               | 127,940                                |
|   | <u>446,313</u>                         | <u>222,710</u>                         |

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# NAFA ISLAMIC ENERGY FUND

## Condensed Interim Cash Flow Statement (Unaudited) For the quarter ended 30 September 2017

|  | Quarter Ended<br>September 30'<br>2017 | Quarter Ended<br>September 30,<br>2016 |
|--|--|--|
|  | ----- (Rupees in '000) -----           |  |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |  |  |
| Net (loss) / income for the period before taxation   | (53,225)                               | 168,858                                |
| <b>Adjustments for non-cash charges and other items:</b>   |  |  |
| Net unrealised diminution / (appreciation) in fair value of investments classified as 'at fair value through profit or loss' | 19,508                                 | (127,940)                              |
| Amortisation of preliminary expenses and floatation costs  | 115                                    | 116                                    |
| Net element of (income) included in prices of units issued less those in units redeemed.                                     | -                                      | (20,729)                               |
|  | (33,602)                               | 20,305                                 |
| <b>Decrease / (increase) in assets</b>   |  |  |
| Investments  | 471,296                                | (254,456)                              |
| Dividend and profit receivable   | 551                                    | (15,354)                               |
| Prepayments and other receivables  | (21)                                   | (56)                                   |
|  | 471,826                                | (269,866)                              |
| <b>(Increase) / Decrease in liabilities</b>  |  |  |
| Payable to NBP Fullerton Asset Management Limited - Management Company   | 1,369                                  | 5,259                                  |
| Payable to the Central Depository Company of Pakistan Limited - Trustee  | 219                                    | 30                                     |
| Payable to the Securities and Exchange Commission of Pakistan  | (1,677)                                | 329                                    |
| Dividend payable   | (15,872)                               | (80)                                   |
| Accrued expenses and other liabilities   | 1,957                                  | 1,582                                  |
|  | (14,004)                               | 7,120                                  |
| <b>Net cash generated / (used in) from operating activities</b>  | 424,220                                | (242,441)                              |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |  |  |
| Receipts from issuance of units  | 506,923                                | 756,974                                |
| Payments on redemption of units  | (896,663)                              | (385,004)                              |
| <b>Net cash (used in) / generated from financing activities</b>  | (389,740)                              | 371,970                                |
| Net increase in cash and cash equivalents during the period  | 34,480                                 | 129,529                                |
| Cash and cash equivalents at beginning of the period   | 246,013                                | 123,181                                |
| <b>Cash and cash equivalents at end of the period</b>  | 280,493                                | 252,710                                |

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# NAFA ISLAMIC ENERGY FUND

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

### 1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Islamic Energy Fund (the Fund) was established under a Trust Deed executed between NBP Fullerton Asset Management Limited (NAFA) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on March 28, 2016 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on April 07, 2016 in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

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 Limited. Units are offered for public subscription on a continuous basis. The units of the Fund are transferable and can be redeemed by surrendering them to the Fund. The Fund is categorised as an Open-End "Shariah Compliant Equity Scheme" as per the criteria laid down by the Securities and Exchange Commission of Pakistan for categorisation of Collective Investment Schemes (CIS).

The core objective of the Fund is to provide investors with long term capital growth from an actively managed portfolio of shariah compliant listed equities belonging to the energy sector.

The Pakistan Credit Rating Agency (PACRA) has assigned an Asset Manager Rating of AM 1 as at April 21, 2017 (2016: AM2++) to the Management Company. The Fund has not yet been rated.

The title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund.

The duration of the Fund is perpetual. However, SECP or the Management Company may wind it up on the occurrence of certain events as specified in offering document of the Fund.

### 2 BASIS OF PREPARATION

The transactions undertaken by the Fund are in accordance with the process prescribed under the Shariah guidelines issued by the Shariah Supervisory Council.

#### 2.1 Statement of Compliance

These condensed interim financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. The approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of the IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

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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 condensed interim financial statements give a true and fair view of the Fund.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Principle accounting policies adopted for the preparation of this condensed interim financial statements for the quarter ended September 30, 2017 are the same as those applied in the preparation of the annual audited financial statements of the Fund 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.

|                                  | Note | (Un-audited)<br>September 30,<br>2017 | Audited<br>June 30,<br>2017 |
|----------------------------------|------|---------------------------------------|-----------------------------|
| <b>4 BALANCES WITH BANKS</b>     |      | <b>----- Rupees in '000 -----</b>     |                             |
| Profit and loss sharing accounts | 4.1  | 270,103                               | 228,155                     |
| Current accounts                 | 4.2  | 10,390                                | 17,858                      |
|                                  |      | <u>280,493</u>                        | <u>246,013</u>              |

**4.1** This includes balance of Rs 140.015 million (2017: Rs106.633 million) maintained with BankIslami Pakistan Limited (a related party) that carries profit at 5.6% per annum (2017: 5.60%). Other profit and loss sharing accounts of the Fund carry profit rates ranging from 2.4% to 5.6% per annum (2017: 2.40% to 6.50% per annum).

**4.2** This includes balance of Rs 1.6 million (2017: Rs 2.791 million) maintained with Summit Bank Limited (a related party).

|  | Note | (Un-audited)<br>September 30,<br>2017 | Audited<br>June 30,<br>2017 |
|--|------|---------------------------------------|-----------------------------|
| <b>5 INVESTMENTS</b>   |      | <b>----- Rupees in '000 -----</b>     |                             |
| <b>Financial assets 'at fair value through profit or loss'</b> |      |                                       |                             |
| - Listed equity securities                                     | 5.1  | <u>1,899,528</u>                      | <u>2,390,332</u>            |

### 5.1 Investments in shares of listed companies at fair value through profit or loss

| Name of the investee company             | As at July 1, 2017 | Purchases during the period | Bonus / right shares | Sales during the period | As at September 30, 2017 | Market Value as at September 30, 2017 | Market value as a percentage of net assets | Market value as a percentage of total investment | Nominal value as a percentage of Paid up capital of the investee company |
|--|--------------------|-----------------------------|----------------------|-------------------------|--------------------------|---------------------------------------|--|--|--|
| <b>OIL AND GAS EXPLORATION COMPANIES</b> |                    |                             |                      |                         |                          |                                       |  |  |  |
| Mari Petroleum Company Limited           | 212,150            |                             |                      | 86,100                  | 126,050                  | 189,707                               | 8.92                                       | 9.99   | 0.01   |
| Oil & Gas Development Company Limited    | 1,244,000          | 172,000                     |                      | 243,000                 | 1,173,000                | 174,355                               | 8.20                                       | 9.18   | 0.00   |
| Pakistan Oilfields Limited               | 429,900            | 116,700                     |                      | 73,000                  | 473,600                  | 251,974                               | 11.85                                      | 13.27  | 0.02   |
| Pakistan Petroleum Limited               | 1,529,500          | 118,000                     |                      | 348,500                 | 1,299,000                | 226,922                               | 10.67                                      | 11.95  | 0.01   |
| <b>OIL AND GAS MARKETING COMPANIES</b>   |                    |                             |                      |                         |                          |                                       |  |  |  |
| Attock Petroleum Limited                 | 191,900            |                             |                      | 18,000                  | 173,900                  | 108,814                               | 5.12                                       | 5.73   | 0.02   |
| Hascol Petroleum Limited                 | 164,500            |                             |                      |                         | 164,500                  | 46,239                                | 2.17                                       | 2.43   | 0.01   |
| Hi-Tech Lubricants Limited               | 423,700            |                             |                      |                         | 423,700                  | 41,751                                | 1.96                                       | 2.20   | 0.02   |
| Pakistan State Oil Company Limited       | 447,500            | 44,100                      |                      | 158,000                 | 333,600                  | 147,371                               | 6.93                                       | 7.76   | 0.01   |
| Shell (Pakistan) Limited                 | 430,400            |                             |                      | 63,300                  | 367,100                  | 152,662                               | 7.18                                       | 8.04   | 0.03   |
| Sui Northern Gas Pipelines Limited       | 1,888,500          | 257,500                     |                      | 915,300                 | 1,230,700                | 164,741                               | 7.75                                       | 8.67   | 0.02   |
| Sui Southern Gas Company                 | 2,248,500          | 550,000                     |                      | 1,263,000               | 1,535,500                | 55,631                                | 2.62                                       | 2.93   | 0.02   |



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| Name of the investee company      | As at July 1, 2017 | Purchases during the period | Bonus / right shares | Sales during the period | As at September 30, 2017 | Market Value as at September 30, 2017 | Market value as a percentage of net assets | Market value as a percentage of total investment | Nominal value as a percentage of Paid up capital of the investee company |
|-----------------------------------|--------------------|-----------------------------|----------------------|-------------------------|--------------------------|---------------------------------------|--|--|--|
| Number of shares                  |                    |                             |                      | (Rupees in '000)        |                          | %                                     |  |  |  |
| POWER GENERATION AND DISTRIBUTION |                    |                             |                      |                         |                          |                                       |  |  |  |
| Hub Power Company Limited         | 1,244,300          | 48,000                      |                      | 325,000                 | 967,300                  | 108,154                               | 5.09                                       | 5.69   | 0.01   |
| Kot Addu Power Company Limited    | 1,429,500          |                             |                      | 807,000                 | 622,500                  | 47,335                                | 2.23                                       | 2.49   | 0.01   |
| K-Electric Limited                | 2,118,500          | 4,751,000                   |                      |                         | 6,869,500                | 48,361                                | 2.27                                       | 2.55   | 0.01   |
| REFINERY                          |                    |                             |                      |                         |                          |                                       |  |  |  |
| Attock Refinery Limited           | 305,300            | 42,500                      |                      | 150,000                 | 197,800                  | 81,734                                | 3.84                                       | 4.30   | 0.02   |
| National Refinery Limited         | 97,000             |                             |                      | 16,000                  | 81,000                   | 53,777                                | 2.53                                       | 2.83   | 0.01   |
|                                   |                    |                             |                      |                         | 16,038,750               | 1,899,528                             | 89.35                                      | 100.00   |  |

Carrying value as at September 30, 2017

**1,919,036**

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Investments include shares with market value of Rs 107.364 million (2017: Rs 99.472 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular no.11 dated October 23, 2007 issued by the SECP.

|  | Un-Audited<br>As at<br>September 30,<br>2017 | Audited<br>As at<br>June 30,<br>2017 |
|--|--|--------------------------------------|
| <b>6 DIVIDEND AND PROFIT RECEIVABLE</b>            |  |                                      |
| Accrued profit on profit and loss sharing accounts |  |                                      |
| Dividend receivable                                | 801  | 1,134                                |
|  | <b>6,582</b>                                 | <b>6,800</b>                         |
|  | <b>7,383</b>                                 | <b>7,934</b>                         |
| <b>7 ACCRUED EXPENSES AND OTHER LIABILITIES</b>    |  |                                      |
| Auditors' remuneration                             | 405  | 311                                  |
| Provision for Sindh Workers' Welfare Fund          | 14,052                                       | 14,051                               |
| Legal fee  | 7  | 8                                    |
| Bank charges                                       | 255  | 28                                   |
| Withholding tax payable                            | 21,867                                       | 20,889                               |
| Haram portion of dividend income                   | 1,858  | 1,845                                |
| Capital gain tax                                   | 5,289  | 5,590                                |
| Brokerage payable                                  | 1,284  | 582                                  |
| Settlement charges                                 | 417  | 279                                  |
| Printing charges                                   | 89   | 88                                   |
| Shariah advisor fee                                | 618  | 513                                  |
|  | <b>46,141</b>                                | <b>44,184</b>                        |

## 8 CONTINGENCIES AND COMMITMENTS

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

## 9 PROVISION FOR SINDH WORKERS' WELFARE FUND

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.

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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 Sep 30, 2017 would have been higher by Re 0.0850 per unit.

## 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 EARNINGS PER UNIT

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

## 12 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses incurred during the period divided by Average net assets value for the period) is 3.29% p.a. including 0.37% representing government levies on collective Investment scheme such as Sales tax, Sindh Worker's Welfare Fund and Securities & Exchange Commission of Pakistan fee for the same period.

## 13 SELLING AND MARKETING EXPENSE

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 TRANSACTIONS WITH CONNECTED PERSONS

14.1 Related parties / connected persons include NBP Fullerton Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan (NBP) and Alexandra Fund Management Pte. Limited being the sponsors, other collective investment schemes managed by the Management Company, entities having common directorship with the Management Company, retirement funds of group companies, directors and key management personnel of the Management Company and any person or company which beneficially owns directly or indirectly 10% or more of the units in issue / net assets of the Fund.

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

14.3 Remuneration of the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

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

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|  | For the<br>Quarter ended<br>September<br>30,2017 | For the<br>Quarter ended<br>September<br>30,2016 |
|--|--|--|
| <b>14.5 Details of the transactions with connected persons are as follows:</b> | ----- Rupees in '000 -----                       |  |
| <b>NBP Fullerton Asset Management Limited - Management Company</b>             |  |  |
| Remuneration of the Management Company   | 11,257   | 6,922  |
| Sindh sales tax on remuneration of the Management Company                      | 1,463  | 900  |
| Accounting and operational charges to the Management Company                   | 563  | 346  |
| Sales load paid to the Management Company                                      | 3,220  | 826  |
| <b>NBP Fullerton Asset Management Limited - Management Company</b>             |  |  |
| Units issued / transferred in 275,285 units(2016:498,268 units)                | 3,812  | 5,694  |
| Units redeemed / Transferred out 572,318 units (2016 :614,498 units)           | 7,665  | 6,995  |
| <b>Central Depository Company of Pakistan Limited - Trustee</b>                |  |  |
| Remuneration   | 815  |  |
| Sindh sales tax on remuneration of Trustee                                     | 106  | 598  |
|  |  | 78   |
| <b>Javed Ahmed*</b>  |  |  |
| Units issued / transferred in nil units (2016:15,013,795 units)                |  | 163,225  |

\* These represents unit holder, holding 10% or more of the units in the fund at the close of the period.

|   | Un-audited as at<br>September<br>30,2017 | Audited as at<br>June<br>30,2017 |
|---|--|----------------------------------|
| <b>14.6 Amounts outstanding as at period end</b>                          | ----- Rupees in '000 -----               |                                  |
| <b>NBP Fullerton Asset Management Limited - Management Company</b>        |  |                                  |
| Payable to the Management Company   | 3,459                                    | 4,653                            |
| Sindh sales tax on remuneration of Management Company                     | 450                                      | 605                              |
| Federal excise duty on remuneration of Management Company                 | 583                                      | 583                              |
| Front-end load payable  | 2,764                                    | 2,789                            |
| Sindh sales tax on front end load   | 372                                      | 376                              |
| Federal excise duty on front end load                                     | 1,557                                    | 1,624                            |
| Selling and marketing expense   | 6,184                                    | 3,933                            |
| Other Payable   |  |                                  |
| - Initial deposit on opening of bank accounts                             | 30                                       | 30                               |
| - Listing fee   | 40                                       | 40                               |
| - Security deposit paid to National Clearing Company of Pakistan Limited  | 2,500                                    | 2,500                            |
| - Security deposit paid to Central Depository Company of Pakistan Limited | 100                                      | 100                              |
| - Preliminary expenses and floatation costs                               | 2,192                                    | 2,192                            |
| Accounting and operational charges charged by the Management Company      | 2,891                                    | 2,328                            |
| Units held 10,769,544 units (2017:10,769,544 units)                       | 138,556                                  | 141,035                          |
| <b>Employees of the Management Company</b>                                |  |                                  |
| Units held 908,274 units (2017:1,205,307 units)                           | 11,685                                   | 15,784                           |

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|   | Un-audited as at<br>September<br>30,2017 | Audited as at<br>June<br>30,2017 |
|---|--|----------------------------------|
|   | ----- Rupees in '000 -----               |                                  |
| <b>Central Depository Company of Pakistan Limited - Trustee</b> |  |                                  |
| Trustee fee   | 1,177                                    | 984                              |
| Sindh sales tax on the remuneration of trustee                  | 153                                      | 128                              |
| Security deposit  | 100                                      | 100                              |
| Settlement charges  | 417                                      | 279                              |
| <b>Summit Bank Limited (Common Directorship)</b>                |  |                                  |
| Bank Balances   | 1,629                                    | 2,791                            |
| <b>BankIslami Pakistan Limited (Common Directorship)</b>        |  |                                  |
| Bank balances   | 140,015                                  | 106,633                          |
| Profit receivable   | 701                                      | 574                              |
| <b>Taurus Securities Limited - Subsidiary of Parent Company</b> |  |                                  |
| Brokerage payable   | -  | 20                               |
| <b>Prosperity Weaving Mills</b>                                 |  |                                  |
| Units held 1,040,543 units (2017: 1,040,543 units)              | 13,387                                   | 13,627                           |
| <b>Key Management Personnel</b>                                 |  |                                  |
| Units held 1,042,891 units (2017: 1,062,162 units)              | 13,417                                   | 13,910                           |
| <b>Net amount payable against redemption of units to:</b>       |  |                                  |
| NAFA Riba Free Saving Fund                                      | -  | 50                               |
| NAFA Islamic Asset Allocation Fund                              | -  | 515                              |
| NAFA Islamic Income Fund  | -  | 248,835                          |
| NAFA Financial Sector Income Fund                               | -  | -                                |
| NAFA Government Securities Liquid Fund                          | -  | -                                |
| NAFA Islamic Asset Allocation Fund                              | -  | -                                |
| NAFA Islamic Stock Fund   | -  | -                                |
| NAFA Money Market Fund  | -  | -                                |
| NAFA Stock Fund   | -  | -                                |

## 16 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

## 17 GENERAL

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

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

Chief Financial Officer

Chief Executive Officer

Director



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

## Head Office

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