



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

NAFA ISLAMIC ENERGY FUND

**QUARTERLY
REPORT**
**March
31 2017**



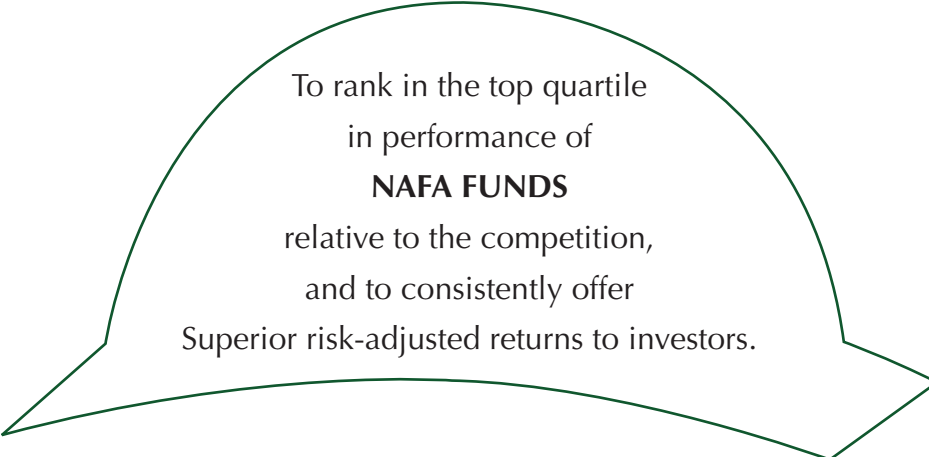
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**FULLERTON FUND
MANAGEMENT**

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

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

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

Human Resource and Remuneration Committee

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

Trustee

Central Depository Company of Pakistan Limited (CDC)
CDC House, 99-B, Block "B" S.M.C.H.S.,
Main 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
Allied Bank Limited
Habib Meropolitan 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 Joona Law Associates
205, E.I. Lines, Dr. Daudpota Road,
Karachi.

Head Office:

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

Lahore Office:

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

Islamabad Office:

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

Peshawar Office:

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 period ended March 31, 2017.

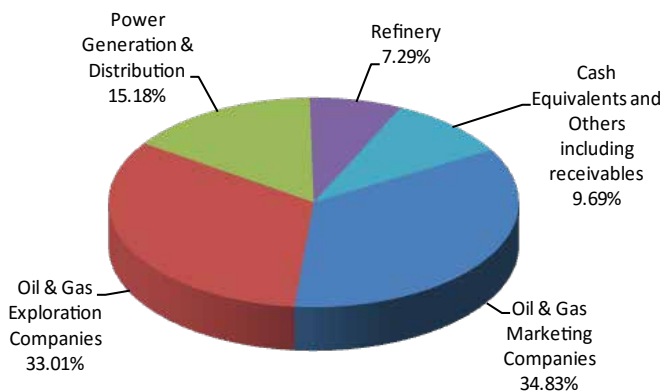
Fund's Performance

The Fund size of NIEF at the end of the period stood at Rs.2,863 million, 177% higher than at June 30, 2016. During the period the unit price of NAFA Islamic Energy Fund (NIEF) has increased from Rs. 10.5499 on June 30, 2016 to Rs. 14.4246 on March 31, 2017, thus showing an increase of 36.73%. The Benchmark (KMI-30 Index) increased by 23.67%. Thus, the Fund has outperformed its Benchmark by 13.06% during the period under review. Since inception (April 21, 2016), the unit price of the Fund has shown a growth of 49.70% as compared to 38.77% increase in its Benchmark. Thus, the Fund has outperformed its Benchmark by 10.93%. This performance is net of management fee and all other expenses.

After lackluster stock market performance in FY16, the stock market bounced back sharply in 9MFY17, delivering impressive return of 27.5%. It is however worthwhile to note that most of the gains were made during 1HFY17 in which the benchmark KSE-100 index surged by 26.5%. Favorable macroeconomic indicators such as modest inflation, record low interest rates, all time high forex reserves coupled with reclassification of PSX into MSCI emerging market index from frontier market underpinned the strong run-up in the market during 1HFY17. Though the market carried on its momentum entering into 3QFY17 as KSE-100 index crested at all time high level of 50,192 on 26th January, the market remained quite jittery in the subsequent period. Rising political uncertainty unnerved the investors, triggering panic sell-off by the investors. Rising risks to the external account from widening current account deficit and stagnating foreign remittances further soured the investors' sentiments.

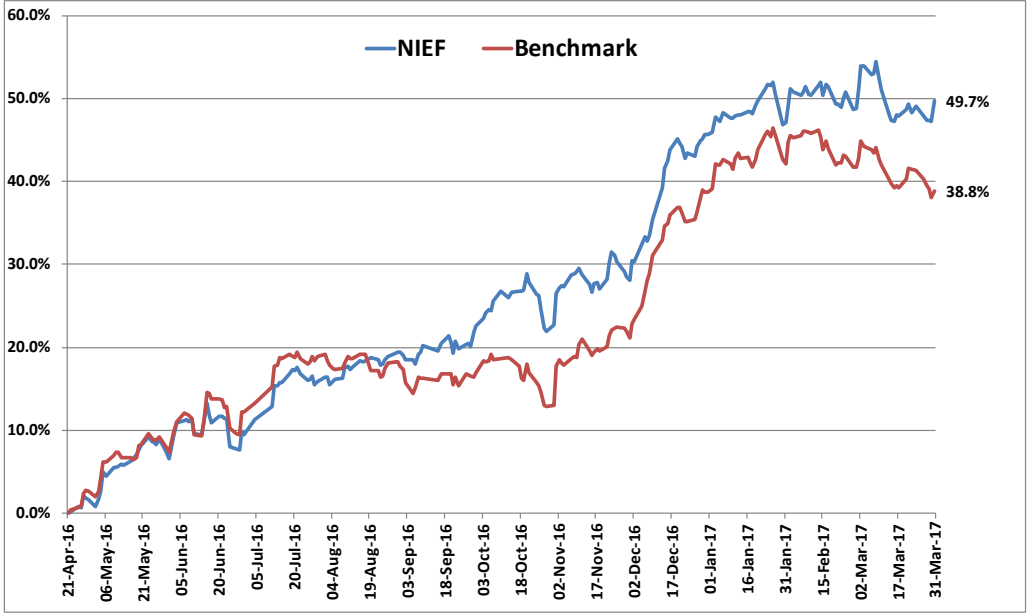
Engineering, Chemicals, Autos, Oil & Gas Marketing Companies and Textiles delivered superior returns during 9MFY17, while Fertilizers, E&Ps, Pharmaceuticals and Power sector underperformed the market during the period. Foreign investors remained large net sellers with outflows of USD483 mn during the aforesaid period. On the local side, Mutual Funds remained the main net buyers taking fresh equity exposure worth USD419 mn absorbing most of the foreign selling. Other than Mutual Funds, Insurance and other Companies also remained net buyers investing USD152 mn and USD131 mn, respectively. Amongst the local investors, Banks/DFIs significantly liquidated their equity position worth USD181 mn.

The Fund has earned total income of Rs.832.964 million during the period. After deducting expenses of Rs.63.893 million, the net income is Rs.769.071 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: April 28, 2017
Place: Karachi.

NAFA ISLAMIC ENERGY FUND

ڈائریکٹرز رپورٹ

NBP فلٹرن ایسیٹ منجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز نے صدمست 31 مارچ 2017ء کو ختم ہونے والی مدت کے لیے INAFA اسلامک انرجی فنڈ (NIEF) کے غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

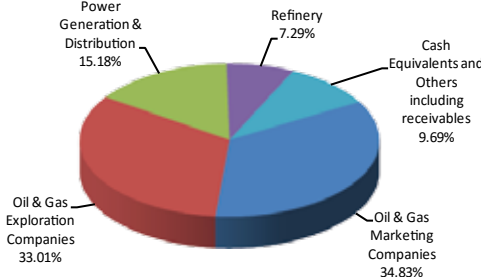
فنڈ کی کارکردگی

INAFA اسلامک انرجی فنڈ (NIEF) کا فنڈ سائز اس مدت کے اختتام پر 2,863 ملین روپے ہے جو 30 جون 2016ء کے مقابلے میں 177% زیادہ ہے۔ اس عرصے کے دوران NIEF کے یونٹ کی قیمت 30 جون 2016ء کو 10.5499 روپے سے بڑھ کر 31 مارچ 2017ء کو 14.4246 روپے ہو چکی ہے اور اس طرح 36.73% کا اضافہ ہوا۔ بیچ مارک (KMI-30 انڈیکس) میں 23.67% کا اضافہ ہوا۔ اس طرح فنڈ نے زیر جائزہ عرصے کے دوران بیچ مارک سے 13.06% سے بہتر کارکردگی دکھائی۔ اپنے قیام (21 اپریل 2016ء) سے اب تک فنڈ کے یونٹ کی قیمت نے اپنے بیچ مارک میں 38.77% اضافے کے مقابلے میں 49.70% نمو دکھائی ہے۔ اس طرح فنڈ نے زیر جائزہ عرصے کے دوران اپنے بیچ مارک سے 10.93% سے بہتر کارکردگی دکھائی۔ یہ کارکردگی منجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

مالی سال 2016ء میں اسٹاک مارکیٹ کی بے یقینی کی کیفیت کے بعد مالی سال 2017ء کے نو ماہ میں اسٹاک مارکیٹ میں خاطر خواہ تیزی آئی، اور منافع میں 27.5% کا متاثر کن اضافہ حاصل ہوا۔ تاہم یہ بات قابل قدر ہے کہ زیادہ اضافہ مالی سال 2017ء کی پہلی ششماہی میں ہوا جس میں KSE-100 انڈیکس کی معیاری سطح میں 26.5% اضافہ ہوا۔ کلیاتی معیشت کے مثبت اشارے، جیسے معتدل افراط زر، شرح سود میں ریکارڈ کمی، اس وقت تک کے سب سے زیادہ زرمبادلہ کے ذخائر مع پاکستان اسٹاک ایکسچینج کی (MSCI) ہر جنک مارکیٹ انڈیکس میں دوبارہ شمولیت کی بدولت مالی سال 2017ء کی پہلی ششماہی میں مارکیٹ میں ایک مستحکم تیزی آنے سے تقویت حاصل ہوئی۔ اگرچہ مالی سال 2017ء کی تیسری سہ ماہی کے آغاز میں مارکیٹ کی آگے بڑھنے کی رفتار برقرار رہی جسکی بناء پر 26 جنوری 2017ء کو KSE-100 انڈیکس اس وقت تک کی بلند ترین سطح یعنی 50,192 تک پہنچ گیا تاہم اس کے بعد کے عرصہ میں مارکیٹ میں ہجانی کیفیت کا شکار رہی۔ سیاسی بے یقینی کے باعث سرمایہ کار گھبراہٹ کا شکار ہوئے جس کے نتیجے میں انہوں نے حصص فروخت کرنے شروع کر دیے۔ کرنٹ اکاؤنٹ کے بڑھتے ہوئے خسارے کی وجہ سے بیرونی اکاؤنٹس میں خدشات میں بھی اضافہ ہوا اور بیرون ملک سے ترسیل زر میں بھی ٹھہراؤ آ گیا جس سے سرمایہ کاروں کا جوش و خروش مزید ٹھنڈا ہو گیا۔

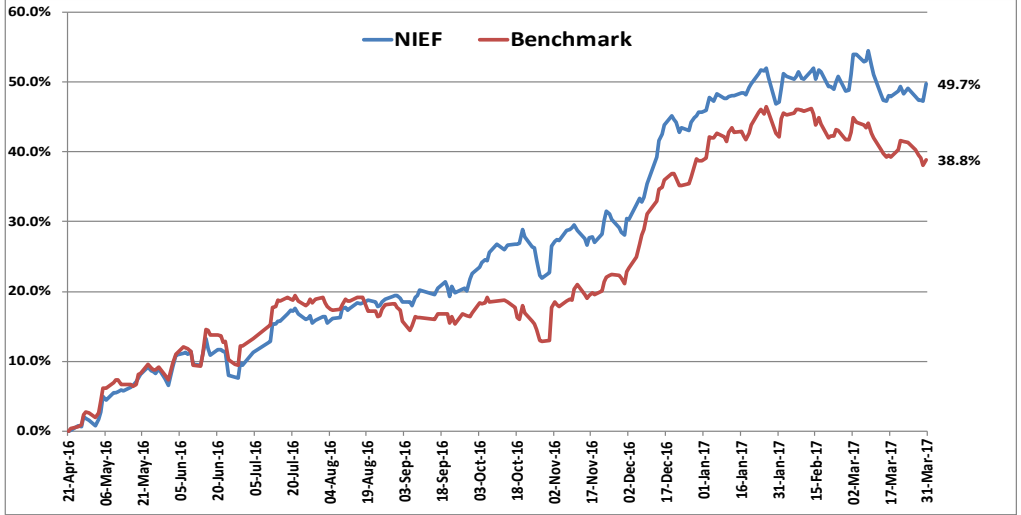
انجینئرنگ، کیمیکلز، آئوز، ہائل اینڈ ٹیکسٹائل اور ٹیکسٹائل کے شعبے نے مالی سال 2017ء کے نو ماہ میں بہترین منافع دیا جب کہ اس عرصہ میں فرملائیزرز، تلاش اور پیداوار کی کمپنیوں، فارماسیوٹیکلز اور پاور کے شعبے کی کارکردگی معمول سے بھی کم رہی۔ مذکورہ مدت میں غیر ملکی سرمایہ کار بڑے فروخت کنندہ رہے اور \$483 ملین کی رقم بیرون ملک چلی گئی۔ ملکی سطح پر میوچل فنڈز کے \$419 ملین کے حصص کے خریدار رہے جس نے غیر ملکی سرمایہ کاروں کی جانب سے کی گئی فروخت کے اثر کو زائل کیا۔ میوچل فنڈز کے علاوہ انشورنس اور دیگر کمپنیاں بھی خالص خریداروں میں شامل رہیں اور انہوں نے بالترتیب 152 ملین یو ایس ڈالر اور 131 ملین یو ایس ڈالر کی سرمایہ کاری کی۔ مقامی سرمایہ کاروں میں بینک/DFIs نے \$181 ملین میں حصص کی فروخت کی۔

فنڈ نے اس مدت کے دوران 832.964 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 63.893 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 769.071 ملین روپے رہی۔ درج ذیل چارٹ NIEF کی ایسیٹ ایلوکییشن پیش کرتا ہے:



NAFA ISLAMIC ENERGY FUND

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



اظہارِ تشکر

بورڈ اس موقع کا فائدہ اٹھاتے ہوئے منجسٹ کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر یونٹ ہولڈرز کا شکر یہ ادا کرتا ہے۔ یہ سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان سے بھی ان کی سرپرستی اور رہنمائی کے لیے پُر خلوص اظہارِ تشکر کرتا ہے۔ بورڈ اپنے اسٹاف اور آرٹسٹ کی طرف سے محنت، لگن اور عزم کے مظاہرے پر اپنا خراجِ تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

NBP فلٹرن ایسیٹ منجسٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

تاریخ

28 اپریل 2017ء

مقام: کراچی

NAFA ISLAMIC ENERGY FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2017

	Note	(Un-audited) March 31, 2017	Audited June 30, 2016
(Rupees in '000)			
ASSETS			
Balances with banks		319,956	123,181
Investments	4	2,585,633	959,794
Dividend and profit receivable		6,633	2,766
Receivable against issue of units		1,497	202,911
Receivable against sale of investments		12,785	-
Preliminary expenses and floatation costs		1,853	2,195
Advances, deposits and prepayments		5,617	2,600
Total assets		2,933,974	1,293,447
LIABILITIES			
Payable to NBP Fullerton Asset Management Limited - Management Company		38,035	10,497
Payable to the Central Depository Company of Pakistan Limited - Trustee		709	203
Payable to the Securities and Exchange Commission of Pakistan		1,514	173
Payable against redemption of units		3,642	240,024
Dividend payable		-	80
Accrued expenses and other liabilities		26,971	9,371
Total liabilities		70,871	260,348
NET ASSETS		2,863,103	1,033,099
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		2,863,103	1,033,099
CONTINGENCIES AND COMMITMENTS	6	-----Number of units-----	
NUMBER OF UNITS IN ISSUE		198,488,052	97,924,755
NET ASSET VALUE PER UNIT		14.4246	10.5499

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC ENERGY FUND

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2017

	Note	Nine months ended	Quarter ended
		March 31, 2017	
----- Rupees in '000 -----			
INCOME			
Capital gain on sale of investments - net		88,123	60,044
Dividend income		45,669	17,322
Profit on bank deposits		11,848	3,735
Unrealised appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net	4.2	512,480	32,106
Total income		658,120	113,207
EXPENSES			
Remuneration of NBP Fullerton Asset Management Limited - Management Company		31,872	14,755
Sindh Sales Tax on remuneration of the Management Company		4,143	1,918
Accounting and operational charges		1,594	738
Selling and marketing expense	9	959	959
Remuneration of the Central Depository Company of Pakistan Limited - Trustee		2,344	984
Sindh Sales Tax on remuneration of the Trustee		305	128
Annual fee of the Securities and Exchange Commission of Pakistan		1,514	701
Amortisation of preliminary expenses and floatation costs		342	113
Auditors' remuneration		289	113
Securities transaction cost		2,035	768
Printing expenses		75	25
Legal fee		2	-
Listing fee		41	13
Provision for Sindh Workers' Welfare Fund- previous years		1,776	1,776
Shariah Advisor Fee		302	152
Settlement and bank charges		603	309
Total operating expenses		48,196	23,452
Net income from operating activities		609,924	89,755
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - net		174,844	22,100
Provision for Sindh workers' welfare fund	5	(15,697)	(15,697)
Net income for the period before taxation		769,071	96,158
Taxation	7	-	-
Net income for the period after taxation		769,071	96,158

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC ENERGY FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2017

	<u>Nine months ended</u>	<u>Quarter ended</u>
	<u>March 31, 2017</u>	
	----- Rupees in '000 -----	
Net income for the period after taxation	769,071	96,158
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>769,071</u>	<u>96,158</u>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC ENERGY FUND

CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2017

	Nine months ended	Quarter ended
	March 31, 2017	
	----- Rupees in '000 -----	
Undistributed income at the beginning of the period		
Realised (loss) / gain	(9,347)	246,391
Unrealised gain	<u>63,199</u>	<u>480,374</u>
	53,852	726,765
Net income for the period after taxation	769,071	96,158
Undistributed income carried forward	<u>822,923</u>	<u>822,923</u>
Undistributed income at the end of the period comprising of:		
Realised gain	310,443	310,443
Unrealised gain	<u>512,480</u>	<u>512,480</u>
	<u>822,923</u>	<u>822,923</u>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC ENERGY FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2017

	Nine months ended	Quarter ended
	March 31, 2017	
	----- Rupees in '000 -----	
Net assets at the beginning of the period	1,033,099	2,710,760
Issue of 192,130,332 units	2,468,528	796,706
Redemption of 91,567,035 units	(1,232,751)	(718,421)
	1,235,777	78,285
Element of (income) / loss and capital (gains) / losses included in the prices of units issued less those in units redeemed - net	(174,844)	(22,100)
Net unrealised appreciation on re-measurement of investment classified as 'financial assets at fair value through profit or loss'	512,480	32,106
Capital gain on sale of investments - net	88,123	60,044
Other net income for the period	168,468	4,008
Net income for the period	769,071	96,158
Net assets at the end of the period	<u>2,863,103</u>	<u>2,863,103</u>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC ENERGY FUND

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2017

	Nine months ended	Quarter ended
	March 31, 2017	
	----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	769,071	96,158
Adjustments for:		
Net unrealised appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net	(512,480)	(32,106)
(Gain) on sale of investments - net	(88,123)	(60,044)
Amortisation of preliminary expenses and floatation costs	342	113
Element of (income) / loss and capital (gains) / losses included in the prices of units issued less those in units redeemed - net	(174,844)	(22,100)
	(6,034)	(17,979)
Decrease / (Increase) in assets		
Investments - net	(1,025,236)	(103,153)
Advances, deposits and prepayments	(3,017)	14
Dividend and profit receivable	(3,867)	(240)
Receivable against sale of investments	(12,785)	20,609
	(1,044,905)	(82,770)
(Decrease) / Increase in liabilities		
Payable to NBP Fullerton Asset Management Limited - Management company	27,538	15,125
Payable to the Central Depository Company of Pakistan Limited - Trustee	506	377
Payable to the Securities and Exchange Commission of Pakistan	1,341	701
Accrued expenses and other liabilities	17,600	18,639
	46,985	34,922
Net cash used in operating activities	(1,003,954)	(65,827)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts from issue of units	2,669,942	(795,209)
Payments on redemption of units	(1,469,133)	714,779
Dividend paid	(80)	-
Net cash generated from financing activities	1,200,729	80,430
Net increase in cash and cash equivalents during the period	196,775	14,603
Cash and cash equivalents at the beginning of the period	123,181	305,353
Cash and cash equivalents at the end of the period	319,956	319,956

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC ENERGY FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 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 Fund's pre-IPO investment was received on April 19, 2016. It 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 Limited (PACRA) has assigned an asset manager rating of "AM1" w.e.f April 21, 2017 to the Management Company. The Fund has not been rated so far.

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 the offering document of the Fund.

Comparative information is not available as the Fund was launched on April 7, 2016.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards (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 Securities and Exchange Commission of Pakistan (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 IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

NAFA ISLAMIC ENERGY FUND

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

In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2017.

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

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

		Note	(Un-audited) March 31, 2017	Audited June 30, 2016
4	INVESTMENTS		----- Rupees in '000 -----	

Investments at fair value through profit or loss - held for trading
- Listed equity securities

		4.1	<u>2,585,633</u>	<u>959,794</u>
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4.1 Listed equity securities

All shares have a nominal face value of Rs.10 each except for the shares of K-Electric Limited which have a face value of Rs 3.5 each.

Name of the investee company	Number of shares/ certificates					Market value As at March 31, 2017	Market value as a percentage of			Paid up value of shares held as a percentage of paid-up capital of investee company
	As at July 01, 2016	Purchased during the period	Bonus / right shares issued during the period	Sold during the period	As at March 31, 2017		Net assets of the fund	Total market value of investments	-----%-----	
Rupees in '000										
REFINERY										
Attock Refinery Limited	183,600	203,800	-	76,100	311,300	139,715	5.15	5.40	0.36	
National Refinery Limited	73,200	84,100	-	60,300	97,000	69,156	2.55	2.67	0.12	
						208,871	7.70	8.07		
OIL AND GAS EXPLORATION COMPANIES										
Mari Petroleum Limited	157,550	75,400	-	7,800	225,150	342,334	12.63	13.24	0.20	
Oil and Gas Development Company Limited	499,300	963,400	-	251,900	1,210,800	179,574	6.62	6.95	0.03	
Pakistan Oilfields Limited	317,900	200,200	-	66,300	451,800	201,074	7.42	7.78	0.19	
Pakistan Petroleum Limited	677,500	935,600	-	179,900	1,433,200	222,017	8.19	8.59	0.07	
						944,999	34.86	36.56		
OIL AND GAS MARKETING COMPANIES										
Attock Petroleum Limited	96,100	107,500	-	11,700	191,900	121,816	4.49	4.71	0.23	
Hascol Petroleum Limited	-	143,800	-	-	143,800	43,125	1.51	1.67	0.01	
Pakistan State Oil Company Limited	340,900	330,800	-	157,000	514,700	217,986	8.04	8.43	0.19	
Shell Pakistan Limited	176,600	331,300	-	99,400	408,500	266,444	9.83	10.30	0.38	
Sui Northern Gas Pipelines Limited	1,625,000	1,420,000	-	1,156,500	1,888,500	269,621	9.95	10.43	0.30	
Sui Southern Gas Company Limited	-	2,209,000	-	91,000	2,118,000	78,239	2.89	3.03	0.43	
						997,231	36.71	38.57		
POWER GENERATION & DISTRIBUTION										
Kot Addu Power Company Limited	757,000	837,500	-	90,000	1,504,500	120,676	4.45	4.67	0.17	
K-Electric Limited*	6,429,000	11,987,500	-	2,948,000	15,468,500	126,532	4.67	4.89	0.68	
The Hub Power Company Limited	386,300	1,116,000	-	73,000	1,429,300	187,324	6.91	7.24	0.12	
						434,532	16.03	16.81		
Total March 31, 2017						<u>2,585,633</u>	<u>90.30</u>	<u>100.00</u>		
Carrying value as at March 31, 2017						<u>2,073,153</u>				

NAFA ISLAMIC ENERGY FUND

	Note	(Un-audited) March 31, 2017	Audited June 30, 2016
		----- Rupees in '000 -----	
4.2	Unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss'		
	Market value of securities	4.1 2,585,633	959,794
	Less: Carrying amount of securities	(2,073,153)	(896,595)
		<u>512,480</u>	<u>63,199</u>

5 PROVISION FOR SINDH WORKERS' WELFARE FUND

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

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

Accordingly, the provision for SWWF is being made on a daily basis going forward.

The above decision was communicated to the SECP and the Pakistan Stock Exchange Limited on January 12, 2017 and the SECP vide its letter dated February 1, 2017 has advised the MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs/ mutual funds. Accordingly, the Fund has recorded this adjustment in its books on January 12, 2017.

The scheme has maintained provision against Sindh Workers' Welfare Fund's liability to the tune of Rs 17.472 million. If the same were not been made, the NAV per unit of the scheme would have been higher by Rs 0.088.

6 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at March 31, 2017 and June 30, 2016.

7 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 in cash to the unit holders. The management intends to distribute 90 percent of the Funds 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.

NAFA ISLAMIC ENERGY FUND

8 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses incurred during the period divided by average net asset value for the period) is 4% p.a including 1.47% representing government levies on Collective Investment Schemes such as Sales tax, Workers' Welfare Fund and Securities and Exchange Commission of Pakistan fee for the period.

9 SELLING AND MARKETING EXPENSE

During the current period, the SECP through its Circular No. SCD/PRDD/Circular/361/2016 (Circular No. 40 of 2016) dated December 30, 2016 introduced allowance for charging of selling and marketing expenses initially for three years (effective from January 01, 2017 till December 31, 2019) to the open end equity, asset allocation, and index funds maximum of 0.4% of the average annual net assets or the actual expenses, whichever is lower, subject to the conditions mentioned in the aforementioned Circular and its amendment of condition 05 through Circular No. SCD/PRDD/Circular/418/2016 (Circular No. 05 of 2017) dated February 13, 2017.

Based on the requirements to fulfil for charging selling and marketing expense, the Management Company has started accruing the expense to the Fund at the rate of 0.4% per annum of the average annual net assets of the Fund w.e.f March 01, 2017.

10 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

10.1 Connected persons include NBP Fullerton Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan, other collective investment schemes managed by the Management Company and directors and officers of the Management Company.

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

10.3 Remuneration and front-end load payable to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

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

10.5 Details of transactions with connected persons are as follows:

------(Un-Audited)-----
 Nine months ended March 31, 2017 Quarter ended March 31, 2017

----- Rupees in '000 -----

NBP Fullerton Asset Management Limited - Management Company

Remuneration of the Management Company	31,872	14,755
Sindh sales tax on remuneration of the Management Company	4,143	1,918
Accounting and operational charges to the Management Company	1,594	738
Sales load paid to the Management Company	4,140	-

Central Depository Company of Pakistan Limited - Trustee

Remuneration	2,344	984
Sindh sales tax on remuneration of Trustee	305	128

Employees of the Management Company

Units Issued / transfered in (3,979,059 units)	50,109	14,744
Units redeemed / transfered out (3,473,061 units)	44,131	10,815

Pakistan Mobile Communication limited provident fund

Units Redeemed / Transfered Out (9,98,312 Units)	13,623	13,623
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Aamir Sattar - Director

Units Issued / Transfered In (16,322 units)	200	-
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NAFA ISLAMIC ENERGY FUND

	(Un-Audited) Nine months ended March 31, 2017	(Audited) June 30, 2016
	----- Rupees in '000 -----	
10.6 Amounts / balances outstanding as at period end:		
NBP Fullerton Asset Management Limited - Management Company		
Management remuneration payable	4,954	1,926
Sindh sales tax on remuneration	644	313
Federal excise duty on remuneration	583	583
Front-end load payable	20,158	793
Sindh sales tax on front end load	2,634	129
Federal excise duty on front end load	1,557	1,624
Other payable		
- Initial deposit on opening of bank accounts	30	25
- 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	2,282	2,282
- Accounting and operational charges charged by the Management Company	1,594	182
- Selling and marketing expenses payable	959	-
Units held: 10,194,849 units (June 30, 2016: 10,194,849 units)	147,057	107,555
Employees of the Management Company		
Units held: 1,063,261 units (June 30, 2016: 410,567 units)	15,337	4,331
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee	600	178
Sindh sales tax on the remuneration of trustee	109	25
Security deposit	100	100
Aamir Sattar - Director		
Units held: 16,322 units (June 30, 2016: Nil units)	235	-
Humayun Bashir - Director		
Units held: 987,239 units (June 30, 2016: Nil units)	14,241	-
Summit Bank Limited		
Bank Balances	1,644	566
Net amount payable against issuance of units from :		
NAFA Islamic Aggressive Income Fund	-	202,495
NAFA Islamic Principal Protected Fund - II	-	416
Net amount payable against redemption of units to :		
NAFA Financial Sector Income Fund	-	3,971
NAFA Government Securities Liquid Fund	-	5,171
NAFA Islamic Asset Allocation Fund	-	214,029
NAFA Islamic Stock Fund	-	2,139
NAFA Money Market Fund	-	509
NAFA Stock Fund	-	14,205

NAFA ISLAMIC ENERGY FUND

11 DATE OF AUTHORISATION FOR ISSUE

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

12 GENERAL

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director



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

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