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

NAFA ISLAMIC ENERGY FUND

**HALF YEARLY
REPORT
December
31 2016**




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. 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. Saiyed Hashim Ishaque	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

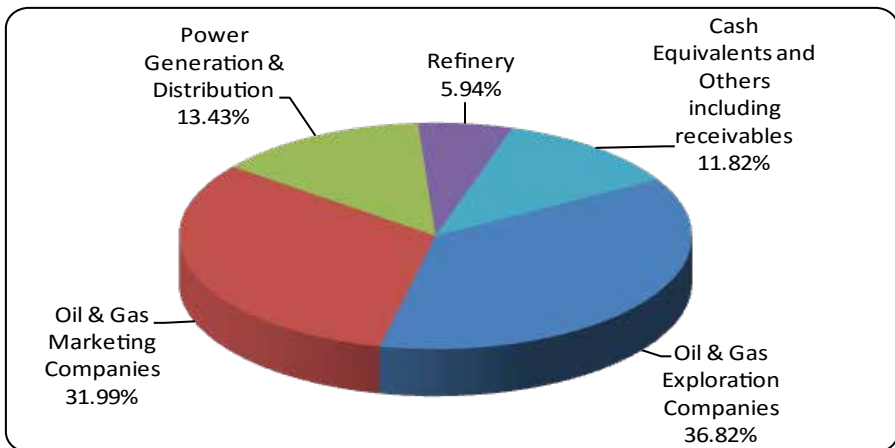
The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the reviewed financial statements of NAFA Islamic Energy Fund (NIEF) for the half year ended December 31, 2016.

Fund's Performance

The Fund size of NIEF at the end of the period stood at Rs.2,711 million, 162% 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. 14.0336 on December 31, 2016, thus showing an increase of 33.03%. The Benchmark (KMI-30 Index) increased by 23.63%. Thus, the Fund has outperformed its Benchmark by 9.40% during the period under review. Since inception (April 21, 2016), the unit price of the Fund has shown a growth of 45.64% as compared to 38.72% increase in its Benchmark. Thus, the Fund has outperformed its Benchmark by 6.92%. This performance is net of management fee and all other expenses.

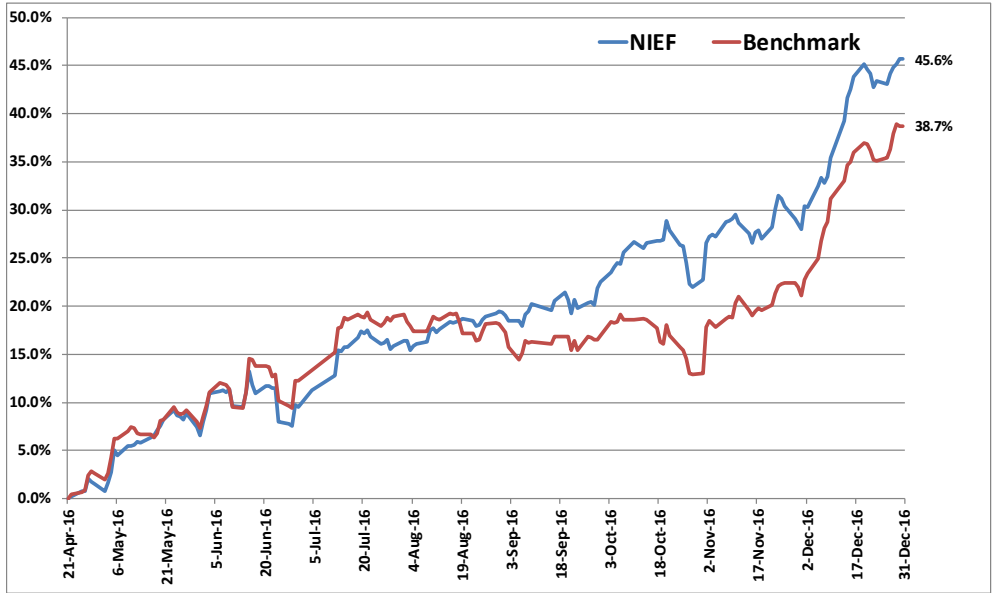
During 1HFY17, riding on the positive momentum built on the Pakistan Stock Exchange (PSX) reclassification into MSCI Emerging Market and driven primarily by the price-to-earnings (PE) re-rating, the stock market delivered a handsome return of about 27%. Positives on the macroeconomic front such as improved economic growth outlook coupled with benign inflation reading and anchored near-term expectations; and stable exchange rate helped the market achieve historic highs. Domestic liquidity unleashed amid low interest rates that helped counter heavy foreign selling of USD298mn. Automobile Assembler, Engineering, Oil & Gas Marketing Companies, and Textile Composite sectors performed better than the market whereas, Power Generation & Distribution Companies and Fertilizer sectors lagged behind. Going forward, expected domestic and foreign liquidity flows amid low interest rates, expected amnesty scheme, and MSCI upgrade theme are likely to keep the market strong while, rising global policy uncertainty pose downside risk.

The Fund has earned total income of Rs.697.66 million during the period. After deducting expenses of Rs.24.74 million, the net income is Rs.672.92 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: February 28, 2017
Place: Karachi.

NAFA ISLAMIC ENERGY FUND

ڈائریکٹرز رپورٹ

NBP فلٹرن ایسیٹ منجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بصیرت 31 دسمبر 2016ء کو ختم ہونے والی ششماہی کے لیے NAFA اسلامک انرجی فنڈ (NIEF) کے جانچ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

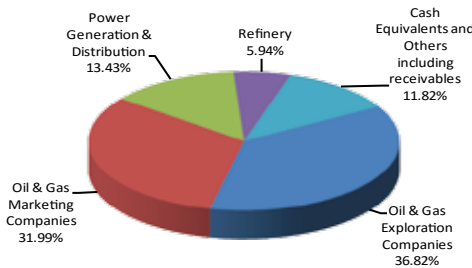
فنڈ کی کارکردگی

NAFA اسلامک انرجی فنڈ (NIEF) کا فنڈ سائز، اس مدت کے اختتام پر 2,711 ملین روپے ہے جو گزشتہ ششماہی کے مقابلے میں 162% زیادہ ہے۔ پہلی ششماہی کے دوران NIEF کے یونٹ کی قیمت 30 جون 2016 کو 10.549 روپے سے بڑھ کر 31 دسمبر 2016 کو 14.0336 روپے ہو چکی ہے اور اس طرح 33.03% کا اضافہ ہوا۔ بیچ مارک (30-KMI انڈیکس) میں 23.63% کا اضافہ ہوا۔ اس طرح فنڈ نے زیر جائزہ عرصے کے دوران بیچ مارک سے 9.40% سے بہتر کارکردگی دکھائی۔ اپنے قیام (21 اپریل 2016ء) سے اب تک فنڈ کے یونٹ کی قیمت نے اپنے بیچ مارک میں 38.72% اضافے کے مقابلے میں 45.64% نمودار کیا ہے۔ یہ کارکردگی منجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

مالی سال 2017 کی پہلی ششماہی کے دوران مثبت رجحان کے ساتھ MSCI ایمریکنگ مارکیٹ میں پاکستان اسٹاک ایکسچینج (PSX) کی ازسرنو تشکیل ہوئی اور اس میں سرخ آمدن تناسب کی دوبارہ درجہ بندی بنیادی طور پر کارفرما تھی، اسٹاک مارکیٹ نے تقریباً 27% کا شاندار منافع فراہم کیا۔ لگاتی معاشیات کے مثبت پہلو جیسے ترقی کے بہتر امکانات، افراط زر میں کمی، مستقبل قریب میں بہتری کی توقعات اور مستحکم شرح مبادلہ مارکیٹ کو تازگی اور نچانی حاصل کرنے میں معاون ثابت ہوئی۔ گھریلو لیکویڈیٹی کم شرح سود کا باعث بنا جس کی بدولت USD 298mn کی بھاری غیر ملکی فروخت کے اثر کو زائل کرنے میں مدد ملی۔ آٹوموبیل اسمبلرز، انجینئرز، آئل اور گیس کی مارکیٹنگ کمپنیاں اور ٹیکسٹائل کمپوزٹ سیکٹرز نے مارکیٹ کے مقابلے میں بہتر کارکردگی کا مظاہرہ کیا جب کہ پاور جنریشن، ڈسٹری بیوشن کمپنیاں اور فریٹ لائزر سیکٹرز کی کارکردگی نسبتاً اتر رہی۔ آگے بڑھتے ہوئے، متوقع ملکی اور غیر ملکی لیکویڈیٹی کا بہاؤ، کم شرح سود کی متوقع رعایتی اسکیموں اور MSCI کی اسرنو شمولیت مارکیٹ کو مضبوط کرنے کا باعث ہے، جبکہ بڑھتی ہوئی عالمی منصوبہ سازی کی غیر یقینی صورتحال خطرے کے ضمنی پہلو کو ظاہر کرتی ہے۔

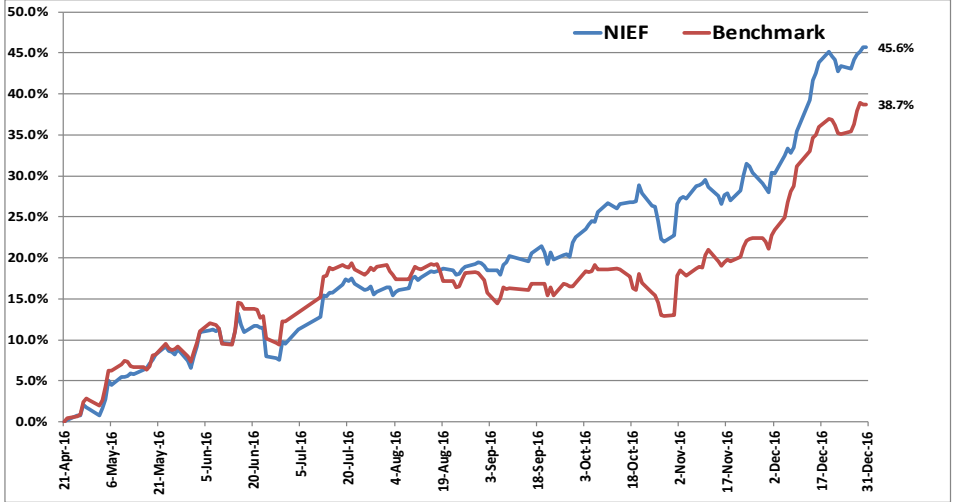
فنڈ نے اس مدت کے دوران 697.66 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 24.74 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 672.92 ملین روپے رہی۔

درج ذیل چارٹ NIEF کی ایسیٹ بیلو کیشن پیش کرتا ہے:



NAFA ISLAMIC ENERGY FUND

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



اظہار تشکر

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

منجانب بورڈ آف ڈائریکٹرز

NBP فلرٹن ایسیٹ منجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

بتاریخ

28 فروری 2017ء

مقام: کراچی

NAFA ISLAMIC ENERGY FUND

TRUSTEE REPORT TO THE UNIT HOLDERS

NAFA ISLAMIC ENERGY FUND

Report of the Trustee pursuant to Regulation 41 (h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of NAFA Islamic Energy Fund (the Fund) are of the opinion that NBP Fullerton Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2016 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Aftab Ahmed Diwan
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 27, 2017

NAFA ISLAMIC ENERGY FUND

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of NAFA Islamic Energy Fund as at December 31, 2016 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial information'), for the half year ended December 31, 2016. The Management Company (NBP Fullerton Asset Management Limited) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of unit holders' fund and condensed interim cash flow statement for the quarter ended December 31, 2016 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2016.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

A.F. Ferguson & Co.
Chartered Accountants
Engagement Partner: **Rashid A. Jafer**
Dated: February 28, 2017
Karachi

NAFA ISLAMIC ENERGY FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2016

	Note	(Un-audited) December 31, 2016	Audited June 30, 2016
(Rupees in '000)			
ASSETS			
Balances with banks	4	305,353	123,181
Investments	5	2,390,330	959,794
Dividend and profit receivable	6	6,393	2,766
Receivable against issue of units		-	202,911
Receivable against sale of investments		33,394	-
Preliminary expenses and floatation costs	7	1,966	2,195
Advances, deposits and prepayments	8	5,631	2,600
Total assets		2,743,067	1,293,447
LIABILITIES			
Payable to NBP Fullerton Asset Management Limited - Management Company	9	22,910	10,497
Payable to the Central Depository Company of Pakistan Limited - Trustee	10	332	203
Payable to the Securities and Exchange Commission of Pakistan	11	813	173
Payable against redemption of units		-	240,024
Dividend payable		-	80
Accrued expenses and other liabilities	12	8,252	9,371
Total liabilities		32,307	260,348
NET ASSETS		2,710,760	1,033,099
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		2,710,760	1,033,099
CONTINGENCIES AND COMMITMENTS	14	-----Number of units-----	
NUMBER OF UNITS IN ISSUE		193,162,432	97,924,755
NET ASSET VALUE PER UNIT	16	14.0336	10.5499
		------(Rupees)-----	

The annexed notes 1 to 22 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

	Note	Half year ended December 31, 2016	Quarter ended December 31, 2016
----- Rupees in '000 -----			
INCOME			
Capital gain on sale of investments - net		28,079	15,334
Dividend income		28,347	14,739
Profit on bank deposits		8,113	4,094
Unrealised appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net	5.3	480,374	352,434
Total income		544,913	386,601
EXPENSES			
Remuneration of NBP Fullerton Asset Management Limited - Management Company	9.1	17,117	10,195
Sindh Sales Tax on remuneration of the Management Company	9.2	2,225	1,325
Accounting and operational charges	9.4	856	510
Remuneration of the Central Depository Company of Pakistan Limited - Trustee		1,360	762
Sindh Sales Tax on remuneration of the Trustee	10.1	177	99
Annual fee of the Securities and Exchange Commission of Pakistan		813	484
Amortisation of preliminary expenses and floatation costs	7	229	115
Auditors' remuneration		176	56
Security transaction cost		1,267	742
Printing expenses		50	32
Legal fee		2	2
Listing fee		28	18
Shariah Advisor Fee		150	74
Settlement and bank charges		294	147
Total operating expenses		24,744	14,561
Net income from operating activities		520,169	372,040
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - net		152,744	132,015
Net income for the period before taxation		672,913	504,055
Taxation	15	-	-
Net income for the period after taxation		672,913	504,055
Earnings per unit	17		

The annexed notes 1 to 22 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

	Half year ended December 31, 2016	Quarter ended December 31, 2016
	----- Rupees in '000 -----	
Net income for the period after taxation	672,913	504,055
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>672,913</u>	<u>504,055</u>

The annexed notes 1 to 22 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

	Half year ended December 31, 2016	Quarter ended December 31, 2016
	----- Rupees in '000 -----	
Undistributed income at the beginning of the period		
Realised (loss) / gain	(9,347)	94,770
Unrealised gain	<u>63,199</u>	<u>127,940</u>
	53,852	222,710
Net income for the period after taxation	672,913	504,055
Final distribution made during the period		
- Nil distribution for the year ended June 30, 2016	-	-
Undistributed income carried forward	<u>726,765</u>	<u>726,765</u>
Undistributed income at the end of the period comprising of:		
Realised gain	246,391	246,391
Unrealised gain	<u>480,374</u>	<u>480,374</u>
	<u>726,765</u>	<u>726,765</u>

The annexed notes 1 to 22 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

	Half year ended December 31, 2016	Quarter ended December 31, 2016
	----- Rupees in '000 -----	
Net assets at the beginning of the period	1,033,099	1,587,168
Issue of 136,902,087 units for the half year ended December 31, 2016	1,671,822	1,111,316
Redemption of 41,664,410 units for the half year ended December 31, 2016	(514,330)	(359,764)
	1,157,492	751,552
Element of (income) / loss and capital (gains) / losses included in the prices of units issued less those in units redeemed - net	(152,744)	(132,015)
Net unrealised appreciation on re-measurement of investment classified as 'financial assets at fair value through profit or loss'	480,374	352,434
Capital gain on sale of investments - net	28,079	15,334
Other net income for the period	164,460	136,287
Net income for the period	672,913	504,055
Final distribution made during the period - Nil distribution for the year ended June 30, 2016	-	-
Net assets at the end of the period	2,710,760	2,710,760

The annexed notes 1 to 22 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

	Half year ended December 31, 2016	Quarter ended December 31, 2016
	----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	672,913	504,055
Adjustments for:		
Net unrealised appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net	(480,374)	(352,434)
Profit on bank deposits	(8,113)	(4,094)
Dividend income	(28,347)	(14,739)
Amortisation of preliminary expenses and floatation costs	229	113
Element of (income) / loss and capital (gains) / losses included in the prices of units issued less those in units redeemed - net	<u>(152,744)</u>	<u>(132,015)</u>
	3,564	886
Decrease / (Increase) in assets		
Investments - net	(950,162)	(695,706)
Advances, deposits and prepayments	(3,031)	(2,975)
Receivable against sale of investments	<u>(33,394)</u>	<u>(33,394)</u>
	(986,587)	(732,075)
(Decrease) / Increase in liabilities		
Payable to NBP Fullerton Asset Management Limited - Management company	12,413	7,154
Payable to the Central Depository Company of Pakistan Limited - Trustee	129	99
Payable to the Securities and Exchange Commission of Pakistan	640	311
Dividend payable	(80)	-
Accrued expenses and other liabilities	<u>(1,119)</u>	<u>(2,701)</u>
	11,983	4,863
Profit received	6,044	3,650
Dividend received	26,789	26,910
Net cash used in operating activities	<u>(938,207)</u>	<u>(695,766)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts from issue of units	1,874,733	1,117,759
Payments on redemption of units	<u>(754,354)</u>	<u>(369,350)</u>
Net cash generated from financing activities	1,120,379	748,409
Net increase in cash and cash equivalents during the period	<u>182,172</u>	<u>52,643</u>
Cash and cash equivalents at the beginning of the period	123,181	252,710
Cash and cash equivalents at the end of the period	<u>305,353</u>	<u>305,353</u>

The annexed notes 1 to 22 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

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'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 AM2++ to the Management Company as at August 04, 2016. 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.

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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 December 31, 2016.

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

3.1 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.

3.2 The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in application of its accounting policies. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The significant judgments made by management in applying the accounting policies and the key sources of estimation of uncertainty were the same as those that applied to the financial statements as at and for the period ended June 30, 2016. The development relating to estimation of provision in respect of Sindh Workers' Welfare Fund is given in note 13 to the condensed interim financial information.

3.3 The financial risk management objectives and policies are consistent with those disclosed in the financial statements of the Fund for the period ended June 30, 2016.

3.4 **Standards, interpretations and amendments to published approved accounting standards that are effective in the current period**

There are certain amended standards and interpretations that are mandatory for accounting periods beginning on or after July 01, 2016 but are considered not to be relevant or do not have any significant effect on the Fund's financial statements and are, therefore, not disclosed in this condensed interim financial information.

	Note	(Un-audited) December 31, 2016	Audited June 30, 2016
4		----- Rupees in '000 -----	
Current account		1,840	122,615
Profit and loss savings accounts	4.1	303,513	566
		<u>305,353</u>	<u>123,181</u>

4.1 These carry profits at rates ranging from 3.75% to 6.1% (June 30, 2016: 2.4% to 6.1%) per annum.

5 INVESTMENTS

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

5.1	<u>2,390,330</u>	<u>959,794</u>
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5.1 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	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 December 31, 2016		Net assets of the fund	Total market value of investments		
Rupees in '000 ------%-----										
REFINERY										
Attock Refinery Limited	183,600	171,500	-	59,100	296,000	125,889	4.64	5.27	0.35	
National Refinery Limited	73,200	38,300	-	50,200	61,300	35,010	1.29	1.46	0.08	
						160,899	5.93	6.73		
OIL AND GAS EXPLORATION COMPANIES										
Mari Petroleum Limited	157,550	67,700	-	-	225,250	309,698	11.42	12.96	0.20	
Oil and Gas Development Company Limited	499,300	808,100	-	-	1,307,400	216,179	7.97	9.04	0.03	
Pakistan Oilfields Limited	317,900	180,300	-	39,500	458,700	245,230	9.05	10.26	0.19	
Pakistan Petroleum Limited	677,500	545,600	-	16,500	1,206,600	227,058	8.38	9.50	0.06	
						998,165	36.82	41.76		
OIL AND GAS MARKETING COMPANIES										
Attock Petroleum Limited	96,100	95,100	-	-	191,200	130,899	4.83	5.48	0.23	
Pakistan State Oil Company Limited	340,900	299,600	-	8,900	631,600	274,247	10.12	11.47	0.23	
Shell Pakistan Limited	176,600	305,000	-	30,400	451,200	233,406	8.61	9.76	0.42	
Sui Northern Gas Pipelines Limited	1,625,000	1,420,000	-	876,000	2,169,000	176,925	6.53	7.40	0.34	
Sui Southern Company	-	1,425,500	-	-	1,425,500	51,817	1.91	2.17	0.29	
						867,294	32.00	36.28		
POWER GENERATION & DISTRIBUTION										
Kot Addu Power Company Limited	757,000	837,500	-	-	1,594,500	125,646	4.64	5.26	0.18	
K-Electric Limited *	6,429,000	4,246,000	-	2,178,000	8,497,000	79,617	2.94	3.33	0.37	
The Hub Power Company Limited	386,300	952,000	-	53,000	1,285,300	158,709	5.85	6.64	0.11	
						363,972	13.43	15.23		
Total June 30, 2016						2,390,330	88.18	100.00		
Carrying value as at December 31, 2016						1,909,956				

5.2 Investments include shares with market value of Rs 107.589 million (2016: 84.807 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular number 11 dated October 23, 2007 issued by the SECP.

	Note	(Un-audited) December 31, 2016	Audited June 30, 2016
----- Rupees in '000 -----			
5.3 Unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss'			
Market value of securities	5.1	2,390,330	959,794
Less: Carrying amount of securities		(1,909,956)	(896,595)
		<u>480,374</u>	<u>63,199</u>
6 DIVIDEND AND PROFIT RECEIVABLE			
Profit accrued on profit and loss savings accounts		3,000	931
Dividend receivable		3,393	1,835
		<u>6,393</u>	<u>2,766</u>
7 PRELIMINARY EXPENSES AND FLOATATION COSTS			
Opening balance		2,195	-
Add: Incurred prior to commencement of operations		-	2,282
Less: Amortised during the period		(229)	(87)
Balance as at period end		<u>1,966</u>	<u>2,195</u>

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Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund and are being amortised over a period of five years commencing from April 19, 2016 as per the requirements set out in the Trust Deed of the Fund.

	Note	(Un-audited) December 31, 2016	Audited June 30, 2016
----- Rupees in '000 -----			
8	ADVANCES, DEPOSITS AND PREPAYMENTS		
	Security deposit with :		
	- National Clearing Company of Pakistan Limited	2,500	2,500
	- Central Depository Company of Pakistan Limited	100	100
	Advances and Prepayments	3,031	-
		<u>5,631</u>	<u>2,600</u>
9	PAYABLE TO NBP FULLERTON ASSET MANAGEMENT LIMITED MANAGEMENT COMPANY		
	Remuneration of the Management Company	9.1 4,181	1,926
	Sindh sales tax on remuneration of the Management Company	9.2 544	313
	Federal excise duty on remuneration of the Management Company	9.3 583	583
	Accounting and operational charges	9.4 856	182
	Front end load payable	9,048	793
	Sindh Sales Tax on front end load	1,557	129
	Federal Excise Duty on front end load	1,189	1,624
	Other payable	4,952	4,947
		<u>22,910</u>	<u>10,497</u>

- 9.1 The Management Company has charged remuneration at the rate of 2 % per annum based on the average net assets for the period. The fee is payable to the Management Company monthly in arrears.
- 9.2 The Provincial Government of Sindh has levied Sindh sales tax at the rate of 13% on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.
- 9.3 As per the requirements of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax as explained in note 9.2, further levy of FED results in double taxation, which does not appear to be the spirit of the law.

On September 4, 2013, a Constitutional Petition was filed in the Honorable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.

During the period the SHC has passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) have been set aside. The Deputy Commissioner Inland Revenue, Zone II has filed a petition for leave to appeal against the SHC order with the Supreme Court of Pakistan.

Further with effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016. In view of the above, the Fund has discontinued making further provision in respect of FED on management fee from July 01, 2016. However, the provision made till June 30, 2016, aggregating to Rs. 0.583 million has not been reversed as the management believes that the Federal Government retains the right to appeal against the said order in the Supreme Court. Had the provision not been made, the Net Asset Value per unit of the Fund as at December 31, 2016 would have been higher by Re 0.003 (June 30, 2016: Re 0.006) per unit.

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9.4 Last year, the SECP vide S.R.O No 1160(I) / 2015 dated November 25, 2015 introduced amendments in the NBFC regulations. As a result of these amendments, the Management Company of the Fund is entitled to reimbursement of fees and expenses incurred by the Management Company in relation to registrar services, accounting, operation and valuation services related to Collective Investment Schemes upto a maximum of 0.1% of the average annual net assets of the Scheme or actual whichever is less. The Management Company has charged operating expenses to the Fund at the rate of 0.1% per annum of the average annual net assets of the Fund for the period from July 1, 2016 to December 31, 2016 amounting to Rs 0.856 million (April 19, 2016 to June 30, 2016: Rs 0.182 million).

	Note	(Un-audited) December 31, 2016	Audited June 30, 2016
----- Rupees in '000 -----			
10 PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN - TRUSTEE			
Remuneration payable to the Trustee		267	178
Sindh Sales Tax on Trustee remuneration	10.1	65	25
		<u>332</u>	<u>203</u>

10.1 The Sindh Revenue Board through Circular No. SRB 3-4/TP/01/2015/86554 dated June 13, 2015 has amended the definition of services and has levied Sindh Sales Tax on custodianship services. Accordingly, Sindh Sales Tax of 13% (June 30, 2016 : 14%) has been charged on Trustee fee under section 2(79A) of the Sindh Finance Bill, 2010 during the period.

	Note	(Un-audited) December 31, 2016	Audited June 30, 2016
----- Rupees in '000 -----			
11 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN			
Annual fee	11.1	<u>813</u>	<u>173</u>

	Note	(Un-audited) December 31, 2016	Audited June 30, 2016
----- Rupees in '000 -----			
12 ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' Remuneration		226	305
Shariah Advisory Fee		232	83
Charity payable	12.1	708	50
Withholding Tax Payable		6,364	8,053
Bank Charges		16	10
Legal Fee		13	17
Printing Charges		72	90
Brokerage		621	735
Settlement Charges		-	28
		<u>8,252</u>	<u>9,371</u>

12.1 According to the instructions of the Shariah Advisor, income earned by the Fund from prohibited sources should be donated to charitable purposes.

During the current period, Non Shariah compliant income amounting to Rs 0.685 million (2016: 0.05 million) was charged as an expense in the books of the Fund. This will be distributed as charity after the approval of Shariah Advisor. The dividend income is recorded net of haram portion.

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13 PROVISION FOR 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.

If the provision for SWWF had been made on December 31, 2016 it would have resulted in a decrease in the net asset value per unit of the Fund by Re 0.0789.

14 CONTINGENCIES AND COMMITMENTS

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

15 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.

16 NET ASSET VALUE PER UNIT

The net asset value (NAV) per unit, as disclosed in the condensed interim statement of assets and liabilities, is calculated by dividing the net assets of the Fund by the number of units in issue at the period / year end.

17 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.

18 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses incurred during the period divided by average net asset value for the period) is 2.9% p.a including 0.38% 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.

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19 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

19.1 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.

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

19.3 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.

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

	(Un-audited) December 31, 2016	(Un-Audited) Quarter ended December 31, 2016
19.5 Details of transactions with connected persons are as follows:	----- Rupees in '000 -----	
NBP Fullerton Asset Management Limited - Management Company		
Remuneration of the Management Company	17,117	10,195
Sindh sales tax on remuneration of the Management Company	2,225	1,325
Accounting and operational charges to the Management Company	856	510
Sales load paid to the Management Company	4,140	3,314
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	1,360	762
Sindh sales tax on remuneration of Trustee	177	99
Employees of the Management Company		
Units Issued / transferred in (2,893,188 units)	35,365	29,671
Units redeemed / transferred out (2,663,216 units)	33,316	26,321

	(Un-audited) December 31, 2016	Audited June 30, 2016
19.6 Amounts / balances outstanding as at period end:	----- Rupees in '000 -----	
NBP Fullerton Asset Management Limited - Management Company		
Management remuneration payable	4,181	1,926
Sindh sales tax on remuneration	544	313
Federal excise duty on remuneration	583	583
Front-end load payable	9,048	793
Sindh sales tax on front end load	1,557	129
Federal excise duty on front end load	1,189	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	856	182
Units held: 10,194,849 units (June 30, 2016: 10,194,849 units)	143,070	107,555

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	(Un-audited) December 31, 2016	Audited June 30, 2016
	----- Rupees in '000 -----	
Employees of the Management Company		
Units held: 640,539 units (June 30, 2016: 410,567 units)	8,989	4,331
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee	267	178
Sindh sales tax on the remuneration of trustee	65	25
Security deposit	100	100
Aamir Sattar - Director		
Units held: 16,322 units (June 30, 2016: Nil units)	229	-
Summit Bank Limited		
Bank Balances	1,835	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

20 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or liability can be settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are traded in an open market are revalued at the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from the carrying values as the items are either short term in nature or periodically repriced.

Fair value of investments is determined as follows:

- Investments in government securities are valued on the basis of average rates of brokers as announced by the Financial Markets Association of Pakistan.
- The fair values of all other financial assets and financial liabilities of the Fund approximate their carrying amounts due to short term maturities of these instruments.

20.1 Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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- Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities.
- Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at December 31, 2016, the Fund held the following financial instruments measured at fair value:

	As at December 31, 2016			
	Level 1	Level 2	Level 3	Total
Assets	-----Rupees in '000-----			
Investment - financial assets 'at fair value through profit or loss'				
- Listed equity securities	2,390,330	-	-	2,390,330
	As at June 30, 2016			
	Level 1	Level 2	Level 3	Total
Assets	-----Rupees in '000-----			
Investment - financial assets 'at fair value through profit or loss'				
- Listed equity securities	959,794	-	-	959,794

21 DATE OF AUTHORISATION FOR ISSUE

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

22 GENERAL

22.2 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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