

**AM2++**  
RATED BY S&P



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

## NAFA ISLAMIC AGGRESSIVE INCOME FUND

**QUARTERLY  
REPORT**  
**September  
30 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.

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# NAFA ISLAMIC AGGRESSIVE INCOME 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. Koh Boon San	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. Koh Boon San	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 Shakra-e-Faisal, Karachi.

### Bankers to the Fund

Al-Baraka Islamic Bank  
Bank Alfalah Limited  
Bank Al-Habib Limited  
Burj Bank Limited  
Dubai Islamic Bank Limited  
National Bank of Pakistan  
NIB Bank Limited  
Silk Bank Limited  
Meezan Bank Limited  
Habib Bank Limited  
Bank Islami Pakistan Limited  
Sindh Bank Limited  
Summit Bank Limited  
United Bank Limited  
Habib Metropolitan Bank Limited

# NAFA ISLAMIC AGGRESSIVE INCOME FUND

## **Auditors**

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

## **Legal Advisor**

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

## **Head Office:**

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

## **Lahore Office:**

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

## **Islamabad Office:**

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

## **Peshawar Office:**

Opposite Gul Haji Plaza, 2nd Floor  
National Bank Building  
University Road Peshawar,  
UAN: 091-111 111 632 (nfa)  
Fax: 091-5703202

## **Multan Office:**

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

# NAFA ISLAMIC AGGRESSIVE INCOME FUND

## DIRECTORS' REPORT

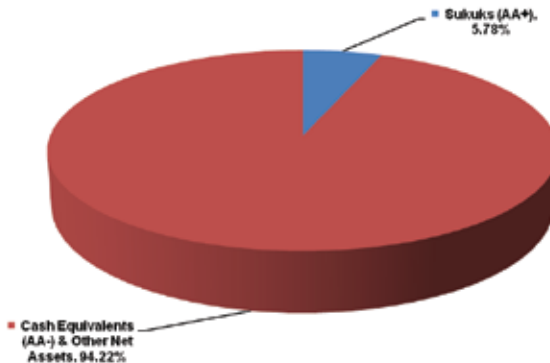
The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the unaudited financial statements of **NAFA Islamic Aggressive Income Fund (NIAIF)** for the quarter ended September 30, 2016.

### Fund's Performance

The size of NAFA Islamic Aggressive Income Fund has decreased from Rs. 2,567 million to Rs. 2,482 million during the quarter, i.e. a decrease of 3%. During the period under review, the unit price of the Fund has increased from Rs. 9.4856 on June 30, 2016 to Rs. 9.6165 on September 30, 2016, thus posting a return of 5.47% as compared to its Benchmark (1-year average deposit rates of three A rated Islamic Banks/Islamic windows of conventional banks as selected by MUFAP) return of 4.53%. The performance of the Fund is net of management fee and all other expenses.

NIAIF is categorized as Islamic Aggressive Income Scheme and has been awarded stability rating of A- (f) by PACRA. On the corporate debt sphere, trading activity in TFCs/Sukuks remained skewed towards high quality issues with total trade value touching around Rs 1.5 billion during the quarter. The trades were mainly concentrated in the Banking sector, making up 64% share. The State Bank of Pakistan (SBP) in its bi-monthly monetary policy announcements in July and September 2016 maintained the policy rate owing to YoY increase in monetary aggregates (M2), comfortable liquidity conditions coupled with record-high foreign exchange reserves and CPEC related projects gathering momentum. Besides, SBP also highlighted that the expected pick up in domestic demand, improvements in current & expected economic conditions and rise in consumer confidence are the main drivers for determining inflation during FY17. However, uncertain global oil price continues to remain a major risk along with challenged exports outlook, heavy scheduled foreign loan payments during FY17 and possible currency devaluation. We see pickup in inflation to 5.0% by year-end due to partial recovery in commodity prices, expected devaluation, and uptick in private sector borrowing.

The Fund has earned total income of Rs.40.68 million during the period. After accounting for expenses of Rs.6.87 million, the net income is Rs.33.81 million. The below chart presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NIAIF:



# NAFA ISLAMIC AGGRESSIVE INCOME FUND

## 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 28, 2016  
Place: Karachi.

## ڈائریکٹرز رپورٹ

NBP فلٹرن ایسیٹ منجمنٹ لمیٹڈ، بورڈ آف ڈائریکٹرز بصد مسرت 30 ستمبر 2016ء کو ختم ہونے والی سہ ماہی کے لیے INAFIA اسلامک ایگریسیو انکم فنڈ (NIAIF) کے غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرتا ہے۔

### فنڈ کی کارکردگی

NAFA اسلامک ایگریسیو انکم فنڈ کا سائز اس سہ ماہی کے دوران 2,567 ملین روپے سے گھٹ کر 2,482 ملین روپے ہو گیا ہے، یعنی 3% کمی۔ زیر جائزہ مدت کے دوران یونٹ کی قیمت 30 جون 2016 کو 9.4856 روپے سے بڑھ کر 30 ستمبر 2016 کو 9.6165 روپے تک پہنچ چکی ہے، %4.53 بیچ مارک (MUFAP) کے منتخب کردہ ریٹنگ والے تین اسلامک بینکس اور واپتی بینکوں کی اسلامک ونڈوز کے 1 سال کے اوسط ڈپازٹ ریٹ (منافع کے مقابلے میں %5.47 منافع درج کروایا۔ یہ کارکردگی منجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

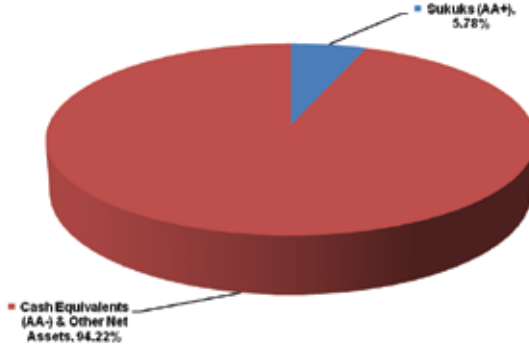
NIAIF کی درجہ بندی بطور اسلامک ایگریسیو انکم اسکیم کی گئی ہے اور اسے PACRA کی طرف سے A-(f) کی اسٹیٹیلٹی ریٹنگ دی گئی ہے۔ کاروباری قرض کے حلقے میں TFCs/سکوک میں تجارتی سرگرمیوں کا اعلیٰ کوالٹی اجرا کی کارروائیوں کی طرف جھکاؤ رہا، جن کے لین دین کی مجموعی مالیت اس سہ ماہی کے دوران تقریباً 1.5 ارب روپے ریکارڈ کی گئی۔ لین دین کا اصل ارتکاز بینکاری کے شعبے میں رہا جس کا حصہ %64 بنتا ہے۔ اسٹیٹ بینک آف پاکستان (SBP) نے اپنے جولائی اور ستمبر 2016 کے دو ماہی مالیاتی پالیسی بیانات میں پالیسی ریٹ برقرار رکھا جس کا بنیادی سبب مالیاتی مجموعوں (M2) میں سال بہ سال اضافہ لیکویڈٹی کی باسہولت صورت حال کے ساتھ زرمبادلہ کے ریکارڈ بلند ذخائر کے ساتھ سی پیک سے متعلق منصوبوں کی رفتار میں اضافہ ہے۔ علاوہ ازیں اسٹیٹ بینک آف پاکستان نے یہ بھی نشان دہی کی ہے کہ ملکی طلب میں متوقع اضافے، موجودہ اور متوقع اقتصادی صورت حال میں بہتری اور صارف کے اعتماد میں اضافہ مالی سال 2017 کے دوران افراط زر کے تعین کے لیے مرکزی محرکات ہیں۔ تاہم تیل کی غیر یقینی عالمی قیمتیں، برآمدات سے متعلق چینج آؤٹ اور مالی سال 2017 میں شیڈیول غیر ملکی قرضوں کی بھاری واپسی اور کرنسی کی قدر میں ممکنہ کمی کے ہمراہ بدستور بڑا خطرہ رہیں گی۔ ہم اشیائے صرف کی قیمتوں میں جزوی بحالی، روپے کی قدر میں متوقع کمی اور نجی شعبے کی طرف سے قرضوں میں اضافے کی وجہ سے سال کے اختتام تک افراط زر میں %5 تک معتدل اضافہ دیکھ رہے ہیں۔

فنڈ نے اس مدت کے دوران 40.68 ملین روپے آمدنی کمائی ہے۔ 6.87 ملین روپے اخراجات منہا کرنے کے بعد خالص آمدنی 33.81 ملین روپے ہے۔



# NAFA ISLAMIC AGGRESSIVE INCOME FUND

درج ذیل چارٹ NIAIF کی ایسیٹ ایلوکیشن اور اس کے ذیلی اثاثوں کے تمام درجوں کی پیمائش شدہ اوسط کریڈٹ ریٹنگ پیش کرتا ہے:-



## اظہارِ تشکر

بورڈ اس موقع کا فائدہ اٹھاتے ہوئے منجمنت کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر یونٹ ہولڈرز کا شکریہ 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 ڈسٹری بیوٹرز 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 منجمنت لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

بتاریخ

28 اکتوبر 2016

مقام: کراچی

# NAFA ISLAMIC AGGRESSIVE INCOME FUND

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2016

	Note	Un-Audited September 30, 2016	Audited June 30, 2016
(Rupees in '000)			
<b>ASSETS</b>			
Balances with banks		2,535,980	2,345,246
Investments	4	143,530	142,925
Profit receivable	5	18,755	11,482
Receiveable against conversion of units		40,799	296,770
Advances, deposits, prepayments and other receivables		244	276
<b>Total assets</b>		<b>2,739,308</b>	<b>2,796,699</b>
<b>LIABILITIES</b>			
Payable to Management Company		12,253	9,829
Payable to Trustee		578	291
Payable to Securities and Exchange Commission of Pakistan		479	1,382
Payable on redemption of units		226,612	-
Payable against conversion of units		-	202,495
Dividend Payable		-	601
Accrued expenses and other liabilities	6	17,050	15,353
<b>Total liabilities</b>		<b>256,972</b>	<b>229,951</b>
<b>Net Assets</b>		<b>2,482,336</b>	<b>2,566,748</b>
<b>Unit Holders' Funds (as per statement attached)</b>		<b>2,482,336</b>	<b>2,566,748</b>
<b>Commitments</b>	12	-	-
<b>Number of units in issue</b>		<b>258,132,085</b>	<b>270,595,371</b>
<b>Net asset value per unit</b>		<b>9.6165</b>	<b>9.4856</b>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ISLAMIC AGGRESSIVE INCOME FUND

## CONDENSED INTERIM INCOME STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2016 (UN-AUDITED)

	Note	Quarter Ended September 30, 2016	Quarter Ended September 30, 2015
(Rupees in '000)			
<b>INCOME</b>			
Gain on sale of investments - net		-	17
Income from sukuk and ijarah bonds		2,269	4,439
Profit on bank deposits		38,603	20,763
Net unrealised (diminution) / appreciation in the value of investments carried 'at fair value through profit or loss'		604	34
<b>Total Income</b>		<b>41,476</b>	<b>25,253</b>
<b>EXPENSES</b>			
Remuneration of the Management Company		3,868	2,944
Sindh Sales Tax on Management Fee		503	480
FED on Management Fee		-	471
Accounting and operational charges to the Management Company		638	-
Remuneration of the Trustee		757	464
Sindh Sales Tax on Trustee Fee		98	41
Annual fee - Securities and Exchange Commission of Pakistan		479	221
Settlement and bank charges		184	143
Annual listing fee		10	10
Auditors' remuneration		138	147
Printing Expense		25	25
Rating Fee		77	70
Shariah Advisor Fee		92	-
(Reversal ) of Impairment loss on sukuk bonds classified as investments 'available for sale'		-	(2,500)
<b>Total Expenses</b>		<b>6,869</b>	<b>2,516</b>
		<u>34,607</u>	<u>22,737</u>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		(798)	1,676
Provision for workers' welfare fund	7	-	-
<b>Net income for the period before taxation</b>		<u>33,809</u>	<u>24,413</u>
Taxation	11	-	-
<b>Net income for the period after taxation</b>		<u>33,809</u>	<u>24,413</u>
Earning per unit	9		

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ISLAMIC AGGRESSIVE INCOME FUND

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED SEPTEMBER 30, 2016 (UN-AUDITED)

	Quarter Ended September 30, 2016	Quarter Ended September 30, 2015
	(Rupees in '000)	
Net income for the period after taxation	33,809	24,413
<b>Other comprehensive income</b>		
Net unrealised appreciation / (diminution) during the period in the market value of investments classified as 'available for sale'	-	318
<b>Total comprehensive income for the period</b>	<u>33,809</u>	<u>24,731</u>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ISLAMIC AGGRESSIVE INCOME FUND

## CONDENSED INTERIM DISTRIBUTION STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2016 (UN-AUDITED)

	Quarter Ended September 30, 2016	Quarter Ended September 30, 2015
	(Rupees in '000)	
Undistributed income brought forward		
-Realised income	38,787	36,537
-Unrealised income	760	24
	<u>39,547</u>	<u>36,561</u>
Net income for the period	33,809	24,413
Element of income and capital gains included in prices of units issued less those in units redeemed - amount representing losses that form part of the unit holders' fund	-	22
Undistributed carried forward	<u>73,356</u>	<u>60,996</u>
Undistributed income comprising of :		
-Realised income	72,752	60,962
-Unrealised income	604	34
	<u>73,356</u>	<u>60,996</u>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ISLAMIC AGGRESSIVE INCOME FUND

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE QUARTER ENDED SEPTEMBER 30, 2016 (UN-AUDITED)

	Quarter Ended September 30, 2016	Quarter Ended September 30, 2015
	(Rupees in '000)	
Net assets at the beginning of the period	2,566,748	1,207,394
Issue of 144,734,557 units (September 30, 2015: 56,381,945 units)	1,381,884	538,760
Redemption of 157,197,843 units (September 30, 2015: 51,195,535 units)	(1,500,903) (119,019)	(487,923) 50,837
Element of (income) and capital (gains) included in prices of units issued less those in units redeemed		
- amount representing (gain) transferred to income statement	798	(1,676)
- amount representing (income) transferred to distribution statement	-	(22)
	798	(1,698)
Net unrealised appreciation / (diminution) during the year / period in the market value of investments classified as 'available for sale'	-	318
Net unrealised appreciation in the value of investments carried 'at fair value through profit or loss'	604	34
Gain / (loss) on sale of investments	-	17
Other income (net of expenses)	33,205 33,809	24,362 24,731
Element of income and capital gains included in prices of units issued less those in units redeemed - amount representing income that form part of the unit holders' fund	-	22
<b>Net assets as at the end of the period</b>	<u>2,482,336</u>	<u>1,281,286</u>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ISLAMIC AGGRESSIVE INCOME FUND

## CONDENSED INTERIM CASH FLOW STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2016 (UN-AUDITED)

	Note	Quarter Ended September 30, 2016	Quarter Ended September 30, 2015
(Rupees in '000)			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net income for the period		33,809	24,413
<b>Adjustments</b>			
Gain on sale of investments		-	(17)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net		798	(1,676)
Impairment loss on sukuk bonds classified as investments 'available for sale'		-	(2,500)
Net unrealised appreciation in the value of investments carried 'at fair value through profit or loss'		(604)	(34)
		<u>34,003</u>	<u>20,186</u>
<b>decrease / (increase) in assets</b>			
Investments		(1)	15,245
Profit receivable		(7,273)	(7,157)
Advances, deposits, prepayments and other receivables		32	40
		<u>(7,242)</u>	<u>8,128</u>
<b>Increase / (decrease) in liabilities</b>			
Payable to Management Company		2,424	731
Payable to Trustee		287	15
Payable to Securities and Exchange Commission of Pakistan		(903)	(351)
Accrued expenses and other liabilities		1,697	(2,908)
		<u>3,505</u>	<u>(2,513)</u>
<b>Net cash generated from operating activities</b>		<u>30,266</u>	<u>25,801</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Receipts from issue of units		1,637,855	807,536
Payments on redemption of units		(1,476,786)	(569,038)
Distributions paid		(601)	(5,701)
<b>Net cash generated from financing activities</b>		<u>160,468</u>	<u>232,797</u>
<b>Net increase in cash and cash equivalents during the period</b>		<u>190,734</u>	<u>258,598</u>
Cash and cash equivalents at the beginning of the period		2,345,246	999,642
<b>Cash and cash equivalents at the end of the period</b>		<u><u>2,535,980</u></u>	<u><u>1,258,240</u></u>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ISLAMIC AGGRESSIVE INCOME FUND

## NOTES TO AND FORMING PART OF THIS CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2016

### 1 LEGAL STATUS AND NATURE OF BUSINESS

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

Central Depository Company of Pakistan Limited (CDC) retired as the Trustee of the Fund and MCB Financial Services Limited (MCBFSL) was appointed as the new Trustee with effect from 22 November 2011. The SECP approved the appointment of MCBFSL as the Trustee in place of CDC and further approved the amendments to the Trust Deed vide its letter number SCD/AMCWING/VS/NIF/458/2011 dated 15 November 2011. Accordingly, the Trust Deed of the Fund was revised through a supplemental Trust Deed executed between the Management Company, CDC and MCBFSL. Thereafter, on August 25, 2014, CDC was re-appointed as the new Trustee of the Fund, after MCB-FSL retired on the prior day.

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 No. 4, Scheme No.5, Clifton, Karachi. Due to the fire incident at the registered office of the Management Company in the month of June 2016, its office has been temporarily shifted to 2nd floor, Ex - NDFC Building, Tariq Road, 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. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

The core objective of the Fund is to provide preservation of capital and earn a reasonable rate of return. The principal activity of the Fund is to make investments in Shariah compliant securities, having a good credit rating and liquidity subject to the guidelines prescribed by SECP.

The Pakistan Credit Rating Agency Limited has assigned an asset manager rating of AM2++ to the Management Company and a stability rating of A-(f) to the Fund.

Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

### 2 STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprises of such International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by SECP prevail. The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34, Interim Financial Reporting.

- 2.1 The directors of the Asset Management Company declare that these condensed interim financial statements give a true and fair view of the Fund.

### 3 SUMMARY OF ACCOUNTING POLICIES

The principal accounting policies adopted for the preparation of the financial statements for the quarter ended September 30, 2016 are same as those applied in the preparation of annual audited financial statements for the year ended June 30, 2016.



# NAFA ISLAMIC AGGRESSIVE INCOME FUND

	Note	Un-Audited September 30, 2016	Audited June 30, 2016
----- Rupees in '000 -----			
<b>4 INVESTMENTS</b>			
Available for sale			
Sukuk and Ijara bonds	4.1	-	-
At fair value through profit or loss - held for trading			
Sukuk and Ijara bonds	4.2	143,530	142,925
		<u>143,530</u>	<u>142,925</u>

## 4.1 Sukuk and Ijara bonds - available for sale

Name of the investee company	Number of certificates				Market value as at September 30, 2016	Investment as a percentage of		
	As at July 01, 2016	Purchases during the period	Sales / matured during the period	As at September 30, 2016		Net assets	Market value of net assets	Market value of total investments
Rupees in '000 ----- % -----								
New Allied Electronics Industries (Private) Limited-1st issue (note 4.1.2.1)	352,000	-	-	352,000	-	-	-	18.33
New Allied Electronics Industries (Private) Limited-2nd issue (note 4.1.2.1)	1,000	-	-	1,000	-	-	-	0.65
	<u>353,000</u>	-	-	<u>353,000</u>	-	-	-	
Cost of investments as at September 30, 2016					<u>114,905</u>			
Impairment losses / (gains)					<u>114,905</u>			

4.1.1 All sukuk bonds have a face value of Rs 5,000 each except sukuk bonds of New Allied Electronics (Private) Limited - 1st issue which have a face value of Rs 312.5.

4.1.2.1 These represent investments in privately placed Term Finance Certificates and Sukuk bonds of the investee company. These investments have been fully provided.

4.1.2.2 This represents investment in privately placed sukuk bonds. On 27 December 2011 i.e. the scheduled redemption date, profit redemption of Rs. 0.563 million was not received by the Fund. The amount of provision required as per SECP circular no. 01 of 2009 and circular 33 of 2012 has been maintained by valuing the investment in terms of the said circular.

## 4.2 Sukuk and Ijara bonds - At fair value through profit or loss - held for trading

Name of the investee company	Number of certificates				Market value as at September 30, 2016	Investment as a percentage of		
	As at July 01, 2016	Purchases during the period	Sales / matured during the period	As at September 30, 2016		Net assets	Market value of net assets	Market value of total investments
Rupees in '000 ----- % -----								
K-Electric Limited - AZM Sukuk (3 years)	3,000	-	-	3,000	15,218	0.61	10.60	0.40
K-Electric Limited - AZM Sukuk (5 years)	5,200	-	-	5,200	27,232	1.10	18.97	1.81
GOPIS-XVI	20,000	-	-	20,000	101,080	4.07	70.42	0.09
Total - September 30, 2016	<u>28,200</u>	-	-	<u>28,200</u>	<u>143,530</u>	<u>5.78</u>	<u>100.00</u>	
Carrying value of investments as at September 30, 2016					<u>142,925</u>			

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

# NAFA ISLAMIC AGGRESSIVE INCOME FUND

	(Un-audited) September 30, 2016	(Audited) June 30, 2016
	(Rupees in '000)	
<b>5 PROFIT RECEIVABLE</b>		
Profit on savings deposits	16,175	11,171
Income accrued on sukuk bonds - net	2,580	311
	<u>18,755</u>	<u>11,482</u>
<b>6 ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
Auditors' remuneration	538	400
Bank charges payable	174	101
Payable to brokers	22	22
Provision for Workers' Welfare Fund	2,944	2,944
Printing charges payable	100	75
Legal Fee	10	10
Settlement Charges	158	66
Withholding tax	5,290	5,080
Capital gain tax	7,215	6,148
Shariah Advisor Fee	287	195
Others	312	312
	<u>17,050</u>	<u>15,353</u>

## 7 PROVISION FOR WORKERS' WELFARE FUND

The Finance Act, 2015 incorporated an amendment in WWF Ordinance by excluding CIS from the definition of Industrial Establishment, and consequently CIS are no more liable to pay contribution to WWF with effect from July 1, 2015. Accordingly no further provision of WWF has been recorded subsequent to June 30, 2015.

However, without prejudice to the above and owing to the fact that the decision of Sindh High Court on the applicability of WWF (till June 30, 2015) to the CISs is currently pending for adjudication, the Management Company has decided to record and retain provision of WWF in financial statements for the quarter ended September 30, 2016 which aggregates to Rs. 2,944 million. Had the same not been made the net asset value per unit / return of the Fund would have been higher by Rs.0.0114 per unit respectively.

## 8 TRANSACTIONS WITH CONNECTED PERSONS

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

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

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

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

# NAFA ISLAMIC AGGRESSIVE INCOME FUND

----- (Un-Audited) -----  
 Quarter Ended September 30, 2016    Quarter Ended September 30, 2015  
 ----- (Rupees in '000) -----

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

<b>NBP Fullerton Asset Management Limited - Management Company</b>		
Management fee expense for the period	3,868	2,944
Sindh Sales Tax on Management Fee	503	480
FED on Management Fee	-	471
Reimbursement of operational expenses	638	
Front end load for the period	422	77
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee expense for the period	757	464
Sindh Sales Tax on Trustee Fee	98	-
CDS charges	2	61
<b>Mr. Khalid Mehmood - CFO</b>		
Units issued / transferred in 31,502 units (September 30, 2015: Nil units)	300	-
Units redeemed / transferred out 31,304 units (September 30, 2015: Nil units)	300	-
<b>Employees of the Management Company</b>		
Units issued / transferred in 2,346,356 units (September 30, 2015: 2,767,850 units)	22,467	26,344
Units redeemed / transferred out 1,896,008 units (September 30, 2015: 3,088,858 units)	18,133	29,388

(Un-Audited)    (Audited)  
 As at September 30, 2016    As at June 30, 2016  
 ----- (Rupees in '000) -----

## 8.2 Amounts outstanding as at quarter end

<b>NBP Fullerton Asset Management Limited - Management Company</b>		
Management fee payable	2,590	1,389
Sindh Sales Tax payable on Management Fee	334	223
FED payable on Management Fee	3,955	3,955
Sindh Sales Tax and Federal Excise Duty on sales load	1,078	1,026
Front end load	2,334	1,912
Accounting and operational charges to the Management Company	1,962	1,324
<b>Central Depository Company of Pakistan Limited - Ex Trustee</b>		
Remuneration payable	480	255
Sindh Sales Tax payable	98	36
Security deposits	100	100
<b>National Bank of Pakistan - Sponsor</b>		
Balance in current account	1,344	1,780
<b>Alexandra Fund Management Pte. Limited - Sponsor</b>		
Investment held by the Sponsor in the Fund (5,734,538 units; June 30, 2016: 5,734,538 units)	55,146	54,396
<b>Employees of Management Company</b>		
Investment held by the executives in the Fund (2,954,116 units; June 30, 2016: 2,503,769 units)	28,408	23,750

# NAFA ISLAMIC AGGRESSIVE INCOME FUND

	(Un-Audited) As at September 30, 2016	(Audited) As at June 30, 2016
	----- (Rupees in '000) -----	
<b>NAFA Government Securities Liquid Fund</b> Net receivable against conversion of units	-	90,906
<b>NAFA Asset Allocation Fund</b> Net payable against conversion of units	-	-
<b>NAFA Islamic Asset Allocation Fund</b> Net receivable / (payable) against conversion of units	-	22,710
<b>NAFA Income Opportunity Fund</b> Receivable against conversion of units	-	51,671
<b>NAFA Islamic Stock Fund</b> Net receivable / (payable) against conversion of units	-	71,918
<b>NAFA Money Market Fund</b> Net receivable against conversion of units	-	-
<b>NAFA Riba Free Savings Fund</b> Net receivable against conversion of units	-	32,866
<b>NAFA Stock Fund</b> Net receivable against conversion of units		24,561
<b>NAFA Islamic Energy Fund</b> Net (payable) against conversion of units		(202,495)
<b>NAFA Islamic Principal Preservation Fund</b> Net receivable against conversion of units		2,138

## 9 EARNING PER UNIT

Earning per unit (EPU) for the quarter ended September 30, 2016 has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

## 10 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses incurred during the period divided by Average net assets value for the period) is 1.08% p.a. including 0.17% representing government levies on collective Investment scheme such as Sales tax, Worker's Welfare Fund and Securities & Exchange Commission of Pakistan fee for the period.

## 11 TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. The Fund has not recorded a tax liability in respect of income relating to the current period as the management company has decided to distribute at least 90 percent of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders.

## 12 COMMITMENTS

There were no commitments as on September 30, 2016 and June 30, 2016.

## 13 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on 28 October 2016.

## 14 GENERAL

14.1 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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