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

NAFA ISLAMIC AGGRESSIVE INCOME 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.

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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. 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 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:

7th 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 reviewed financial statements of **NAFA Islamic Aggressive Income Fund (NIAIF)** for the half year ended December 31, 2016.

Fund's Performance

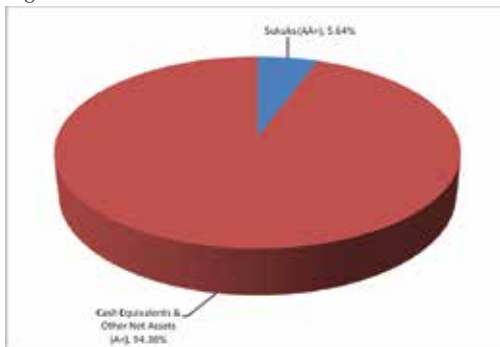
The size of NAFA Islamic Aggressive Income Fund was recorded at Rs. 2,566 million as on December 31, 2016. The unit price of the Fund has increased from Rs. 9.4856 on June 30, 2016 to Rs. 9.7459 on December 31, 2016, thus showing return of 5.4% as compared to its benchmark return of 4.5% for the same period. The performance of the Fund is net of management fee and other expenses.

Besides, Securities & Exchange Commission of Pakistan (SECP) has approved the change in category of NAFA Islamic Aggressive Income Fund from Islamic Aggressive Income Fund to Islamic Income Fund w.e.f. March 14, 2017. Consequently name of NAFA Islamic Aggressive Income Fund will be NAFA Islamic Income Fund from March 14, 2017.

At present, NIAIF is categorized an Islamic Aggressive Income Scheme and has been awarded stability rating of 'A-(f)' by PACRA. State Bank of Pakistan (SBP) maintained discount rate and policy rate at 6.25% and 5.75% respectively during the period under review. SBP cited improvement in macroeconomic stability, comfortable liquidity conditions coupled with healthy reserve accumulation, manageable inflationary backdrop, and CPEC related projects gathering momentum being balanced against latent risks to external accounts/factors. However, there are risks to the external account emanating from expected increase in commodity/global oil prices, confluence of declining remittances, challenged exports outlook and mounting external debt levels that may imperil the medium-term sustainability of the Balance of Payments position and warrant decisive policy action. Long-term sovereign yields witnessed an average increase of around 50 basis points, reflecting an uptick in inflation and interest rates.

Trading activity in corporate debt securities (TFCs & Sukuks) remained thin and was recorded at around Rs. 5 billion during the reported period. Demand for the high credit quality corporate bonds issuance was again witnessed. All TFCs/Sukuks in the Fund are floating rate linked to KIBOR, mitigating the interest rate risk.

The Fund has earned total income of Rs.82.81 million during the period. After accounting for expenses of Rs.14.27 million, the net income is Rs.68.54 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: February 28, 2017
Place: Karachi.

ڈائریکٹرز رپورٹ

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

فنڈ کی کارکردگی

NAFA اسلامک ایگریسیو انکم فنڈ کا سائز 31 دسمبر 2016ء کو 2,566 ملین روپے ریکارڈ کیا گیا۔ فنڈ کے پونٹ کی قیمت 30 جون 2016ء کو 9.4856 روپے سے بڑھ کر 31 دسمبر 2016ء کو 9.7459 روپے تک پہنچ چکی ہے، اسی مدت کے لیے 4.5% بیچ مارک منافع کے مقابلے میں 5.4% منافع درج کیا گیا۔ یہ کارکردگی منجمنٹ فیس اور دیگر تمام اخراجات کے بعد حاصل ہے۔

سیورٹی پیئر اینڈ ایکٹیو کیچنگ کمیشن آف پاکستان (SECP) نے NAFA اسلامک ایگریسیو انکم فنڈ کی ایک قسم کو اسلامک ایگریسیو انکم فنڈ سے اسلامک انکم فنڈ میں تبدیل کی منظوری دی ہے، یہ تبدیلی 14 مارچ 2017ء سے لاگو ہوگی۔ جس کے نتیجے میں NAFA اسلامک ایگریسیو انکم فنڈ کا نام 14 مارچ 2017ء سے NAFA اسلامک انکم فنڈ ہوگا۔

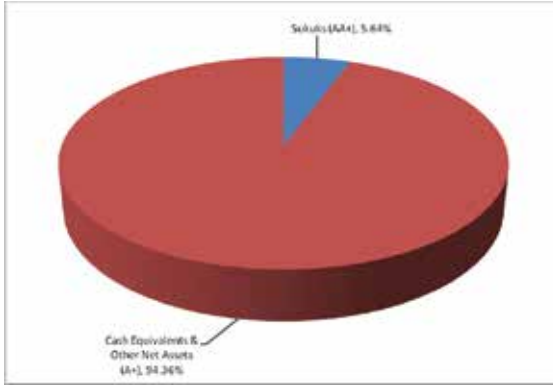
موجودہ دور میں NIAIF کی درجہ بندی بطور اسلامک ایگریسیو انکم اسکیم گئی ہے اور اسے PACRA کی طرف سے A-(f) کی اسٹیبلٹی ریننگ دی گئی ہے۔ اسٹیٹ بینک آف پاکستان (SBP) نے زیر غور مدت کے دوران رعایت اور پالیسی کی شرح بالترتیب 6.25% اور 5.75% برقرار رکھی۔ SBP نے حوالہ دیا کہ معاشی استحکام میں بہتری، یکویڈیٹی کی باسہولت صورت حال کے ساتھ صحت مند سرمایہ کی ایکویلیٹیشن، انتظامی افراط زر کے پس منظر میں اور CPEC سے متعلقہ منصوبے کی رفتار میں ہونے والا اضافہ بیرونی اکاؤنٹ اور عوامل کے پوشیدہ خطرات سے تناسب میں ہے۔ تاہم بیرونی اکاؤنٹ کو لاحق خطرات عالمی تیل اور ایشیا بصرے کی قیمتوں میں متوقع اضافہ، گرتی ہوئی ترسیلات کلاماپ، برآمدات سے متعلق چیلنج انگیز امکانات اور بیرونی قرض کی سطح سے نکلنے میں جو BOP پوزیشن کے وسط مدتی پائیداری کو خطرے میں ڈالتا ہے اور فیصلہ کن پالیسی کی کاروائی کا ضامن ہے۔ طویل المیعاد و خوشحار پیداوار میں تقریباً 50 بیس پوائنٹ کا اوسط اضافہ دیکھا گیا، جو افراط زر اور سود کی شرح میں معتدل اضافے کی عکاسی کرتا ہے۔

کارپوریٹ ڈیپٹ سیکیورٹیز (TFCs اور سکوک) میں ہونے والی تجارتی سرگرمیوں میں جھکاؤ دیکھنے میں آیا اور تقریباً 5 ملین روپے پر ریکارڈ کیا۔ اعلیٰ کریڈٹ معیاری کارپوریٹ بانڈ کی اجراء کے مطالبہ کا رجحان دوبارہ دیکھنے میں آیا۔ فنڈ میں تمام TFCs اور سکوک رواں شرح ہیں جو کہ KIBOR سے منسلک ہیں، جو سود کی شرح میں خطرے کی کمی کا باعث ہے۔

فنڈ نے اس مدت کے دوران 82.81 ملین روپے آمدنی کمائی ہے۔ 14.27 ملین روپے اخراجات منہا کرنے کے بعد خالص آمدنی 68.54 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 منجنت کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر یونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سیکورٹیز اینڈ ایگریگیشن 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 ٹرسٹی کی طرف سے محنت، لگن اور عزم کے مظاہرے پر اپنا خراجِ تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز
NBP فلٹن ایسیٹ منجنت لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

بتاریخ

28 فروری 2017

مقام: کراچی

NAFA ISLAMIC AGGRESSIVE INCOME FUND

REPORT OF THE TRUSTEE TO THE UNIT HOLDERS NAFA ISLAMIC AGGRESSIVE INCOME 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 Aggressive Income 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
Officiating Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 27, 2017

NAFA ISLAMIC AGGRESSIVE INCOME FUND

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 Aggressive Income Fund** (the 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, condensed interim cash flow statement and notes to the accounts for the half year ended December 31, 2016 (here-in-after referred to as the 'condensed interim financial information'). NBP Fullerton Asset Management Limited (the Management Company) is responsible for the preparation and presentation of this condensed interim financial information in accordance with the 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 in the condensed interim financial information for the quarter ended December 31, 2016 have not been reviewed by us, 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 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 the approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matter

The condensed interim financial information of the Fund for the half year ended December 31, 2015 and the annual financial statements of the Fund for the year ended June 30, 2016 were reviewed and audited respectively by another firm of Chartered Accountants who, through their report dated February 26, 2016 and September 23, 2016 expressed an unqualified conclusion and opinion respectively thereon.

Deloitte Yousuf Adil
Chartered Accountants

Engagement Partner
Naresh Kumar

Date: February 28, 2017
Place: Karachi

NAFA ISLAMIC AGGRESSIVE INCOME 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			
Balance with banks	4	2,429,260	2,345,246
Investments	5	144,708	142,925
Markup accrued		15,417	11,482
Receivable against transfer of units		-	296,770
Deposit, prepayments and other receivables		160	276
Total assets		<u>2,589,545</u>	<u>2,796,699</u>
LIABILITIES			
Payable to NBP Fullerton Asset Management Limited - Management Company	6	8,796	9,829
Payable to Central Depository Company of Pakistan Limited - Trustee	7	323	291
Payable to the Securities and Exchange Commission of Pakistan	8	1,024	1,382
Payable against transfer of units		-	202,495
Dividend payable		-	601
Accrued expenses and other liabilities	9	13,204	15,353
Total liabilities		<u>23,347</u>	<u>229,951</u>
NET ASSETS		<u>2,566,198</u>	<u>2,566,748</u>
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		<u>2,566,198</u>	<u>2,566,748</u>
Contingencies and commitments	10	-----Number of units-----	
Number of units in issue		<u>263,311,860</u>	<u>270,595,371</u>
		------(Rupees)-----	
Net asset value per unit		<u>9.7459</u>	<u>9.4856</u>

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC AGGRESSIVE INCOME FUND

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

Note	Half year ended		Quarter ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
----- Rupees in '000 -----				
INCOME				
Return / mark-up on:				
- bank balances	81,141	47,805	42,538	27,042
- sukuks	4,533	9,315	2,264	4,876
Net gain on sale of investments	-	17	-	-
Net unrealised gain on re-measurement of investments at fair value through profit or loss - held for trading	5.3	1,783	1,289	1,163
Reversal of provision against non-performing sukuks classified as 'available for sale'		-	-	2,500
		5,000		
Total income	87,457	63,334	46,091	35,581
EXPENSES				
Remuneration of NBP Fullerton Asset Management Limited - Management Company	6.1	8,225	6,771	4,357
Sindh Sales Tax on remuneration of the Management Company	6.2	1,069	1,102	566
Federal Excise Duty on remuneration of the Management Company	6.3	-	1,084	-
Reimbursement of operational expenses to the Management Company	6.4	1,366	183	728
Remuneration of Central Depository Company of Pakistan Limited - Trustee	7.1	1,589	1,024	832
Sindh Sales Tax on remuneration of the Trustee	7.2	207	143	109
Annual fee to the Securities and Exchange Commission of Pakistan	8.1	1,024	526	545
Settlement and bank charges		74	254	-
Auditors' remuneration		346	287	208
Fund rating fee		143	139	66
Annual listing fee		28	20	18
Printing charges		50	50	25
Shariah advisor fee		150	-	58
Other expenses		-	5	-
Total expenses		14,271	11,588	7,512
Net income from operating activities		73,186	51,746	38,579
Net element of loss and capital losses included in prices of units issued less those in units redeemed		(4,648)	(215)	(3,850)
Net income for the period before taxation		68,538	51,531	34,729
Taxation	12	-	-	-
Net income for the period after taxation		68,538	51,531	34,729
Earnings per unit	13			

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC AGGRESSIVE INCOME FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

	Half year ended		Quarter ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	----- Rupees in '000 -----			
Net income for the period after taxation	68,538	51,531	34,729	27,118
Other comprehensive income				
Items that may be reclassified subsequently to the income statement:				
Net unrealised gain on re-measurement of investments classified as available for sale	-	1,778	-	1,460
Total comprehensive income for the period	<u>68,538</u>	<u>53,309</u>	<u>34,729</u>	<u>28,578</u>

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC AGGRESSIVE INCOME FUND

CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

	Half year ended		Quarter ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
----- Rupees in '000 -----				
Undistributed income brought forward comprising of:				
- realised income	38,787	36,537	72,752	60,962
- unrealised income	760	24	604	34
	39,547	36,561	73,356	60,996
Net income for the period	68,538	51,531	34,729	27,118
Net element of income and capital gains included in the prices of units issued less those in units redeemed	-	217	-	195
Undistributed income carried forward	<u>108,085</u>	<u>88,309</u>	<u>108,085</u>	<u>88,309</u>
Undistributed income carried forward comprising of:				
- realised income	106,302	87,112	106,796	87,146
- unrealised income	1,783	1,197	1,289	1,163
	<u>108,085</u>	<u>88,309</u>	<u>108,085</u>	<u>88,309</u>

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

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 (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

	Half year ended		Quarter ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	Rupees in '000			
Net assets at the beginning of the period [Rs. 9.4856 per unit (June 30, 2015: Rs. 9.4745 per unit)]	2,566,748	1,207,394	2,482,336	1,281,286
Issuance of 411,026,531 units (December 31, 2015: 188,269,151 units)	3,959,016	1,823,019	2,577,132	1,284,259
Redemption of 418,310,042 units (December 31, 2015: 172,896,259 units)	(4,032,752)	(1,677,366)	(2,531,849)	(1,189,443)
	(73,736)	145,653	45,283	94,816
Net element of loss and capital losses included in prices of units issued less those in units redeemed - transferred to income statement	4,648	215	3,850	1,891
Net element of income and capital gains included in prices of units issued less those in units redeemed - transferred to distribution statement	-	(217)	-	(195)
Total comprehensive income for the period	68,538	53,309	34,729	28,578
Net element of income and capital gains included in prices of units issued less those in units redeemed - amount representing income that forms part of the unit holders fund	-	217	-	195
Net assets as at the end of the period [Rs. 9.7459 per unit (December 31, 2015: Rs. 9.8493 per unit)]	2,566,198	1,406,571	2,566,198	1,406,571

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC AGGRESSIVE INCOME FUND

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

	Half year ended		Quarter ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	Rupees in '000			
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period before taxation	68,538	51,531	34,729	27,118
Adjustments:				
Return / mark-up on:				
- bank balances	(81,141)	(47,805)	(42,538)	(27,042)
- sukuku	(4,533)	(9,315)	(2,264)	(4,876)
Net unrealised gain on re-measurement of investments at fair value through profit or loss - held for trading	(1,783)	(1,197)	(1,289)	(1,163)
Reversal of provision against non-performing sukuku classified as 'available for sale'	-	(5,000)	-	(2,500)
Net element of loss and capital losses included in prices of units issued less those in units redeemed	4,648	215	3,850	1,891
	(14,271)	(11,571)	(7,512)	(6,572)
(Increase) / decrease in assets				
Investments - net	-	(108,192)	-	(123,420)
Deposit, prepayments and other receivables	116	119	83	79
	116	(108,073)	83	(123,341)
Increase / (decrease) in liabilities				
Payable to the Management Company	(1,033)	2,250	(3,457)	1,519
Payable to the Trustee	32	79	(255)	64
Payable to the Securities and Exchange Commission of Pakistan	(358)	(46)	545	305
Accrued expenses and other liabilities	(2,149)	(3,241)	(3,734)	(333)
	(3,508)	(958)	(6,901)	1,555
Mark-up on bank balances received	77,231	40,897	43,632	23,982
Mark-up on sukuku received	4,508	9,337	4,508	8,207
Net cash generated from / (used in) operating activities	64,076	(70,368)	33,810	(96,169)
CASH FLOWS FROM INVESTING ACTIVITIES				
Net cash generated from investing activities	-	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES				
Amounts received on issuance of units	4,255,786	2,082,911	2,617,931	1,275,375
Amounts paid on redemption of units	(4,235,247)	(1,760,878)	(2,758,461)	(1,191,840)
Distributions paid	(601)	(5,701)	-	-
Net cash generated from / (used in) financing activities	19,938	316,332	(140,530)	83,535
Net increase / (decrease) in cash and cash equivalents during the period	84,014	245,964	(106,720)	(12,634)
Cash and cash equivalents at the beginning of the period	2,345,246	999,642	2,535,980	1,258,240
Cash and cash equivalents at the end of the period	2,429,260	1,245,606	2,429,260	1,245,606

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC AGGRESSIVE INCOME 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 Aggressive Income 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 August 20, 2007 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on August 17, 2007 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). The Trust Deed was amended through first supplemental trust deed executed for the change of name and categorisation of the Fund as shariah-compliant aggressive fixed income scheme as per the criteria for categorization of open end collective investment scheme as specified by SECP and other allied matters. CDC retired as the Trustee of the Fund and MCB Financial Services Limited (MCBFSL) was appointed as the new Trustee with effect from November 22, 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/ NIAIF/459/2011 dated November 15, 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 July 17, 2014 CDC was re-appointed as the new Trustee of the Fund, after MCBFSL retired on 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 SECP. The registered office of the Management Company is situated at 7th floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi.

The Fund is an open-ended mutual fund and classified as sharia compliant "aggressive fixed income" scheme by the Management Company 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.

Management Company has obtained approval of SECP, pursuant to which the category of the Fund will be changed from shariah compliant aggressive fixed income scheme to 'shariah compliant income scheme' and the name of the Fund will be 'NAFA Islamic Income Fund' with effect from March 14, 2017.

The objective of the Fund is to provide preservation of capital and earn a reasonable rate of return by investing in Shariah compliant securities, having a good credit rating and liquidity.

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

Title of the assets of the Fund is held in the name of CDC as a trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984, 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 the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of the IFRS the requirements of NBFC Rules, the NBFC Regulations or the directives issued by the SECP shall prevail.

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 annual financial statements of the Fund for the year ended June 30, 2016.

In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information give a true and fair view of the state of the Fund's affairs as at December 31, 2016.

NAFA ISLAMIC AGGRESSIVE INCOME FUND

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except for investments which are stated at fair value.

2.3 Functional and presentation currency

This condensed interim financial information is presented in Pak Rupees, which is the functional and presentation currency of the Fund.

2.4 Estimates and judgments

The preparation of this condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, significant judgments made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2016.

2.5 Financial risk management

The Fund's risk management objectives and policies are consistent with those objectives and policies which were disclosed in the financial statements of the Fund as at and for the year ended June 30, 2016.

3 SIGNIFICANT ACCOUNTING POLICIES

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

	Note	(Un-audited) December 31, 2016	Audited June 30, 2016
4 BALANCE WITH BANKS		----- Rupees in '000 -----	
Current accounts			
Saving accounts	4.1	9,332	57,224
		2,419,928	2,288,022
		<u>2,429,260</u>	<u>2,345,246</u>

4.1 This includes Rs. 103.99 million pertaining to amounts from other collective investment schemes being managed by the Management Company in respect of units issued to various unit holders based on their request for transfer of units from other collective investment scheme to the Fund which have been cleared subsequent to the period end.

4.2 These saving accounts have an expected mark-up at rates ranging from 5.00% to 6.75% per annum (June 30, 2016: 4.50% to 7.90% per annum).

	Note	(Un-audited) December 31, 2016	Audited June 30, 2016
5 INVESTMENTS		----- Rupees in '000 -----	
At fair value through profit or loss - held for trading			
Sukuks	5.1	144,708	142,925
Available for sale			
Sukuks	5.2	-	-
		<u>144,708</u>	<u>142,925</u>

NAFA ISLAMIC AGGRESSIVE INCOME FUND

5.1 Sukus - At fair value through profit or loss - held for trading

Description	Number of certificates				Market value as at December 31, 2016	Investment as a percentage of			
	As at July 01, 2016	Purchases during the period	Sales / matured during the period	As at December 31, 2016		Net assets	Market value of net assets	Market value of total investments	Issue Size

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

All sukus have a face value of Rs. 5,000 each except for GoP Ijara Sukus which have face value of Rs. 100,000 each.

K-Electric Limited - AZM Sukuk (3 years)	3,000	-	-	3,000	15,130	0.01	10.46	0.00	0.40
K-Electric Limited - AZM Sukuk (5 years)	5,200	-	-	5,200	27,128	0.01	18.75	0.00	1.73
GoP Ijara Sukuk - XVI	1,000	-	-	1,000	102,450	0.04	70.80	0.00	0.09

144,708

Carrying value before mark to market as at December 31, 2016

142,925

5.1.1 Other particulars of sukus outstanding as at December 31, 2016 are as follows:

Description	Face value (unredeemed)	Profit rate per annum	Issue date	Maturity date
-------------	-------------------------	-----------------------	------------	---------------

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

K-Electric Limited - AZM Sukuk (3 years)	5,000	2.25% + 3 month KIBOR	19-Mar-14	19-Mar-17
K-Electric Limited - AZM Sukuk (5 years)	5,000	2.75% + 3 month KIBOR	19-Mar-14	19-Mar-19
GoP Ijara Sukuk - XVI	100,000	5.45%	18-Dec-15	18-Dec-18

5.2 Sukus - Available for sale

Name of the investee company	Note	Number of certificates				Market value as at December 31, 2016	Investment as a percentage of			
		As at July 01, 2016	Purchases during the period	Sales / matured during the period	As at December 31, 2016		Net assets	Market value of net assets	Market value of total investments	Issue size

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

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

New Allied Electronics Industries (Private) Limited Sukuk 1	5.2.1	352,000	-	-	352,000	-	-	-	14.67
New Allied Electronics Industries (Private) Limited Sukuk 2	5.2.1	1,000	-	-	1,000	-	-	-	0.65

-

Carrying value as at December 31, 2016

114,905

Accumulated impairment

114,905

5.2.1 These represent investment in privately placed sukus with a term of five years. The investee company had defaulted on its obligation on account of principal and profit payment and accordingly has been classified as non performing asset by MUFAP since January 9, 2009. The amount of provision as per circular no. 1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circulars.

5.2.2 Other particulars of sukus outstanding as at December 31, 2016 are as follows:

Name of the investee company	Face value (unredeemed)	Profit rate per annum	Issue date	Maturity date
------------------------------	-------------------------	-----------------------	------------	---------------

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

New Allied Electronics Industries (Private) Limited - Sukuk 1	313	2.60% + 3 month KIBOR	27-Jul-07	27-Jul-12
New Allied Electronics Industries (Private) Limited - Sukuk 2	4,905	2.20% + 6 month KIBOR	3-Dec-07	3-Dec-12

NAFA ISLAMIC AGGRESSIVE INCOME FUND

	Note	(Un-audited) December 31, 2016	(Audited) June 30, 2016
----- Rupees in '000 -----			
5.3 Net unrealised gain on re-measurement of investments at fair value through profit or loss - held for trading			
Market value of investments	5.1	144,708	142,925
Less: carrying value of investments before mark to market	5.1	(142,925)	(142,189)
		<u>1,783</u>	<u>736</u>
5.4 Net unrealised gain on re-measurement of investments classified as 'available for sale'			
Market value of investments	5.2	-	-
Less: carrying value of investments	5.2	(114,905)	(114,905)
Add: provision against non-performing sukus		114,905	114,905
		<u>-</u>	<u>-</u>
6 PAYABLE TO NBP FULLERTON ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Remuneration of the Management Company	6.1	1,436	1,389
Sindh Sales Tax on remuneration of the Management Company	6.2	184	223
Federal Excise Duty on remuneration of the Management Company	6.3	3,955	3,955
Operational expenses	6.4	1,366	1,324
Sales load		945	1,912
Sindh Sales Tax and Federal Excise Duty on sales load		910	1,026
		<u>8,796</u>	<u>9,829</u>

- 6.1** Under the provisions of the NBFC Regulations, the Management Company of the Fund was entitled to a remuneration during the first five years of a Fund, of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such assets provided that Management Company may charge performance based or fixed fee or the combination of both which shall not exceed the limit prescribed in the NBFC Regulations and such fee structure shall be disclosed in the offering document.

On November 25, 2015 SECP has made certain amendments in the NBFC Regulations through S.R.O 1160(1)/2015. As per the provisions of amended NBFC Regulations, the applicable rate has been changed from 2% to 1.5%."

The Management Company has charged management remuneration at the rate of 1% per annum until December 6, 2015. Thereafter from December 7, 2015, the Management Company has revised their policy for charging management remuneration as per the table given below:

Management remuneration (as % of net income *)	Minimum management remuneration (as % of average net asset value)	Maximum management remuneration (as % of average net asset value)
10.00%	0.50%	1.00%

* Net income = Gross income - all expenses of the Fund excluding Management remuneration and related Sales Tax and Federal Excise Duty thereon.

Management remuneration is paid on a monthly basis in arrears.

- 6.2** This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (June 30, 2016: 14%) on remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.

NAFA ISLAMIC AGGRESSIVE INCOME FUND

- 6.3 As per the requirement 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 from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan with the Sindh High Court (SHC) on September 04, 2013.

While disposing the above petition through order dated July 16, 2016, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from July 01, 2011. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for the decision.

Further, the Finance Act 2016, also introduced an amendment to the Federal Excise Act, 2015 whereby FED was withdrawn on services of different industries including Non-Banking Financial Institutions, which are already subject to provisional sales tax.

"However, since the appeal is pending in Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, is carrying provision for FED aggregating to Rs. 3.95 million as at December 31, 2016.

Had the provision not being made, the net asset value per unit as at December 31, 2016 would have been higher by Rs. 0.0150 per unit (June 30, 2016: Rs. 0.0146 per unit)."

- 6.4 This represents reimbursement of certain expenses to the Management Company. As per regulation 60(3)(s) of the NBFC Regulations, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the scheme, maximum up to 0.1% of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged 0.1% of the average annual net assets, being the lower amount, to the Fund.

	Note	(Un-audited) December 31, 2016	Audited June 30, 2016
----- Rupees in '000 -----			
7	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE		
	Remuneration of the Trustee	7.1	286
	Sindh Sales Tax on remuneration of the Trustee	7.2	37
		323	291

- 7.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per tariff specified therein, based on the net assets of the Fund. The remuneration is payable to the Trustee monthly in arrears.

Tariff structure applicable to the Fund as at December 31, 2016 is as follows:

Net asset value	Tariff per annum
Upto Rs. 1,000 million	0.17% per annum of net asset value.
"On amount exceeding Rs. 1,000 million to Rs. 5,000 million"	Rs. 1.7 million plus 0.085% per annum of net asset value exceeding Rs. 1,000 million.
On amount exceeding Rs. 5,000 million	Rs. 5.1 million plus 0.07% per annum of net asset value exceeding Rs. 5,000 million.

- 7.2 This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (June 30, 2016: 14%) on remuneration of the Trustee through the Sindh Sales Tax on Services Act, 2011.

NAFA ISLAMIC AGGRESSIVE INCOME FUND

8 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

- 8.1 Under the provisions of the NBFC Regulations, a collective investment scheme categorised as "income scheme" is required to pay as annual fee to the Securities and Exchange Commission of Pakistan, an amount equal to 0.075 percent of the average annual net assets of the Fund. The fee is paid annually in arrears.

	Note	(Un-audited) December 31, 2016	Audited June 30, 2016
----- Rupees in '000 -----			
9 ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration		346	400
Provision for Workers' Welfare Fund	11	2,944	2,944
Settlement charges		65	66
Withholding tax		1,294	5,080
Capital gains tax		7,666	6,148
Legal and professional charges		-	10
Bank charges		57	101
Brokerage payable		22	22
Printing charges		66	75
Shariah advisor fee		345	195
Others		399	312
		13,204	15,353

10 CONTINGENCIES AND COMMITMENTS

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

11 PROVISION FOR WORKERS' WELFARE FUND AND SINDH WORKERS' WELFARE FUND

The Finance Act, 2008 introduced amendments to the Workers' Welfare Fund Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Peshawar High Court. The Honourable Supreme Court of Pakistan vide its judgment dated November 10, 2016, has upheld the view of Lahore High Court and decided that Workers Welfare Fund (WWF) is not a tax and hence the amendments introduced through Finance Act, 2008 are ultra-vires to the Constitution. The Federal Board of Revenue has filed Civil Review Petitions in respect of above judgment with the prayer that the judgment dated November 10, 2016 passed in the Civil Appeal may kindly be reviewed in the interest of justice.

Furthermore, 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. 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. MUFAP wrote to 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. 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. 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 WWF and SWWF on mutual funds and considering the legal opinion obtained on these matters, MUFAP has recommended the following to all its members on January 12, 2017:

- The entire provision against the Federal WWF held by the mutual funds till June 30, 2015, to be reversed on January 12, 2017; and

- 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).

NAFA ISLAMIC AGGRESSIVE INCOME FUND

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

The above decisions were 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 MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the mutual funds. Accordingly, the Fund has recorded these adjustments in its books on January 12, 2017.

The net effect of the above two adjustments if these had been made on December 31, 2016 would have resulted in an increase in the net asset value per unit of the Fund by Rs. 0.0027.

12 TAXATION

The Fund's income is exempt from income tax as per clause 99 of Part I of the Second Schedule of 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 amongst the unit holders (excluding distribution made by issuance of bonus units). Furthermore, as per regulation 63 of the NBFC Regulations, the Fund is required to distribute ninety percent of accounting income other than capital gains whether realised or unrealised to the unit holders. The Fund intends to distribute such accounting income for the year ending June 30, 2017 to its unit holders. Accordingly, no provision in respect of taxation has been made in the current period.

The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

13 EARNINGS PER UNIT

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

14 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses incurred during the period divided by average net assets for the period) is 1.04% per annum including 0.17% representing government levies on collective investment scheme such as Sales tax and Securities and Exchange Commission of Pakistan fee for the period.

15 TRANSACTIONS WITH CONNECTED PERSONS AND RELATED PARTIES

15.1 Connected persons and related parties include NBP Fullerton Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan being the Parent of the Management Company and Alexandra Fund Management Pte. Limited being the sponsor of the Management Company. It also includes associated companies of Management Company due to common directorship, post-employment benefit funds of the Management Company, its parent and sponsor. It also includes subsidiaries and associated companies of the Parent of the Management Company and other collective investment schemes (CIS) managed by the Management Company, directors and key management personnel of the Management Company and any person or company beneficially owning directly or indirectly 10% or more of the units in issue / net assets of the Fund.

15.2 The transactions with connected persons and related parties are carried out in the normal course of business, at contracted rates and terms determined in accordance with the market norms.

15.3 Remuneration of the Management Company is determined in accordance with the provisions of the NBFC Regulations.

15.4 Remuneration of the Trustee is determined in accordance with the provisions of the Trust Deed.

NAFA ISLAMIC AGGRESSIVE INCOME FUND

(Unaudited)

Half year ended		Quarter ended	
December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
----- (Rupees in '000) -----			

15.5 Details of transactions with connected persons and related parties are as follows:

NBP Fullerton Asset Management Limited (Management Company)

Remuneration of the Management Company	8,225	6,771	4,357	3,827
Sindh Sales Tax on remuneration of the Management Company	1,069	1,102	566	622
Federal Excise Duty on remuneration of the Management Company	-	1,084	-	613
Reimbursement of operational expenses to the Management Company	1,366	183	728	183
Sales load including Sindh Sales Tax and Federal Excise Duty	1,253	401	629	324

Central Depository Company of Pakistan Limited (Trustee)

Remuneration of the Trustee	1,589	1,024	832	560
Sindh Sales Tax on remuneration of the Trustee	207	143	109	102
CDS charges	-	73	-	12

National Bank of Pakistan (Parent of the Management Company)

Units issued / transferred in Nil (2015: 61,688,034 units)	-	600,000	-	600,000
Units redeemed / transferred out Nil (2015: 61,688,034 units)	-	605,184	-	605,184

Employees of the Management Company

Units issued / transferred in 4,568,455 units (2015: 5,419,141 units)	43,976	52,115	21,509	25,771
Units redeemed / transferred out 4,580,090 units (2015: 5,124,324 units)	44,101	49,253	25,968	19,865

Mr. Khalid Mehmood (Chief Financial Officer of the Management Company)

Units issued / transferred in 31,502 units (2015: Nil)	300	-	-	-
Units redeemed / transferred out 47,329 units (2015: Nil)	454	-	154	-

(Un-audited) Audited
December 31, June 30,
2016 2016
----- Rupees in '000 -----

15.6 Amounts outstanding as at period / year end are as follows :

NBP Fullerton Asset Management Limited (Management Company)

Remuneration of the Management Company	1,436	1,389
Sindh Sales Tax on remuneration of the Management Company	184	223
Federal Excise Duty on remuneration of the Management Company	3,955	3,955
Operational expenses	1,366	1,324
Sales load	945	1,912
Sindh Sales Tax and Federal Excise Duty on sales load	910	1,026

Central Depository Company of Pakistan Limited (Trustee)

Remuneration of the Trustee	286	255
Sindh sales tax on remuneration of the Trustee	37	36
CDS charges	65	66
Security deposit	100	100

National Bank of Pakistan (Parent of the Management Company)

Bank balance	1,341	1,780
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NAFA ISLAMIC AGGRESSIVE INCOME FUND

	(Un-audited) December 31, 2016	Audited June 30, 2016
	----- Rupees in '000 -----	
Alexandra Fund Management Pte. Limited (Sponsor of the Management Company)		
Investment held in the Fund 5,734,538 units (2016: 5,734,538 units)	55,888	54,396
Employees of the Management Company		
Investment held in the Fund 2,492,133 units (2016: 2,503,769 units)	24,288	23,750
Mr. Khalid Mehmood (Chief Financial Officer of the Management Company)		
Investment held in the Fund: Nil (2016: 15,827 units)	-	150
Net amount receivable / (payable) against transfer of units from / to:		
NAFA Government Securities Liquid Fund	-	90,906
NAFA Islamic Asset Allocation Fund	-	22,710
NAFA Income Opportunity Fund	-	51,671
NAFA Islamic Stock Fund	-	71,978
NAFA Islamic Energy Fund	-	(202,495)
NAFA Riba Free Savings Fund	-	32,866
NAFA Stock Fund	-	24,561
NAFA Islamic Principal Preservation Fund	-	2,138

16 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value hierarchy:

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).^a
- **Level 3:** Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Fund's financial assets which are carried at fair value:

	As at December 31, 2016			
	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----			
Assets				
At fair value through profit or loss - held for trading				
Sukuks	-	144,708	-	144,708
		----- Audited -----		
	As at June 30, 2016			
	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----			
Assets				
At fair value through profit or loss - held for trading				
Sukuks	-	142,925	-	142,925

NAFA ISLAMIC AGGRESSIVE INCOME FUND

There were no transfers between above levels during the period.

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.

The Fund has not disclosed the fair values for other financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

17 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on February 28, 2017 by the Board of Directors of the Management Company.

18 GENERAL

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

18.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director



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

Head Office

7th Floor, Clifton Diamond Building, Block No.4,
Scheme No.5, Clifton, Karachi.

UAN: 021-111-111-632

Toll Free: 0800-20002

Sms: NAFA INVEST to 8080

Fax: 021-35825335

Email: info@nafafunds.com

Website: www.nafafunds.com

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