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RATED BY S&P



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

## NAFA ISLAMIC PRINCIPAL PRESERVATION 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 PRINCIPAL PRESERVATION 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 Shahra-e-Faisal, Karachi.

### Bankers to the Fund

Bank Alfalah Limited  
Habib Bank Limited  
United Bank Limited  
Meezan Bank Limited  
Sindh Bank Limited  
Soneri Bank Limited  
Bank Al Habib Limited  
Allied Bank Limited  
Habib Metropolitan Bank Limited

# NAFA ISLAMIC PRINCIPAL PRESERVATION FUND

## **Auditors**

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

## **Legal Advisor**

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

## **Head Office:**

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

## **Lahore Office:**

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

## **Islamabad Office:**

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

## **Peshawar Office:**

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 PRINCIPAL PRESERVATION FUND

## DIRECTORS' REPORT

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

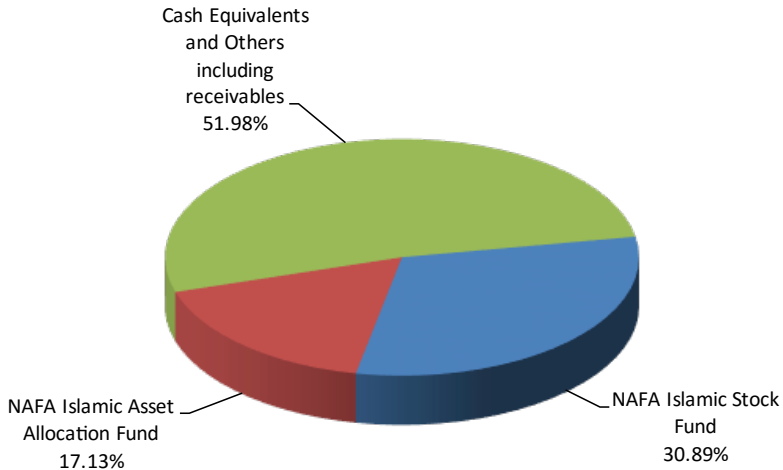
### Fund's Performance

The size of NAFA Islamic Principal Preservation Fund is Rs.1,161 million. During the period, the unit price of NAFA Islamic Principal Preservation Fund has increased from Rs. 102.1626 on June 30, 2016 to Rs. 106.8674 on September 30, 2016, thus showing an increase of 4.61%. The Benchmark (Daily weighted return of KMI-30 index & Islamic Bank Deposits based on Fund's actual allocation) return during the same period was 1.87%. Thus, the Fund has outperformed its Benchmark by 2.74% during the period under review. Since inception the NAV of Fund has increased from Rs. 93.5190 (Ex-Div) on January 09, 2015 to Rs. 106.8674 on September 30, 2016, thus showing an increase of 14.27%. The Benchmark return during the same period was 10.23%. Thus, the Fund has outperformed its Benchmark by 4.04%. This performance is net of management fee and all other expenses.

During Q1FY17, the stock market extended the rally that started from the lows hit at the end of February 2016, delivering a return of about 4.2%. Positives like improving economic prospects as captured in an all-time high foreign exchange reserves of US\$23.6bn, multi-year low inflation & interest rates, and pick-up in economic growth, albeit from low levels; attractive stock market valuations; and tepid returns on alternate investment avenues buoyed local investors' interest in the market. Better than expected corporate results announcements for the period ending June 30, 2016 provided the much needed confidence to the market participants. However, foreign investors remained sellers with outflows of US\$ 39.7 million recorded during the quarter. Automobile Assembler, Automobile Parts & Accessories, Engineering, and Textile Composite sectors performed better than the market whereas Cement and Fertilizer sectors lagged behind.

On the corporate debt sphere, trading activity in Sukuks remained skewed towards high quality issues with total traded value recorded at around Rs 1.5 billion during the quarter. The trades were mainly concentrated in the Banking sector, making up 64% share. State Bank of Pakistan (SBP) in its bi-monthly monetary policy announcements in July and September 2016 maintained the policy rate at 5.75% citing positives such as comfortable liquidity conditions coupled with record-high foreign exchange reserves and CPEC related projects gathering momentum being balanced against uncertain global oil prices, challenged exports outlook, and heavy scheduled foreign loan payments during FY17, and beyond. We see modest pickup in inflation to 5.0% by the 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.55.01 million during the period. After deducting expenses of Rs.3.91 million, the net income is Rs.51.10 million. The below chart presents the asset allocation of NIPPF.



# NAFA ISLAMIC PRINCIPAL PRESERVATION 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 منیجمنٹ لمیٹڈ، بورڈ آف ڈائریکٹرز بصد مسرت 30 ستمبر 2016ء کو ختم ہونے والی سہ ماہی کے لیے NAFA اسلامک پرنسپل پریزرویشن فنڈ (NIPPF) کے غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرتا ہے۔

### فنڈ کی کارکردگی

NAFA اسلامک پرنسپل پریزرویشن فنڈ (NIPPF) کا فنڈ سائز 1,161 ملین روپے ہے۔ اس مدت کے دوران NAFA اسلامک پرنسپل پریزرویشن فنڈ کے یونٹ کی قیمت 30 جون 2016 کو 102.1626 روپے سے بڑھ کر 30 ستمبر 2016 پر 106.8674 روپے ہو چکی ہے۔ لہذا 4.61% اضافہ ہوا ہے۔ اسی مدت کے دوران بیچ مارک (KMI-30) انڈیکس کے یومیہ میزان کا منافع اور اسلامک بینکس کے اصل سرمایہ کاری پر مبنی ڈپازٹ ریٹس (1.87% تھا، لہذا فنڈ نے زیر جائزہ مدت کے دوران بیچ مارک سے 2.74% بہتر کارکردگی دکھائی۔

9 جنوری 2015 کو اپنے قیام پر فنڈ کی NAV 93.5190 روپے (Ex-Div) تھی جو بڑھ کر 30 ستمبر 2016 تک 106.8674 روپے ہو چکی ہے، لہذا 14.27% اضافہ ہوا۔ اس مدت کے دوران بیچ مارک منافع 10.23% تھا، اس طرح فنڈ کی کارکردگی اپنے بیچ مارک کے مقابلے میں 4.04% بہتر رہی۔ یہ کارکردگی منیجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

مالی سال 2017 کی پہلی سہ ماہی کے دوران اسٹاک مارکیٹ نے تیزی کا وہ رجحان آگے بڑھایا جس کا آغاز فروری 2016 کے اختتام پر پست سطح سے ہوا تھا اور 4.2% منافع پیش کیا۔ مثبت عوامل مثلاً بہتر ہوتے اقتصادی امکانات، جن کی نشاندہی 23.6 ارب امریکی ڈالر پر مشتمل ملکی تاریخ کے سب سے بلند زرمبادلہ کے ذخائر سے ہوتی ہے، کئی سال پر محیط کم تر افراط زر اور شرح سود، اور معاشی نمو میں تیزی، اسٹاک مارکیٹ میں پُرکشش آمدن اور سرمایہ کاری کے متبادل ذرائع سے بہتر نتائج کے باعث مقامی سرمایہ کاروں کی طرف سے اسٹاک مارکیٹ میں دل چسپی میں اضافہ ہوا۔ 30 جون 2016 کو ختم ہونے والی مدت کے لیے توقع سے بہتر کاروباری نتائج کے اعلانات نے مارکیٹ کے شرکاء کو درکار انتہائی ضروری اعتماد فراہم کیا۔ تاہم غیر ملکی سرمایہ کاروں کی طرف سے فروخت کا سلسلہ جاری رہا جس کے نتیجے میں سہ ماہی کے دوران 39.7 ملین ڈالر کا اخراج ریکارڈ کیا گیا۔ آٹوموبیل اسمبلرز، آٹوموبیل پارٹس اور اسیسٹنٹس، انجنیئرنگ اور ٹیکسٹائل کمپوزٹس بیکٹرز نے مارکیٹ کے مقابلے میں بہتر کارکردگی کا مظاہرہ کیا جب کہ سینٹ اوفر ٹیلرز، ریکلرز، پیماندگی کا شکار رہے۔

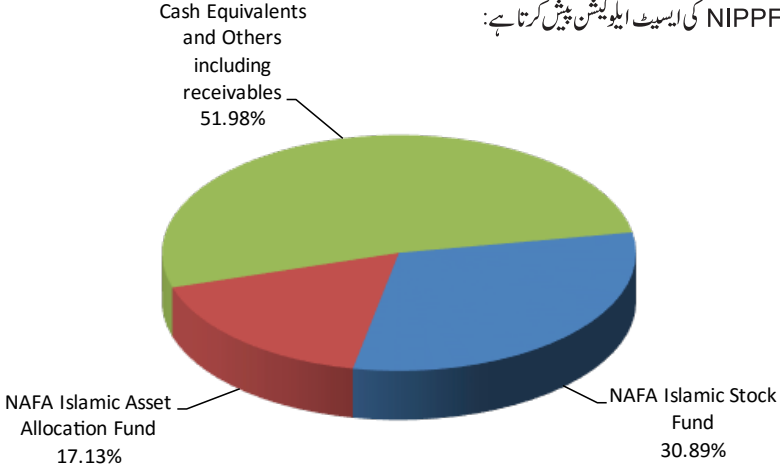
کاروباری قرض کے حلقے میں صلوک میں تجارتی سرگرمیوں کا اعلیٰ کوالٹی اجرائی کارروائیوں کی طرف جھکاؤ رہا، جن کے لین دین کی مجموعی مالیت اس سہ ماہی کے دوران لگ بھگ 1.5 ارب روپے ریکارڈ کی گئی۔ لین دین کا اصل ارتکاز بینکاری کے شعبے میں رہا جس کا حصہ 64% بنتا ہے۔ اسٹیٹ بینک آف پاکستان نے اپنے جولائی اور ستمبر 2016 کے دو ماہی پالیسی بیانات میں پالیسی ریٹ 5.75% برقرار رکھا، بلکہ یو بی ٹی کی باسہولت صورت حال کے ساتھ زرمبادلہ کے ریکارڈ بلند ذخائر اور سی بیک سے متعلق منصوبوں کی رفتار میں اضافے کے مثبت پہلوؤں کی بدولت تیل کی غیر یقینی عالمی قیمتوں، برآمدات سے متعلق چیلنج آمیز امکانات اور مالی سال 2017 میں اور اس کے بعد شیڈیول غیر ملکی قرضوں کی بھاری واپسی کے اثرات ہینلس میں رہنے کی توقع ہے۔ 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۔

اس مدت کے دوران فنڈ نے 55.01 ملین روپے کی مجموعی آمدنی کمائی۔ اخراجات کی مد میں 3.91 ملین روپے منہا کرنے کے بعد خالص آمدنی 51.10 ملین روپے ہے۔



# NAFA ISLAMIC PRINCIPAL PRESERVATION FUND

درج ذیل چارٹ NIPPF کی ایسیٹ ایلوکیشن پیش کرتا ہے:



## اظہار تشکر

بورڈ اس موقع کا فائدہ اٹھاتے ہوئے منجنت کمپنی پر اعتماد اور اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر یونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سکیورٹیز اینڈ اینچینج 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 ٹرسٹی کی طرف سے محنت، لگن اور عزم کے مظاہرے پر اپنا خراج تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

NBP فلٹرن ایسیٹ منجنت لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

بتاریخ

28 اکتوبر 2016

مقام: کراچی

# NAFA ISLAMIC PRINCIPAL PRESERVATION 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		613,782	949,880
Investments	4	557,350	396,583
Profit receivable		5,327	5,924
Advances and deposits		45	-
Preliminary expenses and floatation costs		330	630
<b>Total assets</b>		<b>1,176,834</b>	<b>1,353,017</b>
<b>LIABILITIES</b>			
Payable to NBP Fullerton Asset Management Limited - Management Company		10,233	10,258
Payable to the Central Depository Company of Pakistan Limited - Trustee		104	119
Payable to the Securities and Exchange Commission of Pakistan		291	1,545
Payable against redemption of units		1,972	7,372
Accrued expenses and other liabilities	5	3,620	9,626
<b>Total liabilities</b>		<b>16,220</b>	<b>28,920</b>
<b>NET ASSETS</b>		<b>1,160,614</b>	<b>1,324,097</b>
<b>UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)</b>		<b>1,160,614</b>	<b>1,324,097</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
<b>Number of units in issue</b>		<b>10,860,320</b>	<b>12,960,682</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>106.8674</b>	<b>102.1626</b>

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ISLAMIC PRINCIPAL PRESERVATION FUND

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

	Note	Quarter Ended September 30, 2016	Quarter Ended September 30, 2015
(Rupees in '000)			
<b>INCOME</b>			
Capital loss on sale of investments - net		2,562	(14,792)
Dividend Income		-	29,174
Profit on bank deposits		11,400	13,818
Income from Back End Load		1,096	526
Net unrealised appreciation / (diminution) on re-measurement as 'financial assets at fair value through profit or loss'		44,309	(36,016)
<b>Total Income / Loss</b>		<b>59,367</b>	<b>(7,290)</b>
<b>EXPENSES</b>			
Remuneration of NBP Fullerton Asset Management Limited Management Company		2,201	2,766
Sindh sales tax on remuneration of the Management Company		286	449
FED on remuneration of the Management Company		-	443
Accounting and operational expenses		306	-
Remuneration to Central Depository Company of Pakistan Limited- Trustee		292	392
Sindh sales tax on remuneration of Trustee		38	55
Annual fee - Securities and Exchange Commission of Pakistan		291	416
Settlement and bank charges		-	70
Annual listing fee		10	10
Shariah advisor fee		76	-
Auditors' remuneration		92	101
Amortisation of preliminary expenses and floatation costs		300	521
Printing charges		18	25
<b>Total Expenses</b>		<b>3,910</b>	<b>5,248</b>
<b>Net Income / loss from operating activities</b>		<b>55,457</b>	<b>(12,538)</b>
Net element of income/(loss) and capital gains/(losses) included 'in prices of units issued less those in units redeemed		(4,362)	(775)
Provision for Workers' Welfare Fund	7	-	-
<b>Net Income / loss for the period before taxation</b>		<b>51,095</b>	<b>(13,313)</b>
Taxation	8	-	-
<b>Net Income / loss for the period after taxation</b>		<b>51,095</b>	<b>(13,313)</b>
Earnings per unit	9		

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ISLAMIC PRINCIPAL PRESERVATION FUND

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

	Quarter Ended September 30, 2016	Quarter Ended September 30, 2015
	(Rupees in '000)	
Net Income / loss for the period after taxation	51,095	(13,313)
Other Comprehensive Income	-	-
<b>Total comprehensive Income / loss for the period</b>	<u>51,095</u>	<u>(13,313)</u>

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ISLAMIC PRINCIPAL PRESERVATION FUND

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

	Quarter Ended September 30, 2016	Quarter Ended September 30, 2015
	(Rupees in '000)	
Undistributed income brought forward	35,709	7,882
Realised income	1,094	31,442
Unrealised Income	<u>36,803</u>	<u>39,324</u>
Net Income / loss	51,095	(13,313)
Final distribution for the year ended June 30, 2016 : Nil (2015: 0.2206%) - Cash distribution	-	(3,759)
Undistributed loss carried forward	<u>87,899</u>	<u>22,252</u>
<b>Undistributed loss carried forward</b>		
Undistributed loss comprising of:		
Realised income	43,590	58,268
Unrealised Income / loss	44,309	(36,016)
	<u>87,899</u>	<u>22,252</u>

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ISLAMIC PRINCIPAL PRESERVATION FUND

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

	Quarter Ended September 30, 2016	Quarter Ended September 30, 2015
	(Rupees in '000)	
Net assets at the beginning of the period	1,324,097	1,758,318
Issue of Nil units (2015: 32,405 units)	-	3,374
Redemption of 2,100,362 units(2015: 510,586 units)	(218,940)	(52,955)
	(218,940)	(49,581)
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed	4,362	775
Net unrealised appreciation / (diminution) on re-measurement as 'financial assets at fair value through profit or loss'	44,309	(36,016)
Capital (loss) on sale of investments - net	2,562	(14,792)
Other income (net of expenses) for period	4,224	37,495
	51,095	(13,313)
Final distribution for the year ended June 30, 2016 : Nil (2015: 0.2206%)		
- Cash Distribution	-	(3,759)
<b>Net assets at the end of the period</b>	<u>1,160,614</u>	<u>1,692,440</u>

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ISLAMIC PRINCIPAL PRESERVATION FUND

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

	Quarter Ended September 30, 2016	Quarter Ended September 30, 2015
	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Income / loss for the period before taxation	51,095	(13,313)
<b>Adjustments</b>		
Net unrealised appreciation / (diminution) on re-measurement as 'financial assets at fair value through profit or loss'	(44,309)	36,016
Amortisation of preliminary expenses and floatation costs	300	521
Element of income and capital gains included in prices of units issued less those in units redeemed - net	4,362	775
	<u>11,448</u>	<u>23,999</u>
<b>(Increase) / decrease in assets</b>		
Investments	(116,458)	87,046
Profit receivable	597	(233)
Advances and deposits	(45)	(30)
Receivable against sale of investment	-	(65,104)
	<u>(115,906)</u>	<u>21,679</u>
<b>Increase / (decrease) in liabilities</b>		
Payable to NBP Fullerton Asset Management Limited - Management Company	(25)	(280)
Payable to the Central Depository Company of Pakistan Limited - Trustee	(15)	13
Payable to the Securities and Exchange Commission of Pakistan	(1,254)	(390)
Accrued expenses and other liabilities	(6,006)	(4,083)
	<u>(7,300)</u>	<u>(4,740)</u>
<b>Net cash (used in) / generated from operating activities</b>	<u>(111,758)</u>	<u>40,938</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net receipts from issue of units	-	3,374
Net payments on redemption of units	(224,340)	(52,638)
Distributions made	-	(3,759)
<b>Net cash (used) in financing activities</b>	<u>(224,340)</u>	<u>(53,023)</u>
<b>Net (decrease) in cash and cash equivalents during the period</b>	<u>(336,098)</u>	<u>(12,085)</u>
<b>Cash and cash equivalents at the beginning of the period</b>	949,880	986,966
<b>Cash and cash equivalents at the end of the period</b>	<u>613,782</u>	<u>974,881</u>

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ISLAMIC PRINCIPAL PRESERVATION FUND

## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS (Un-Audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2016

### 1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Islamic Principal Preservation 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 the Trustee. The Trust Deed was executed on October 16, 2014 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on October 29, 2014. under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

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 principal office of the Management Company is situated at 7th Floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).

The Fund is an open-ended mutual fund and is listed on the Pakistan Stock Exchange. The units of the Fund are transferable and can be redeemed by surrendering them to the Fund. The units are listed on the Pakistan Stock Exchange. The Fund is categorized as an Open-End "Shariah Compliant Fund of Funds" as per the criteria laid down by the Securities and Exchange Commission of Pakistan for categorization of Collective Investment Schemes (CIS).

The objective of NAFA Islamic Principal Preservation Fund is to earn a potentially high return through dynamic asset allocation between Shariah compliant equity related, and Sharia compliant income/money market Collective Investment Schemes, while providing principal preservation

The Pakistan Credit Rating Agency (PACRA) has assigned an asset manager rating of AM2++ to the Management Company.

Title of the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as 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 approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) 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 Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or 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.

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'.

The directors of the Management Company hereby declare that these condensed interim financial statements give a true and fair view of the state of the Fund's affairs.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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



# NAFA ISLAMIC PRINCIPAL PRESERVATION FUND

		(Un-Audited)	(Audited)
		September 30,	June 30,
		2016	2016
		(Rupees in '000)	
<b>4 INVESTMENTS</b>			
'Financial assets at fair value through profit or loss'			
- Units of mutual funds		<u>557,350</u>	<u>396,583</u>

## 4.1 Investment in Mutual Funds

Name of the investee company	As at July 1, 2016	Purchases during the period	Bonus / right shares	Sales during the period	As at September 30, 2016	Market Value as at September 30, 2016	Market value as a percentage of net assets	Market value as a percentage of total investment
						(Rs in "000")	%	
NAFA Islamic Asset Allocation Fund	7,883,316	6,347,743	-	2,278,434	11,952,625	198,791	17.13	35.67
NAFA Islamic Stock Fund	23,921,697	6,177,180	-	2,162,883	27,935,994	358,559	30.89	64.33
					<u>39,888,619</u>	<u>557,350</u>	<u>48</u>	<u>100</u>
Carrying value as at September 30, 2016						<u>513,041</u>		

	September 30,	June 30,
	2016	2016
	(Un-audited)	(Audited)
	(Rupees in '000)	
<b>5 ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
Auditors' remuneration payable	375	283
Provision for Workers' Welfare Fund	1,768	1,768
Shariah advisor fee	254	178
Dividend	-	18
Printing charges	106	88
Withholding tax and capital gain tax	1,087	7,223
Legal fee	1	23
Bank Charges	29	45
	<u>3,620</u>	<u>9,626</u>

## 6 CONTINGENCIES AND COMMITMENTS

There were no contingencies outstanding as at September 30, 2016 and June 30, 2016.

## 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 for WWF has 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. 1.768 million. Had the same not been made the net asset value per unit / return of the Fund would have been higher by 0.1628 per unit respectively.

## 8 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 the required minimum Fund's accounting income for the year as reduced by capital gains (whether realised or unrealised) to its unit holders.

# NAFA ISLAMIC PRINCIPAL PRESERVATION FUND

## 9 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.

## 10 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses incurred during the period divided by Average net assets value for the period) is 1.28% p.a. including 0.20% 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 TRANSACTIONS WITH CONNECTED PERSONS

11.1 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 and Alexandra Fund Management Pte. Limited being the sponsors, NAFA provident Trust Fund being the employee contribution plan of the Management Company, other collective investment schemes managed by the Management Company and directors and officers of the Management Company.

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

11.3 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.

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

	Un-audited For the Quarter ended September 30, 2016	Un-audited For the Quarter ended September 30, 2015
	----- (Rupees in '000) -----	

11.5 Details of the transactions with connected persons are as follows:

### NBP Fullerton Asset Management Limited - Management Company

Remuneration of the Management Company	2,201	2,766
Sindh sales tax on remuneration of the Management Company	286	449
Accounting and operational expenses	306	-
FED on remuneration of the Management Company	-	443

### NAFA Islamic Stock Fund

Units purchased: 6,177,180 (2015: 11,199,563 units)	74,875	127,211
Units sold: 2,162,883 (2015: 14,883,441 units)	26,463	160,638

### NAFA Islamic Asset Allocation Fund

Units purchased: 6,347,743 (2015: 11,149,007 units)	102,542	178,982
Units sold: 2,278,434 (2015: 14,226,316 units)	37,058	217,809

### Central Depository Company of Pakistan Limited - Trustee

Remuneration	292	392
Sindh sales tax on remuneration of Trustee	38	55

# NAFA ISLAMIC PRINCIPAL PRESERVATION FUND

	Un-audited As at September 30, 2016	Audited As at June 30, 2016
	------(Rupees in '000)-----	
<b>11.6 Amounts outstanding as at period end</b>		
<b>NBP Fullerton Asset Management Limited - Management Company</b>		
Management remuneration payable	648	915
Sales tax payable	84	149
Accounting and operational expenses	1,235	-
FED payable	3,007	3,007
Sales load payable to the Management Company	-	5,258
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	92	104
Sindh sales tax on remuneration of Trustee	12	15
<b>Employees of the Management Company</b>		
Units held: 1,608 (June 30, 2016 1,608 units) "	172	164
<b>NAFA Islamic Stock Fund</b>		
Investment in 27,935,994 (June 30, 2016 23,921,697 units) "	358,558	273,667
<b>NAFA Islamic Asset Allocation Fund</b>		
Investment in 11,952,625 (June 30, 2016 7,883,316 units) "	198,791	122,917
<b>State Petroleum Refining &amp; Petrochemical Corporation</b>		
Units held: 2,019,108 (June 30, 2016 2,019,108 units) "	2,015,777	206,277

## 12 DATE OF AUTHORISATION FOR ISSUE

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

## 13 GENERAL

13.1 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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