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

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-I

**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 PROTECTED FUND-I

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
National Bank of Pakistan
Meezan Bank Limited
Sindh Bank Limited
Habib Metropolitan Bank Limited
Bank Al Habib Limited
Soneri Bank Limited
Allied Bank Limited

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-I

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

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 PROTECTED FUND-I

DIRECTORS' REPORT

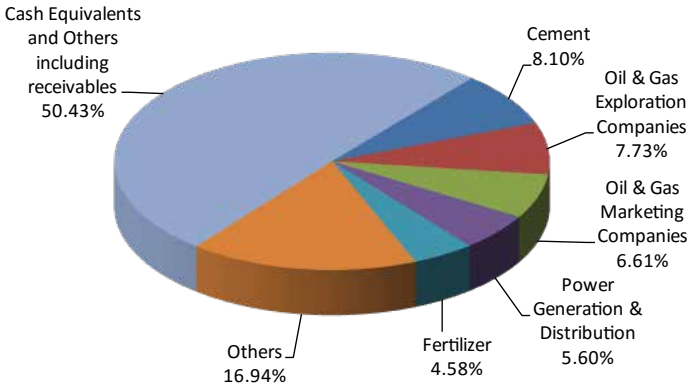
The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the unaudited financial statements of NAFA Islamic Principal Protected Fund – I (NIPPF-I) for the quarter ended September 30, 2016.

Fund's Performance

The size of NAFA Islamic Principal Protected Fund-I is Rs.642 million. During the period, the unit price of NAFA Islamic Principal Protected Fund-I has increased from Rs. 111.7228 on June 30, 2016 to Rs.117.9199 on September 30, 2016, thus showing an increase of 5.55%. The benchmark (Daily weighted return of KMI-30 index & Islamic Bank Deposits based on Funds' actual allocation) increased by 2.33%. Thus, the Fund outperformed its benchmark by 3.22% during the period under review. Since Inception the NAV of Fund has increased from Rs. 86.1100 (Ex-Div) on March 05, 2014 to Rs. 117.9199 on September 30, 2016, thus showing an increase of 36.94%. The Benchmark return during the same period was 26.71%. Thus, the Fund has outperformed its Benchmark by 10.23%. 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.38.42 million during the period. After accounting for expenses of Rs.4.68 million, the net income is Rs.33.74 million. The asset allocation of the Fund as on September 30, 2016 is as follows:



NAFA ISLAMIC PRINCIPAL PROTECTED FUND-I

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 NAFA اسلامک پرنسپل پروٹیکٹڈ فنڈ-I (NIPPF-I) کے غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرتا ہے۔

فنڈ کی کارکردگی

NAFA اسلامک پرنسپل پروٹیکٹڈ فنڈ-I (NIPPF-I) کا فنڈ سائز 642 ملین روپے ہے۔ اس مدت کے دوران NAFA اسلامک پرنسپل پروٹیکٹڈ فنڈ-I کے یونٹ کی قیمت 30 جون 2016 کو 111.7228 روپے سے بڑھ کر 30 ستمبر 2016 پر 117.9199 روپے ہو چکی ہے۔ لہذا %5.55 اضافہ ہوا ہے۔ اسی مدت کے دوران بیئچ مارک (KMI-30 انڈیکس کے یومیہ میزان کا منافع اور اسلامک بینکس کے اصل سرمایہ کاری پرنسپل ڈپازٹ ریٹس) %2.33 بڑھا، لہذا فنڈ نے زیر جائزہ مدت کے دوران بیئچ مارک سے %3.22 بہتر کارکردگی دکھائی۔

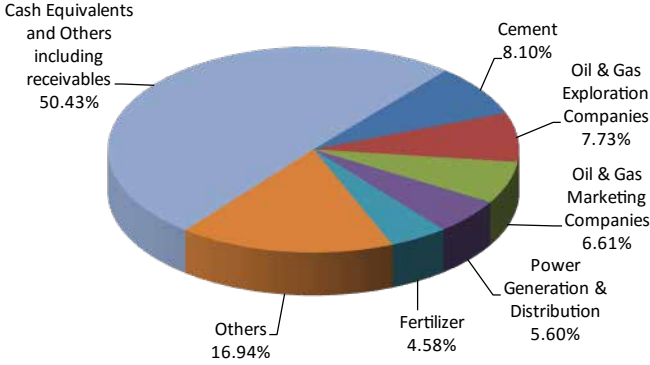
فنڈ کی NAV %5.0 مارچ 2014 کو اپنے قیام پر 86.1100 (Ex-Div) سے بڑھ کر 30 ستمبر 2016 پر 117.9199 روپے ہو چکی ہے، لہذا %36.94 اضافہ سامنے آیا۔ اس مدت کے دوران بیئچ مارک %26.71 تھا، اس طرح فنڈ کی کارکردگی اپنے بیئچ مارک کے مقابلے میں %10.23 بہتر رہی۔ یہ کارکردگی منجمنٹ فیس اور دیگر تمام اخراجات کے بعد حاصل 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 ایئرسپین، انجینئرنگ اور ٹیکسٹائل کمپوز سیکٹرز نے مارکیٹ کے مقابلے میں بہتر کارکردگی کا مظاہرہ کیا جب کہ سیمنٹ اور فریٹ لائزر سیکٹرز پسماندگی کا شکار رہے۔

کاروباری قرض کے حلقے میں سکوک میں تجارتی سرگرمیوں کا اعلیٰ کوالٹی اجراء کی 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 مالیاتی پالیسی بیانات میں پالیسی ریٹ %5.75 برقرار رکھا، لیکویڈیٹی کی باسہولت صورت حال کے ساتھ زرمبادلہ کے ریکارڈ بلند ذخائر اور سی بیک سے متعلق مضموبوں 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 ہیلنس میں رہنے کی توقع ہے۔ ہم ایشیاء صرف کی قیمتوں میں جزوی بحالی، روپے کی قدر میں تلی 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 %38.42 ملین روپے کی مجموعی آمدنی کمائی۔ اخراجات کی مد میں %4.68 ملین روپے منہا کرنے کے بعد خالص آمدنی %33.74 ملین روپے ہے۔

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-I

فونڈ کی ایسیٹ ایلوکیشن 30 ستمبر 2016 کو برطانیہ ذیل ہے:



اظہار تشکر

بورڈ اس موقع کا فائدہ اٹھاتے ہوئے منجمنت کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر پونٹ 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 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 منجمنت لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

بتاریخ

28 اکتوبر 2016

مقام: کراچی

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-I

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)-----			
ASSETS			
Bank balances		345,278	403,489
Investments	4	318,229	314,827
Dividend and profit receivable	5	5,318	2,736
Advances, deposits, prepayments and other receivables		2,722	2,666
Total assets		671,547	723,718
LIABILITIES			
Payable to NBP Fullerton Asset Management Limited - Management Company		18,931	18,923
Payable to Central Depository Company of Pakistan Limited -Trustee		79	88
Payable to the Securities and Exchange Commission of Pakistan		125	1,012
Payable against redemption of units		-	5,147
Accrued expenses and other liabilities	6	10,416	11,476
Total liabilities		29,551	36,646
NET ASSETS		<u>641,996</u>	<u>687,072</u>
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		<u>641,996</u>	<u>687,072</u>
CONTINGENCIES AND COMMITMENTS	8		
-----Number of units-----			
NUMBER OF UNITS IN ISSUE		<u>5,444,338</u>	<u>6,149,790</u>
-----Rupees-----			
NET ASSET VALUE PER UNIT		<u>117.9199</u>	<u>111.7228</u>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-I

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)-----			
INCOME			
Capital gain on sale of investments - net		4,303	4,668
Profit on bank deposits		5,578	13,170
Income from GoP Ijarah Sukuk		-	970
Dividend income		3,208	11,580
Unrealised appreciation / (diminution) on remeasurement of investments classified as financial assets 'at fair value through profit or loss' - net		27,755	(44,511)
Total Income / (loss)		40,844	(14,123)
EXPENSES			
Remuneration of NBP Fullerton Asset Management Limited - Management Company		3,336	8,592
Sindh sales tax on Management Company's remuneration		434	1,395
Federal Excise Duty on Management Company's remuneration		-	1,375
Accounting and operational charges to the Management Company		167	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee		217	559
Sindh sales tax on remuneration of Trustee		28	78
Annual fee - Securities and Exchange Commission of Pakistan		125	322
Amortisation of preliminary expenses and floatation costs		-	293
Auditors' remuneration		107	122
Legal and professional charges		31	-
Annual listing fee		10	10
Printing charges		25	-
Securities transaction cost		16	149
Settlement and bank charges		92	122
Shariah advisor fee		90	-
Total Expenses		4,678	13,017
Net income / (loss) from operating activities		36,166	(27,140)
Element of (loss)/ income and capital (losses)/ gains included in prices of units issued less those in units redeemed - net		(2,427)	(133)
Net income / (loss) for the period		33,739	(27,273)
Provision for Workers' Welfare Fund	7	-	-
Net income / (loss) for the period before taxation		33,739	(27,273)
Taxation	9	-	-
Net income / (loss) for the period after taxation		33,739	(27,273)
Earnings per unit	10		

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-I

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	33,739	(27,273)
Other comprehensive income for the period	-	-
Total comprehensive income / (loss) for the period	<u>33,739</u>	<u>(27,273)</u>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-I

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		
Realised gain	169,560	115,809
Unrealised gain	<u>16,545</u>	<u>173,109</u>
	186,105	288,918
Net income / (loss) for the period after taxation	33,739	(27,273)
Final Distribution made during the period		
Cash Distribution		
- Rs Nil (2015: Re 0.3152 per unit)	-	(4,455)
Undistributed income carried forward	<u>219,844</u>	<u>257,190</u>
Undistributed income comprising of :		
Realised gain	192,089	301,701
Unrealised gain / (loss)	27,755	(44,511)
	<u>219,844</u>	<u>257,190</u>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-I

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	687,072	1,707,275
Issue of Nil units: (September 30, 2015: 32,608 units)	-	3,994
Redemption of 705,452 units: (September 30, 2015: 154,497 units)	(81,242)	(18,726)
	(81,242)	(14,732)
Net element of (income) / loss and capital (gains) / losses included in the prices of units issued less those in units redeemed transferred to income statement	2,427	133
Unrealised appreciation / (diminution) on remeasurement of investments classified as 'financial assets 'at fair value through profit or loss' - net	27,755	(44,511)
Capital gain on sale of investments - net	4,303	4,668
Other net income for the period	1,681	12,570
Net income / (loss) for the period	33,739	(27,273)
Final Distribution made during the period		
Cash Distribution		
- Rs Nil (2015: Re 0.3152 per unit)	-	(4,455)
Net assets at the end of the period	<u>641,996</u>	<u>1,660,948</u>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-I

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)-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income / (loss) for the period before taxation	33,739	(27,273)
Adjustments		
Unrealised (appreciation) / diminution on remeasurement of investments classified as 'financial assets at fair value through profit or loss'- net	(27,755)	44,511
Amortisation of preliminary expenses and floatation costs	-	293
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net	<u>2,427</u>	<u>133</u>
	8,411	17,664
(Increase) / decrease in assets		
Investments	24,353	94,960
Receivables against sale of investments	-	(15,011)
Dividend and profit receivable	(2,582)	(10,432)
Advances, deposits, prepayments and other receivables	<u>(56)</u>	<u>(96)</u>
	21,715	69,421
Increase / (decrease) in liabilities		
Payable to NBP Fullerton Asset Management Limited - Management Company	8	1,241
Payable to Central Depository Company of Pakistan Limited -Trustee	(9)	19
Payable to the Securities and Exchange Commission of Pakistan	(887)	(939)
Accrued expenses and other liabilities	<u>(1,060)</u>	<u>(4,342)</u>
	(1,948)	(4,021)
Net cash generated from operating activities	<u>28,178</u>	<u>83,064</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Receipts from issue of units	-	3,994
Payments on redemption of units	(86,389)	(18,610)
Cash dividend	-	(4,455)
Net cash (used in) from financing activities	<u>(86,389)</u>	<u>(19,071)</u>
Net (decrease) / increase in cash and cash equivalents during the period	<u>(58,211)</u>	<u>63,993</u>
Cash and cash equivalents at the beginning of the period	403,489	856,369
Cash and cash equivalents at the end of the period	<u><u>345,278</u></u>	<u><u>920,362</u></u>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-I

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 Principal Protected Fund-I (the Fund) was established under a Trust Deed executed between NBP Fullerton Asset Management Limited as Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on December 30, 2013 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on January 17, 2014 under the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The principal office of the Management Company is situated at 7th Floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi. Due to a fire incident in the month of June 2016 at the registered office of the Management Company, 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 has been categorised as an Open-End "Shariah Compliant Capital Protected Fund Scheme" as per the criteria laid down by the Securities and Exchange Commission of Pakistan for categorisation of Collective Investment Schemes (CIS).

The objective of NAFA Islamic Principal Protection Fund-I is to earn a potentially high return through dynamic asset allocation between shariah compliant equities and Money Market investment avenues, while providing principal protection. Principal protection means that the net realisable value of the Fund shall not fall below the initial investment value (adjusted for distributions / redemptions during the life of the Fund), provided that the units are held till the completion of the initial maturity of the Fund.

The Pakistan Credit Rating Agency (PACRA) has assigned an asset manager rating of AM2++ to the Management Company as at August 4, 2016. The Fund has not yet been rated.

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

The Fund commenced its operations from March 6, 2014. As per the offering document, the nature of the Fund is perpetual and the initial maturity of the Fund is two years from the date of commencement. Principal protection will not be available if units are encashed before the expiry of initial maturity term.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP shall prevail.

The directors of the Asset Management Company declare that this condensed interim financial information gives a true and fair view of the Fund.

3 Accounting Policies

The accounting policies adopted for the preparation of the condensed interim 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 PRINCIPAL PROTECTED FUND-I

4 INVESTMENTS

Financial assets classified as 'at fair value through profit or loss'

Listed equity securities

Note	(Un-Audited) September 30, 2016	Audited June 30, 2016
	----- Rupees in '000 -----	
4.1	318,229	314,827
	<u>318,229</u>	<u>314,827</u>

4.1 Listed equity securities

All shares have a nominal face value of Rs 10 each except for the shares of Thal Limited which have a face value of Rs 5 and K-Electric Limited which have a face value of Rs 3.5 each.

Name of the investee company	Number of shares					Market value as at September 30, 2016	Investment as a percentage of		Holding as a percentage of paid up capital of the investee company
	As at July 01, 2016	Purchases during the period	Bonus / Right Issues	Sales during the period	As at September 30, 2016		Net assets	Total investments	
						Rupees in '000	----- % -----		
Automobile Assembler									
Indus Motor Company Limited	25,750	-	-	9,100	16,650	24,981	3.89	7.85	0.02
Cable and Electrical Goods									
Pak Elektron Limited	102,875	-	-	10,000	92,875	6,573	1.02	2.07	0.02
Cement									
Attock Cement Pakistan Limited	46,400	-	-	-	46,400	11,652	1.82	3.66	0.04
D.G. Khan Cement Company Limited	47,300	-	-	-	47,300	8,792	1.37	2.76	0.01
Fauji Cement Company Limited	270,500	-	-	-	270,500	9,541	1.49	3.00	0.02
Lucky Cement Limited	20,000	-	-	1,000	19,000	12,868	2.00	4.04	0.01
Maple Leaf Cement Factory Limited	23,000	-	-	-	23,000	2,203	0.34	0.69	0.00
Pioneer Cement Limited	66,000	-	-	-	66,000	6,976	1.09	2.19	0.03
						52,032	8.10	16.35	
Commercial Banks									
Meezan Bank Limited	172,000	-	-	70,500	101,500	5,584	0.87	1.75	0.01
Engineering									
Mughal Iron and Steel Industries Limited	131,500	-	-	-	131,500	11,245	1.75	3.53	0.10
Fertilizer									
Engro Corporation Limited	49,600	-	-	-	49,600	14,446	2.25	4.54	0.01
Engro Fertilizers Limited	155,500	-	-	-	155,500	9,588	1.49	3.01	0.01
Fauji Fertilizer Bin Qasim Limited	105,000	-	-	-	105,000	5,395	0.84	1.70	0.01
						29,429	4.58	9.25	
Food and Personal Care Products									
Al Shaheer Corporation Limited	170,000	-	-	-	170,000	10,844	1.69	3.41	0.14
Oil and Gas Exploration Companies									
Mari Petroleum Company Limited	7,300	-	-	-	7,300	6,968	1.09	2.19	0.01
Pakistan Oilfields Limited	58,800	-	-	9,000	49,800	19,985	3.11	6.28	0.02
Pakistan Petroleum Limited	158,800	-	-	20,300	138,500	22,668	3.53	7.12	0.01
						49,622	7.73	15.59	
Oil and Gas Marketing Companies									
Attock Petroleum Limited	14,900	-	-	-	14,900	7,748	1.21	2.43	0.02
Hascol Petroleum Limited	522	-	-	-	522	115	0.02	0.04	0.00
Pakistan State Oil Company Limited	57,280	-	-	-	57,280	23,722	3.70	7.45	0.02
Shell Pakistan Limited	26,500	-	-	-	26,500	10,867	1.69	3.42	0.02
						42,451	6.61	13.34	
Paper and Board									
Packages Limited	13,700	-	-	3,450	10,250	6,860	1.07	2.16	0.01
Pharmaceuticals									
Glaxo Smith Kline Pakistan Limited	37,500	-	-	-	37,500	8,096	1.26	2.54	0.01
Glaxo Smith Kline Consumer Healthcare Pakistan Limited	11,250	-	-	-	11,250	698	0.11	0.22	-
The Searle Company Limited	17,600	-	-	-	17,600	10,094	1.58	3.17	0.01
						18,887	2.94	5.94	
Power Generation and Distribution									
Kot Addu Power Company Limited	221,000	-	-	-	221,000	18,495	2.88	5.80	0.03
Pakgen Power Limited	500	-	-	-	500	12	- *	- *	- *
The Hub Power Company Limited	146,200	-	-	-	146,200	17,423	2.71	5.47	0.01
						35,930	5.60	11.29	
Refinery									
National Refinery Limited	6,400	-	-	6,400	-	-	-	-	-
Technology and Communication									
Pakistan Telecommunication Company Limited	89,000	-	-	-	89,000	1,627	0.25	0.51	-
Textile Composite									
Kohinoor Textile Mills Limited	123,000	-	-	-	123,000	10,455	1.63	3.28	0.04
Nishat Mills Limited	83,100	-	-	-	83,100	11,709	1.82	3.68	0.02
						22,164	3.45	6.96	
						<u>318,229</u>	<u>49.57</u>	<u>100.00</u>	
Carrying value as at September 30, 2016						<u>290,474</u>			
Unrealised diminution on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net as at September 30, 2016									<u>27,555</u>

* Nil value due to rounding off difference.

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-I

Investments include shares with market value of Rs 44.911 million (June 30, 2016: Rs 43.677 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular no. 11 dated October 23, 2007 issued by the SECP.

	September 30, 2016 (Un-audited)	June 30, 2016 (Audited)
	----- Rupees in '000 -----	
5 DIVIDEND AND PROFIT RECEIVABLE		
Profit accrued on saving deposits	2,156	2,377
Dividend receivable	3,162	359
	<u>5,318</u>	<u>2,736</u>
6 ACCRUED EXPENSES AND OTHER LIABILITIES		
Auditors' remuneration payable	426	318
Provision for Workers' Welfare Fund	7,552	7,552
Settlement charges	34	26
Bank charges	4	21
Printing charges	147	122
Withholding tax	836	2,184
Legal fee	153	121
Haram portion of dividend	996	953
Shariah advisory fee	268	179
	<u>10,416</u>	<u>11,476</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 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. 7.552 million. Had the same not been made the net asset value per unit / return of the Fund would have been higher by 1.3872 per unit respectively.

8 CONTINGENCIES AND COMMITMENTS

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

9 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 ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend. The Fund has not recorded provision for taxation as the Management Company has distributed at least ninety percent of the Fund's accounting income for the period as reduced by capital gains, whether realised or unrealised, to its unit holders as cash dividend.

EARNINGS PER UNIT

10

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.

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-I

11 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses incurred during the period divided by Average net assets value for the period) is 2.81% p.a. including 0.35% 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.

12 TRANSACTIONS WITH CONNECTED PERSONS

- 12.1 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, other collective investment schemes managed by the Management Company, entities having common directorship with the Management Company and directors and officers of the Management Company. It also includes any person or company beneficially owing directly or indirectly 10% or more of the units in the issue/ net assets of the Fund.
- 12.2 The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 12.3 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.
- 12.4 Remuneration payable to the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

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

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

NBP Fullerton Asset Management Limited - Management Company

Remuneration for the period	3,336	8,592
Sindh Sales Tax on remuneration of management company	434	1,395
Federal Excise Duty on remuneration of the Management Company	-	1,375
Accounting and operational charges to the Management Company	167	-

Central Depository Company of Pakistan Limited - Trustee

Remuneration for the period	217	559
Sindh Sales Tax on remuneration of Trustee	28	78
CDS charges	46	76

Employees of the Management Company

Units issued / transfer in Nil Units (2015: 5 units)	-	1
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Taurus Securities Limited

Brokerage expense	1	8
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National Bank of Pakistan - Sponsor

Profit on bank deposits	11	10
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NAFA ISLAMIC PRINCIPAL PROTECTED FUND-I

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

12.6 Amounts outstanding as at period end

NBP Fullerton Asset Management Limited - Management Company		
Management fee payable	1,073	1,180
Sindh sales tax payable on remuneration of Management Company	140	192
Federal excise duty payable on remuneration of Management Company	11,370	11,370
Sales load payable	5,514	5,514
Accounting and operational charges payable to the Management Company	834	667
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	70	77
Sindh sales tax payable on remuneration of Trustee	9	11
Settlement charges payable	34	26
Security deposit	100	100
Employees of the Management Company		
Investment held in the Fund 2,012 units (2015: 2,314 units)	237	225
National Bank of Pakistan - Sponsor		
Bank balance	893	893
Profit receivable	11	26
Amount payable against redemption of units to:		
NAFA Islamic Active Allocation Fund - I (Plan - III)	-	5,147

13 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.

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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