



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

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-I

QUARTERLY REPORT

March
31 2017




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. Foo Chiah Shiung (Kelvin Foo)	Director
Mr. Lui Mang Yin (Martin Lui)	Director
Mr. Kamal Amir Chinoy	Director
Mr. Shehryar Faruque	Director
Mr. Humayun Bashir	Director

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

Mr. Shehryar Faruque	Chairman
Mr. Foo Chiah Shiung (Kelvin Foo)	Member
Mr. Aamir Sattar	Member

Human Resource and Remuneration Committee

Mr. Kamal Amir Chinoy	Chairman
Mr. Lui Mang Yin (Martin Lui)	Member
Mr. Abdul Hadi Palekar	Member

Trustee

Central Depository Company of Pakistan Limited (CDC)
CDC House, 99-B, Block "B" S.M.C.H.S.,
Main Shahra-e-Faisal, Karachi.

Bankers to the Fund

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 period ended March 31, 2017.

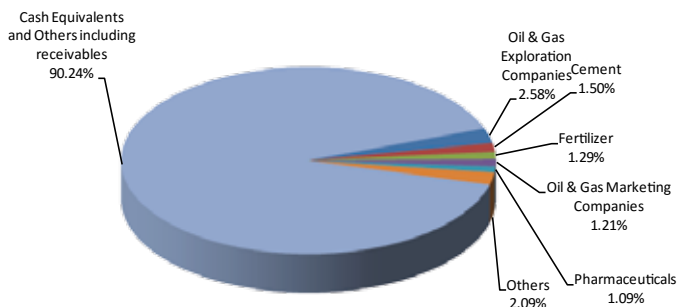
Fund's Performance

The size of NAFA Islamic Principal Protected Fund-I is Rs.107 million. During the period, the unit price of NAFA Islamic Principal Protected Fund-I has increased from Rs. 85.7185 (Ex-Div) on June 30, 2016 to Rs.101.6211 on March 31, 2017, thus showing an increase of 18.55%. The Benchmark during the same period increased by 12.45%. Thus, the Fund has outperformed its benchmark by 6.10% during the period under review. Since inception (March 05, 2014), the unit price of the Fund has shown a growth of 53.81% as compared to 39.24% increase in its Benchmark. Thus, the Fund has outperformed its Benchmark by 14.57%. This performance is net of management fee and all other expenses.

After lackluster stock market performance in FY16, the stock market bounced back sharply in 9MFY17, delivering impressive return of 27.5%. It is however worthwhile to note that most of the gains were made during 1HFY17 in which the benchmark KSE-100 index surged by 26.5%. Favorable macroeconomic indicators such as modest inflation, record low interest rates, all time high forex reserves coupled with reclassification of PSX into MSCI emerging market index from frontier market underpinned the strong run-up in the market during 1HFY17. Though the market carried on its momentum entering into 3QFY17 as KSE-100 index crested at all time high level of 50,192 on 26th January, the market remained quite jittery in the subsequent period. Rising political uncertainty unnerved the investors, triggering panic sell-off by the investors. Rising risks to the external account from widening current account deficit and stagnating foreign remittances further soured the investors' sentiments.

Engineering, Chemicals, Autos, Oil & Gas Marketing Companies and Textiles delivered superior returns during 9MFY17, while Fertilizers, E&Ps, Pharmaceuticals and Power sector underperformed the market during the period. Foreign investors remained large net sellers with outflows of USD483 mn during the aforesaid period. On the local side, Mutual Funds remained the main net buyers taking fresh equity exposure worth USD419 mn absorbing most of the foreign selling. Other than Mutual Funds, Insurance and other Companies also remained net buyers investing USD152 mn and USD131 mn, respectively. Amongst the local investors, Banks/DFIs significantly liquidated their equity position worth USD181 mn.

During the period under review, State Bank of Pakistan (SBP) maintained the discount rate and policy rate at 6.25% and 5.75% respectively. The improved interbank liquidity conditions (due to net government retirement and increase in bank deposits) were well calibrated through the open market operations – keeping the weighted average overnight repo rate close to the policy rate. However, long-term sovereign yields witnessed an average increase of around 45-60 basis points, indicating investors' demand for higher term premium. CPI on year-on-year basis was recorded at 4.01% in 9MFY17 as compared to 2.64% in corresponding period last year. The Fund has earned total income of Rs.99.28 million during the period. After accounting for expenses of Rs.59.93 million, the net income is Rs.39.35 million. The asset allocation of the Fund as on March 31, 2017 is as follows:



NAFA ISLAMIC PRINCIPAL PROTECTED FUND-I

Income Distribution

The Board of Directors of the Management Company has approved interim distribution in form of bonus units of 27.31% of opening Ex-NAV (30.51% of the par value) for the period.

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: April 28, 2017
Place: Karachi.

ڈائریکٹرز رپورٹ

NBP فلٹرن ایسٹ منجمنٹ کے بورڈ آف ڈائریکٹرز کیٹریجھد مسرت 31 مارچ 2017ء کو ختم ہونے والی مدت کے لیے NAFA اسلامک پرنسپل پروٹیکٹڈ فنڈ-I (NIPFF-I) کے غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

فنڈ کی کارکردگی

NAFA اسلامک پرنسپل پروٹیکٹڈ فنڈ-I (NIPFF-I) کا فنڈ سائز 107 ملین روپے ہے۔ اس مدت کے دوران NAFA اسلامک پرنسپل پروٹیکٹڈ فنڈ-I کے یونٹ کی قیمت 30 جون 2016ء کو 85.7185 روپے سے بڑھ کر 31 مارچ 2017ء پر 101.6211 روپے (Ex-Div) ہو چکی ہے، لہذا 18.55% کا اضافہ ہوا ہے۔ اسی مدت کے دوران شیئ مارک 12.45% بڑھا۔ لہذا فنڈ نے زیر جائزہ مدت کے دوران شیئ مارک سے 6.10% بہتر کارکردگی دکھائی۔ 5 مارچ 2014ء کو اپنے قیام پر فنڈ کے یونٹ کی قیمت نے اپنے شیئ مارک میں 39.24% اضافے کے مقابلے میں 53.81% کا نمود کھایا۔ اس طرح فنڈ کی کارکردگی اپنے شیئ مارک کے مقابلے میں 14.57% بہتر رہی۔ یہ کارکردگی منجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

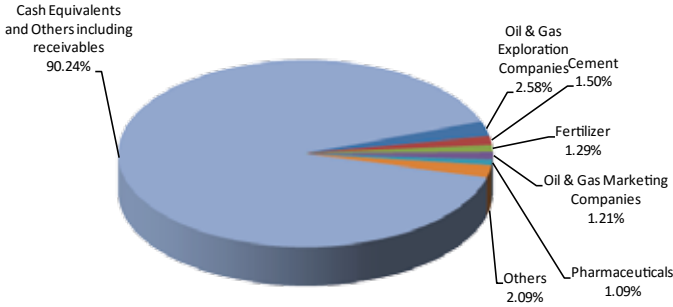
مالی سال 2016ء میں اسٹاک مارکیٹ کی بے یقینی کی کیفیت کے بعد مالی سال 2017ء کے نو ماہ میں اسٹاک مارکیٹ میں خاطر خواہ تیزی آئی، اور منافع میں 27.5% کا متاثر کن اضافہ حاصل ہوا۔ تاہم یہ بات قابل قدر ہے کہ زیادہ اضافہ مالی سال 2017ء کی پہلی ششماہی میں ہوا جس میں KSE-100 انڈیکس کی معیاری سطح میں 26.5% اضافہ ہوا۔ مالیاتی معیشت کے مثبت اشارے، جیسے معتدل افراط زر، شرح سود میں ریکارڈ کمی، اس وقت تک کے سب سے زیادہ زرمبادلہ کے ذخائر میں پاکستان اسٹاک ایکسچینج کی MSCI امریکنگ مارکیٹ انڈیکس میں دوبارہ شمولیت کی بدولت مالی سال 2017ء کی پہلی ششماہی میں مارکیٹ میں ایک مستحکم تیزی آنے سے تقویت حاصل ہوئی۔ اگرچہ مالی سال 2017ء کی تیسری سہ ماہی کے آغاز میں مارکیٹ کی آگے بڑھنے کی رفتار برقرار رہی، جسکی بناء پر 26 جنوری KSE-100 انڈیکس اس وقت تک کی بلند ترین سطح یعنی 50,192 تک پہنچ گیا تاہم اس کے بعد کے عرصہ میں مارکیٹ میں بیچانی کیفیت کا شکار رہی۔ سیاسی بے یقینی کے باعث سرمایہ کار گھبراہٹ کا شکار ہوئے جس کے نتیجے میں انہوں نے حصص فروخت کرنے شروع کر دیئے۔ کرنٹ اکاؤنٹ کے بڑھتے ہوئے خسارے کی وجہ سے بیرونی اکاؤنٹس میں خدشات میں بھی اضافہ ہوا اور بیرون ملک سے ترسیل زر میں بھی ٹھہراؤ آ گیا جس سے سرمایہ کاروں کا جوش و خروش مزید ٹھنڈا ہو گیا۔

انجینئرنگ، کیمیکلز، آؤٹوز، آئل اینڈ گیس مارکیٹنگ کمپنیوں اور ٹیکسٹائل کے شعبے نے مالی سال 2017ء کے نو ماہ میں بہترین منافع دیا جب کہ اس عرصہ میں فرملائزرز، تلاش اور پیداوار کی کمپنیوں، فارماسیوٹیکلز اور پاور کے شعبے کی کارکردگی معمول سے بھی کم رہی۔ مذکورہ مدت میں غیر ملکی سرمایہ کار بڑے فروخت کنندہ رہے اور 483US\$ ملین کی رقم بیرون ملک چلی گئی۔ ملکی سطح پر میوچیکل فنڈز کے 419US\$ ملین کے حصص کے خریدار رہے جس نے غیر ملکی سرمایہ کاروں کی جانب سے کی گئی فروخت کے اثر کو زائل کیا۔ میوچیکل فنڈز کے علاوہ انشورنس اور دیگر کمپنیاں بھی خالص خریداریوں میں شامل رہیں اور انہوں نے بالترتیب 152 ملین یو ایس ڈالر اور 131 ملین یو ایس ڈالر کی سرمایہ کاری کی۔ مقامی سرمایہ کاروں میں بینک ڈفیس 181US\$ ملین میں حصص کی فروخت کی۔

زیر جائزہ مدت میں اسٹیٹ بینک آف پاکستان (SBP) نے ڈسکاونٹ ریٹ اور پالیسی ریٹ بالترتیب 6.25% اور 5.75% کی شرح پر برقرار رکھا۔ بہتر انٹرنیشنل سیالیت کی صورتحال (نیٹ گورنمنٹ ریٹائرمنٹس اور بینک ڈپازٹس میں اضافہ کے سبب) کی قدر و قیمت کا اپن مارکیٹ آپریشنز کے ذریعہ بہتر تعین کیا گیا۔ جبکہ ریپو کے راتوں رات ریٹ کی شرح کی قدر کو پالیسی ریٹ سے قریب تر رکھا گیا۔ تاہم طویل المعیاد بہترین نتائج میں تقریباً 45-60 فیصد بنیادی پوائنٹس کا اوسط اضافہ ہوا، جس سے سرمایہ کاروں کی زیادہ مدت کے پریٹیم کی طلب کا مظاہرہ ہوا۔ مالی سال 2017ء کے نو ماہ میں سال بہ سال بنیاد پر CPI 4.01% ریکارڈ کیا گیا جو گزشتہ سال اسی مدت میں 2.64% تھا۔

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-I

اس مدت کے دوران فنڈ نے 99.28 ملین روپے کی مجموعی آمدنی کمائی۔ اخراجات کی مد میں 59.93 ملین روپے منہا کرنے کے بعد خالص آمدنی 39.35 ملین روپے ہے۔ فنڈ کی ایسیٹ ایلوکیشن 31 مارچ 2017ء کو بمطابق ذیل ہے:



آمدنی کی تقسیم

منجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے ابتدائی NAV-ex کا 27.31% (par value کے مساوی 30.51%) عبوری بونس ڈیویڈنڈ منظور کیا ہے۔

اظہار تشکر

بورڈ اس موقع کا فائدہ اٹھاتے ہوئے منجمنٹ کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر یونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان سے بھی ان کی سرپرستی اور رہنمائی کے لیے پُر خلوص اظہار تشکر کرتا ہے۔ بورڈ اپنے اسٹاف اور 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 منجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

بتاریخ

28 اپریل 2017ء

مقام: کراچی

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-I

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2017

	Note	(Un-audited) March 31, 2017	Audited June 30, 2016
(Rupees in '000)			
ASSETS			
Balances with banks		115,139	403,489
Investments	4	10,450	314,827
Dividend and profit receivable		1,043	2,736
Advances, deposits, prepayments and other receivables		2,614	2,666
Total assets		129,246	723,718
LIABILITIES			
Payable to the Management Company		17,328	18,923
Payable to the Central Depository Company of Pakistan Limited -Trustee		16	88
Payable to the Securities and Exchange Commission of Pakistan		260	1,012
Payable against redemption of units		-	5,147
Accrued expenses and other liabilities		4,530	11,476
Total liabilities		22,134	36,646
NET ASSETS		107,112	687,072
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		107,112	687,072
CONTINGENCIES AND COMMITMENTS	5	-----Number of units-----	
NUMBER OF UNITS IN ISSUE		1,054,036	6,149,790
NET ASSET VALUE PER UNIT		101.6211	111.7228

The annexed notes 1 to 11 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 NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2017

Note	Nine months ended		Quarter Ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
------(Rupees in '000)-----				
INCOME				
Capital gain/ (loss) on sale of investments - net	68,239	(37,884)	6,123	(42,564)
Profit on bank deposits	12,663	41,279	2,763	14,208
Dividend income	8,780	28,997	105	5,778
Income from GoP Ijarah Sukuk	-	1,508	-	-
Reversal of provision for Workers' Welfare Fund	7,552	-	7,552	-
Unrealised appreciation/ (diminution) on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net	2,048	(11,909)	(4,594)	31,375
Total Income	99,282	21,991	11,949	8,797
EXPENSES				
Remuneration of the Management Company	6,396	23,253	378	6,259
Sindh Sales Tax on Management Company's remuneration	832	3,776	50	1,016
Federal Excise Duty on Management Company's remuneration	-	3,721	-	1,002
Accounting and operational charges to the Management Company	346	480	46	313
Remuneration of Central Depository Company of Pakistan Limited - Trustee	451	1,511	60	406
Sindh sales tax on remuneration of the Trustee	58	212	7	57
Annual fee - Securities and Exchange Commission of Pakistan	260	872	34	235
Amortisation of preliminary expenses and floatation costs	-	789	-	204
Auditors' remuneration	342	319	107	69
Annual listing fee	41	26	13	6
Printing charges	75	28	25	1
Legal and professional charges	94	-	31	-
Securities transaction cost	238	767	22	521
Shariah advisor fee	236	-	88	-
Provision for Sindh Workers' Welfare Fund- previous years	1,936	-	1,936	-
Settlement and bank charges	409	332	170	111
Total Expenses	11,714	36,086	2,967	10,200
Net income/ (loss) from operating activities	87,568	(14,095)	8,982	(1,403)
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - net	(47,417)	7,835	(22,920)	7,838
Provision for Sindh Workers' Welfare Fund	6 (803)	-	(803)	-
Net income/ (loss) for the period before taxation	39,348	(6,260)	(14,741)	6,435
Taxation	7 -	-	-	-
Net income/ (loss) for the period after taxation	39,348	(6,260)	(14,741)	6,435

The annexed notes 1 to 11 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 NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2017

	Nine months ended		Quarter Ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	------(Rupees in '000)-----			
Net income/ (loss) for the period after taxation	39,348	(6,260)	(14,741)	6,435
Other comprehensive income for the period	-	-	-	-
Total comprehensive income/(loss) for the period	<u>39,348</u>	<u>(6,260)</u>	<u>(14,741)</u>	<u>6,435</u>

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

Chief Executive

For NBP Fullerton Asset Management Limited
(Management Company)

Director

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-I

CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2017

	Nine months ended		Quarter Ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	------(Rupees in '000)-----			
Undistributed income brought forward comprising of :				
Realised gain	169,560	115,809	233,552	315,052
Unrealised gain / (loss)	16,545	173,109	6,642	(43,284)
	<u>186,105</u>	<u>288,918</u>	<u>240,194</u>	<u>271,768</u>
Net income/ (loss) for the period after taxation	39,348	(6,260)	(14,741)	6,435
Final distribution made during the period				
- Rs. Nil (2015: Re 0.3152 per unit declared on July 16, 2015)	-	(4,455)	-	-
Interim bonus distribution Rs. 30.5064 per unit declared on January 20, 2017 472,313 units (2016: 948,267 units declared on February 26, 2016)	(49,995)	(105,802)	(49,995)	(105,802)
Undistributed income carried forward	<u>175,458</u>	<u>172,401</u>	<u>175,458</u>	<u>172,401</u>
Undistributed income comprising of :				
Realised gain	173,410	184,310	180,052	141,026
Unrealised gain / (loss)	2,048	(11,909)	(4,594)	31,375
	<u>175,458</u>	<u>172,401</u>	<u>175,458</u>	<u>172,401</u>

The annexed notes 1 to 11 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 NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2017

	Nine months ended		Quarter Ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	----- (Rupees in '000) -----			
Net assets at the beginning of the period	687,072	1,707,275	408,615	1,650,966
Issue of 472,313 bonus units (2016: 980,875 units including 948,267 bonus units)	-	3,994	-	-
Redemption 5,568,067 units (2016: 7,583,230 units)	(664,224)	(853,828)	(307,181)	(810,672)
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - net -transferred to income statement	47,417	(7,835)	22,920	(7,838)
Interim bonus distribution Rs. 30.5064 per unit declared on January 20, 2017 472,313 units (2016: 948,267 units declared on February 26, 2016)	(49,995)	(105,802)	(49,995)	(105,802)
Unrealised appreciation/ (diminution) on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net	2,048	(11,909)	(4,594)	31,375
Capital gain/ (loss) on sale of investments - net	68,239	(37,884)	6,123	(42,564)
Other net (loss)/ income for the period	(30,939)	43,533	(16,270)	17,624
Net income/(loss) for the period	39,348	(6,260)	(14,741)	6,435
Final distribution made during the period - Re 0.3152 per unit distribution for the year ended June 30, 2015	-	(4,455)	-	-
Interim bonus distribution Rs. 30.5064 per unit declared on January 20, 2017 472,313 units (2016: 948,267 units declared on February 26, 2016)	47,494	102,527	47,494	102,527
Net assets at the end of the period	107,112	835,616	107,112	835,616

The annexed notes 1 to 11 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 NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2017

	Nine months ended		Quarter Ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	------(Rupees in '000)-----			
CASH FLOW FROM OPERATING ACTIVITIES				
Net income/ (loss) for the period after taxation	39,348	(6,260)	(14,741)	6,435
Adjustments				
Unrealised appreciation/ (diminution) on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net	(2,048)	11,909	4,594	(31,375)
Amortisation of preliminary expenses and floatation costs	-	789	-	204
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - net	47,417	(7,835)	22,920	(7,838)
	84,717	(1,397)	12,773	(32,574)
Decrease/ (Increase) in assets				
Investments	306,425	511,399	177,293	258,433
Dividend and profit receivable	1,693	1,508	751	2,492
Advances, deposits, prepayments and other receivables	52	(3,299)	13	(3,213)
	308,170	509,608	178,057	257,712
(Decrease)/ Increase in liabilities				
Payable to the Management Company	(1,595)	2,222	(705)	(424)
Payable to Central Depository Company of Pakistan Limited -Trustee	(72)	(14)	(39)	(37)
Payable to the Securities and Exchange Commission of Pakistan	(752)	(389)	34	235
Accrued expenses and other liabilities	(6,946)	(3,870)	(10,874)	646
	(9,365)	(2,051)	(11,584)	420
Net cash generated from operating activities	383,522	506,160	179,246	225,558
CASH FLOW FROM FINANCING ACTIVITIES				
Receipts from issue of units	-	3,994	-	-
Payments on redemption of units	(669,371)	(853,236)	(307,181)	(810,080)
Cash dividend	-	(4,455)	-	-
WHT on bonus dividend	(2,501)	(3,275)	(2,501)	(3,275)
Net cash used in financing activities	(671,872)	(856,972)	(309,682)	(813,355)
Net (decrease) in cash and cash equivalents during the period	(288,350)	(350,812)	(130,436)	(587,796)
Cash and cash equivalents at the beginning of the period	403,489	856,369	245,575	1,093,353
Cash and cash equivalents at the end of the period	115,139	505,557	115,139	505,557

The annexed notes 1 to 11 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 THE FINANCIAL STATEMENTS (Un-Audited) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2017

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 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 (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 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) and is listed on the Lahore Stock Exchange (now merged into Pakistan Stock Exchange Limited).

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 AM1 w.e.f April 21, 2017 to the Management Company. The Fund has not yet been rated.

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.

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

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

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-I

The disclosures made in this condensed interim financial statements 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 published financial statements of the Fund for the period ended June 30, 2016.

In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2017.

3 Accounting Policies

The accounting policies adopted for the preparation of the condensed interim financial statements for the Nine months and quarter ended March 31, 2017 are same as those applied in the preparation of annual audited financial statements for the year ended June 30, 2016.

	Note	(Un-audited) March 31, 2017	Audited June 30, 2016
----- Rupees in '000 -----			
4 INVESTMENTS			
Financial assets classified as 'at fair value through profit or loss'			
Listed equity securities	4.1	10,450	314,827

4.1 Listed equity securities

All shares have a nominal face value of Rs. 10 each.

Name of the investee company	Number of shares					Market value as at March 31, 2017	Market value as a percentage of		Holding as a percentage of paid up capital of the investee
	As at July 01, 2016	Purchases during the period	Bonus / Right Issue	Sales during the period	As at March 31, 2017		Net assets	Total Investments	
Rupees in '000 ----- % -----									
Automobile Assembler									
Indus Motor Company Limited	25,750	-	-	25,750	-	-	-	-	-
Cable and Electrical Goods									
Pak Elektron Limited	102,875	-	-	96,500	6,375	587	0.55	5.62	0.00
Cement									
Attock Cement Pakistan Limited	46,400	-	-	46,400	-	-	-	-	-
D.G. Khan Cement Company Limited	47,300	-	-	44,400	2,900	674	0.63	6.45	0.00
Fauji Cement Company Limited	270,500	-	-	258,500	12,000	512	0.48	4.90	0.00
Lucky Cement Limited	20,000	-	-	19,500	500	419	0.39	4.01	0.00
Maple Leaf Cement Factory Limited	23,000	-	-	23,000	-	-	-	-	-
Pioneer Cement Limited	66,000	-	-	66,000	-	-	-	-	-
Commercial Banks									
Meezan Bank Limited	172,000	-	-	172,000	-	-	-	-	-
Engineering									
Mughal Iron and Steel Industries Limited	131,500	-	-	131,500	-	-	-	-	-
Fertilizer									
Engro Corporation Limited	49,600	-	-	47,300	2,300	846	0.79	8.10	0.00
Engro Fertilizers Limited	155,500	-	-	147,000	8,500	533	0.50	5.10	0.00
Fauji Fertilizer Bin Qasim Limited	105,000	-	-	105,000	-	-	-	-	-

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-I

Name of the investee company	Number of shares					Market value as at March 31, 2017	Market value as a percentage of		Holding as a percentage of paid up capital of the investee
	As at July 01, 2016	Purchases during the period	Bonus / Right Issue	Sales during the period	As at March 31, 2017		Net assets	Total Investments	
						Rupees in '000	----- % -----		
Food and Personal Care Products									
Al Shaheer Corporation Limited	170,000	-	25,500	184,530	10,970	5B	0.48	4.91	0.01
Oil and Gas Exploration Companies									
Mari Petroleum Company Limited	7,300	-	-	6,700	600	912	0.85	8.73	0.00
Pakistan Oilfields Limited	58,800	-	-	56,600	2,200	979	0.91	9.37	0.00
Pakistan Petroleum Limited	158,800	-	-	153,200	5,600	867	0.81	8.30	0.00
Oil and Gas Marketing Companies									
Attock Petroleum Limited	14,900	-	-	14,900	-	-	-	-	-
Hasco Petroleum Limited	522	-	-	-	522	157	0.15	1.50	0.00
Pakistan State Oil Company Limited	57,280	-	-	54,600	2,680	1,135	1.06	10.86	0.00
Shell Pakistan Limited	26,500	-	-	26,500	-	-	-	-	-
Paper and Board									
Packages Limited	13,700	-	-	13,700	-	-	-	-	-
Pharmaceuticals									
Glaxo Smith Kline Pakistan Limited	37,500	-	-	37,500	-	-	-	-	-
Glaxo Smith Kline Consumer Healthcare Pakistan Limited	11,250	-	-	-	11,250	979	0.91	9.37	0.00
The Searle Company Limited	17,600	-	2,490	19,800	290	184	0.17	1.76	0.00
Power Generation and Distribution									
Kot Adu Power Company Limited	221,000	-	-	221,000	-	-	-	-	-
Pakgen Power Limited	500	-	-	-	500	11	0.01	0.11	0.00
The Hub Power Company Limited	146,200	-	-	146,200	-	-	-	-	-
Refinery									
National Refinery Limited	6,400	-	-	6,400	-	-	-	-	-
Technology and Communication									
Pakistan Telecommunication Company Limited	89,000	-	-	89,000	-	-	-	-	-
Textile Composite									
Kohinoor Textile Mills Limited	123,000	-	-	121,950	1,050	118	0.11	1.13	0.00
Nishat Mills Limited	83,300	-	-	76,900	6,200	1,024	0.96	9.80	0.00
						10,450	9.76	100	
Carrying value as at March 31, 2017						8,403			

4.1.1 Investments include shares with market value of Rs 5.718 million (June 30, 2016: Rs. 43.677 million) which have been pledged with the National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular Number 11 dated October 23, 2007 issued by the SECP.

5 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at the March 31, 2017 and June 30, 2016.

6 PROVISION FOR SINDH WORKERS' WELFARE FUND

The Finance Act, 2008 introduced amendments to the Workers' Welfare Fund (WWF) 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 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.

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-I

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. The MUFAP reviewed the issue and based on an opinion decided that SWWF is not applicable on mutual funds as they are not financial institutions as required by SWWF Act, 2014. The MUFAP wrote to the SRB that mutual funds are not establishments and are pass through vehicles hence, they do not have any worker and no SWWF is payable by them. The SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, therefore SWWF is applicable on mutual funds. The MUFAP has taken up this matter before the Sindh Finance Ministry to exclude mutual funds from SWWF.

In view of the above developments regarding the applicability of Federal and Sindh WWF on Mutual Funds, the MUFAP has recommended the following to all its members on January 12, 2017:

- based on legal opinion, the entire provision against the Federal WWF held by the CISs till June 30, 2015, to be reversed on January 12, 2017; and
- the provision in respect of Sindh WWF should be made on January 12, 2017 with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e. starting from May 21, 2015).

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

The above 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 CISs/ mutual funds. Accordingly, the Fund has recorded these adjustments in its books on January 12, 2017.

The scheme has maintained provision against Sindh Workers' Welfare Fund's liability to the tune of Rs 2.739 million. If the same were not been made, the NAV per unit of the scheme would have been higher by Rs 2.5986.

7 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 management intends to distribute atleast 90% of the Fund's net accounting income earned by the year end to the unit holders. Accordingly, no provision in respect of taxation has been made in this condensed interim financial information.

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

8 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses incurred during the period divided by average net asset value for the period) is 3.63% p.a including 1.13% representing government levies on Collective Investment Schemes such as Sales tax, Worker's Welfare Fund and Securities and Exchange Commission of Pakistan fee for the period.

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-I

9 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 9.1 Related Parties / Connected persons include NBP Fullerton Asset Management Limited being the Management Company, the Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan (NBP), 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, retirement funds of group companies, directors and key management personnel of the Management Company and any person or company which beneficially owns directly or indirectly 10% or more of the units in issue / net assets of the Fund.
- 9.2 The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 9.3 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.
- 9.4 Remuneration payable to the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 9.5 Details of the transactions with related parties / connected persons are as follows:

	Un-audited			
	Nine month ended		Quarter ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
-----Rupees in '000-----				
NBP Fullerton Asset Management Limited - Management Company				
Remuneration for the period	6,396	23,253	378	6,259
Sindh Sales Tax on remuneration of the Management Company	832	3,776	50	1,016
Federal Excise Duty on remuneration of the Management Company	-	3,721	-	1,002
Accounting and operational charges to the Management Company	346	480	46	313
Central Depository Company of Pakistan Limited - Trustee				
Remuneration for the period	451	1,511	60	406
Sindh sales tax on remuneration of the Trustee	58	212	7	57
Employees of the Management Company				
Units issued / transfer in Nil Units (2016: 5 units)	-	1	-	-
Units redeemed / transfer out Nil Units (2016: 505 units)	-	60	-	-
Bonus Units issued 580 Units (2016: 147 Units)	-	-	-	-
Pakistan Mobile Communication Ltd Provident Fund				
Units Redeemed / Transferred Out 111,425 units (2016: Nil units)	14,347	-	14,347	-
National Bank of Pakistan - Sponsor				
Profit on bank deposits	32	40	5	20
Taurus Securities Limited				
Brokerage expense	15	46	-	21

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-I

	Unaudited 31 March 2017	Audited 30 June 2016
	------(Rupees in '000)-----	
9.6 Amounts outstanding as at period end		
NBP Fullerton Asset Management Limited - Management Company		
Management fee payable	85	1,180
Sindh Sales Tax payable (SST) on remuneration of Management Company	12	192
Federal Excise Duty (FED) payable on remuneration of Management Company	11,370	11,370
Accounting and operational charges payable to the Management Company	347	667
Sales load payable	5,514	5,514
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	14	77
Sindh sales tax on remuneration of the Trustee	2	11
Security deposit	100	100
National Bank of Pakistan		
Bank balance	903	893
Profit receivable	33	26
Employees of the Management Company		
Investment held in the Fund 2,592 units (June 30, 2016: 2,013 units)	263	225
Descon Staff Provident Fund Trust		
Investment held in the Fund 149,813 units (June 30, 2016: Nil units)	15,224	-
Novartis Pharma (Pakistan) Ltd - Senior Provident Fund		
Investment held in the Fund 143,538 units (June 30, 2016: Nil units)	14,586	-
Amount payable against redemption of units to:		
NAFA Islamic Active Allocation Fund - I (Plan - III)	-	5,147

10 DATE OF AUTHORISATION FOR ISSUE

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

11 GENERAL

- 11.1 Figures have been rounded off to the nearest thousand rupees.
- 11.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation. No significant reclassifications have been made during the current period.

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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