



NBP FUNDS

Managing Your Savings

Islamic Savings

Aitemaad اعتماد

اسلامک سیونگز

AM1
Rated by PACRA

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-II

**QUARTERLY
REPORT**
March 31, 2018



MISSION STATEMENT

To rank in the top quartile
in performance of
NBP FUNDS
relative to the competition,
and to consistently offer
Superior risk-adjusted returns to investors.

Contents

FUND'S INFORMATION	03
DIRECTORS' REPORT	05
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES	09
CONDENSED INTERIM INCOME STATEMENT	10
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME	11
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND	12
CONDENSED INTERIM CASH FLOW STATEMENT	13
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS	14

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-II

FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Formerly: NBP Fullerton Asset Management Limited (NAFA)

Board of Directors of the Management Company

Mr. Mudassar Husain Khan	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Tariq Jamali	Director
Mr. Abdul Hadi Palekar	Director
Mr. Kamal Amir Chinoy	Director
Mr. Shehryar Faruque	Director
Dr. Foo Chiah Shiung (Kelvin Foo)	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. Tariq Jamali	Member
Dr. Foo Chiah Shiung (Kelvin Foo)	Member
Mr. Humayun Bashir	Member

Human Resource and Remuneration Committee

Mr. Kamal Amir Chinoy	Chairman
Mr. Abdul Hadi Palekar	Member
Mr. Humayun Bashir	Member

Strategy & Business Planning Committee

Mr. Humayun Bashir	Chairman
Mr. Tariq Jamali	Member
Mr. Shehryar Faruque	Member
Dr. Foo Chiah Shiung (Kelvin Foo)	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
Bank Al Habib Limited
Soneri Bank Limited
Allied Bank Limited
JS Bank Limited

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-II

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: 021 (111-111-632),
(Toll Free): 0800-20002,
Fax: (021) 35825329
Website: www.nbpffunds.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
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-II

DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited (Formerly: NBP Fullerton Asset Management Limited) is pleased to present the unaudited financial statements of **NAFA Islamic Principal Protected Fund – II (NIPPF – II)** for the period ended March 31, 2018.

Fund's Performance

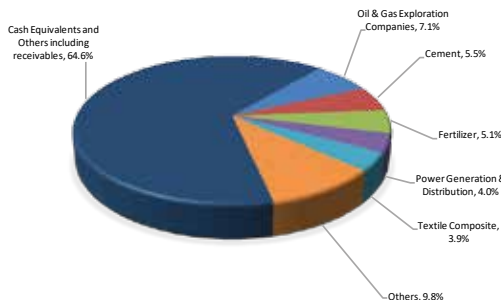
The size of NAFA Islamic Principal Protected Fund-II stood at Rs. 130 million at 31 Mar, 2018. During the period, the unit price of NAFA Islamic Principal Protected Fund-II has decreased from Rs. 101.5691 on June 30, 2017 to Rs. 104.3999 on March 31, 2018, thus showing an increase of 2.79%. The Benchmark during the same period increased by 3.68%. Thus, the Fund has underperformed its Benchmark by 0.89% during the period under review. Since inception (June 27, 2014), the unit price of the Fund has shown a growth of 61.95% as compared to 47.55% increase in its Benchmark. Thus, the Fund has outperformed its Benchmark by 14.4%. This performance is net of management fee and all other expenses.

After a sizeable decline of 12.7% during the 1HFY2018 mainly driven by plethora of negative news on the political front and concerns on the widening current account deficit, the KMI-30 staged a strong recovery of 12.2% in the 3QFY2018. Overall, during 9MFY2018, the KMI-30 witnessed a meager decline of 2.0%. The rebound in the 3QFY2018 is attributable to anticipation of a Foreign Assets Declaration Scheme (FADR) with the associated expectation of significant inflows to the tune of USD3-5bn, PKR devaluation of around 9%, and 25 basis points increase in policy rate to address the galloping current account deficit. Adding to the investors' optimism were expectations of some tax relief for the capital market and listed sectors of the economy in the upcoming federal budget. The PKR devaluation is generally positive for the stock market as it usually improves the profitability of the select heavy-weight sectors such as Oil & Gas Exploration, Banks, Textile Composite, and Technology & Communication while, profit margins of the other sectors such as Automobile Assemblers, Cement, and Fertilizer, etc remain intact on account of pass-through of the rising input cost. It is worthwhile to mention that post the first round of devaluation on December 8, 2017 through March-end, the KMI-30 Index is up by 15%. Similarly, positive impact of currency devaluation has started reflecting as exports are up by a handsome 12% on a year-on-year basis in March 2018.

During 9MFY2018, Oil & Gas Exploration, Food & Personal Care, and Fertilizer sectors delivered better returns than the benchmark, while Refineries, Cements and Engineering sectors considerably under-performed the benchmark. Foreign investors remained net sellers with outflows of USD124 million during the aforesaid period. On the local side, Insurance and Companies remained major net buyers, taking fresh equity exposure worth USD105 million and USD94 million, respectively. Mutual Funds, on the other hand, remained net sellers, off-loading shares worth USD77 million during the aforementioned period.

During the period under review, in its bi-monthly monetary policy review in January 2018, State Bank of Pakistan (SBP) increased the policy rate and discount rate by 25 basis points to 6.00% and 6.50%, respectively. After remaining range bound, sovereign yields responded to the recent increase in the policy rate and on expectation of further hike in the near future. During the period under review, yields on T-bills for 3-month, 6-month, and 12-month tenors increased by 41 basis points, 57 basis points and 71 basis points respectively. Expecting upside risks to inflation and interest rates, investors' preference remained tilted toward short tenors.

The Fund has earned total income of Rs. 5.69 million during the period. After accounting for expenses of Rs.2.21 million, the net income is Rs. 3.48 million. The asset allocation of the Fund as on March 31, 2018 is as follows:



NAFA ISLAMIC PRINCIPAL PROTECTED FUND-II

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 Fund Management Limited
(Formerly: NBP Fullerton Asset Management Limited)

Chief Executive Officer

Director

Date: April 30, 2018
Place: Karachi.

ڈائریکٹرز رپورٹ

NBP فنڈ منیجمنٹ لمیٹڈ (سابقہ: NBP فلٹرین ایسیٹ منیجمنٹ لمیٹڈ) کے بورڈ آف ڈائریکٹرز بصدِ مسرت 31 مارچ 2018 کو ختم ہونے والی مدت کے لئے NAFA اسلامک پرنسپل پروٹیکٹڈ فنڈ-II (NIPPF-II) کے غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

فنڈ کی کارکردگی

NAFA اسلامک پرنسپل پروٹیکٹڈ فنڈ-II (NIPPF-II) کا فنڈ سائز 31 مارچ 2018 کو 130 ملین روپے رہا۔ اس مدت کے دوران NAFA اسلامک پرنسپل پروٹیکٹڈ فنڈ-II کے یونٹ کی قیمت 30 جون 2017 کو 101.5691 روپے سے بڑھ کر 31 مارچ 2018 پر 104.3999 روپے ہو چکی ہے، لہذا 2.79% کا اضافہ ہوا۔ اسی مدت کے دوران بیچ مارک 3.68% بڑھا۔ لہذا فنڈ نے زیر جائزہ مدت کے دوران بیچ مارک سے 0.89% اتر کارکردگی دکھائی۔ اپنے قیام کے وقت (27 جون 2014) سے اب تک فنڈ کے یونٹ کی قیمت نے اپنے بیچ مارک میں 47.55% اضافے کے مقابلے میں 61.95% کا نمو دکھایا۔ اس طرح فنڈ کی کارکردگی اپنے بیچ مارک کے مقابلے میں 14.4% بہتر رہی۔ یہ کارکردگی منیجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

2018 کی پہلی ششماہی میں 12.7% کی نمایاں کمی دیکھنے میں آئی جس کی بڑی وجہ سیاسی محاذ پر منفی خبروں کی بھرمار اور کرنٹ اکاؤنٹ خسارے کے خدشات میں توسیع تھی تاہم KMI-30 نے 2018 کی تیسری سہ ماہی میں 12.2% سے بہتری دکھائی۔ مجموعی طور پر 2018 کے نو ماہ میں KMI-30 میں 2.0% کی معمولی کمی ہوئی۔ اس کے علاوہ بیرونی اثاثہ جات ظاہر کرنے کی (Foreign assets Declaration Scheme (FADS)) اور اس کے نتیجے میں 3-5 ملین امریکی ڈالر کے اندرونی بہاؤ کے امکانات، پاکستانی روپے کی قدر میں 9% کی کمی اور کرنٹ اکاؤنٹ خسارے میں تیزی پر قابو پانے کیلئے پالیسی میں 25 بیس پوائنٹس کا اضافہ کا بھی اس بحالی میں کردار ادا کر رہا ہے۔ آنے والے وفاقی بجٹ میں کینٹل مارکیٹ اور درج شدہ شعبوں کیلئے ٹیکس ریلیف کی توقعات سے سرمایہ کاروں کی مثبت سوچ میں اضافہ ہوا ہے۔ پاکستانی روپے کی قدر میں کمی عام طور پر اشاک مارکیٹ کیلئے مثبت ہوتی ہے کیونکہ اس سے عموماً بڑے شعبہ جات جیسے آئل اینڈ گیس ایکسپلوریشن، بینکس، ٹیکسٹائل، کمپوزٹ اور ٹیکنالوجی اور کمیونیکیشن کی منفعت میں بہتری آتی ہے جب کہ دوسرے شعبہ جات جیسے آٹوموبائل اسمبلر، سینٹ اور فریٹلائزر وغیرہ لاگت کے اخراجات کے لحاظ سے غیر متاثر رہتے ہیں۔ یہاں یہ کہنا بے جا نہ ہوگا کہ 8 دسمبر 2017 سے مارچ کے اختتام تک روپے کی قدر میں کمی کے پہلے راؤنڈ میں KMI 30 انڈیکس میں 15% اضافہ ہوا۔ اسی طرح روپے کی قدر میں کمی سے برآمدات کا گراف بھی سال بہ سال کے لحاظ سے مارچ 2018 میں 12% تک بڑھ گیا۔

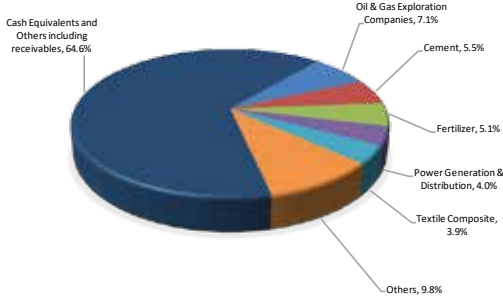
مالی سال 2018 کے نو ماہ کے دوران میں آئل اینڈ گیس ایکسپلوریشن، فوڈ اینڈ پرنسپل کیمز، فریٹلائزر اور کمرشل بینکس کے شعبہ جات نے مارکیٹ سے زیادہ بہتر نتائج پیش کئے جب کہ ریٹائرمنٹ، سینٹ اور انجینئرنگ کے شعبہ جات نے مارکیٹ سے کافی حد تک کم کارکردگی کا مظاہرہ کیا۔ بیرونی سرمایہ کار خالص فروخت کنندہ رہے جس سے مذکورہ مدت میں بیرونی سست کو 124 ملین امریکی ڈالر کا بہاؤ ریکارڈ کیا گیا۔ مقامی سطح پر انشورنس اور کمپنیاں بڑی خالص خریدار رہیں جنہوں نے بالترتیب 105 ملین امریکی ڈالر اور 94 ملین امریکی ڈالر کی تازہ ایکویٹی حاصل کی۔ دوسری طرف میونچل فنڈز بھی خالص فروخت کنندہ رہے جنہوں نے مذکورہ عرصہ میں 77 ملین امریکی ڈالر کے مساوی شیئرز فروخت کئے۔

زیر جائزہ مدت میں اسٹیٹ بینک آف پاکستان (SBP) نے جنوری 2018 میں اپنی دو ماہ کی مانیٹری پالیسی میں پالیسی ریٹ اور ڈسکاؤنٹ ریٹ میں 25 بیس پوائنٹس کے اضافے سے انھیں بالترتیب 6.00% اور 6.50% تک پہنچا دیا ہے۔ بقیہ رینج کے محدود ہونے کے بعد (Sovereign) منافع نے حالیہ پالیسی ریٹس میں اضافے اور مستقبل قریب میں مزید اضافے کی توقع کاروبار میں ظاہر کیا۔ زیر جائزہ مدت کے دوران میں 3 ماہ، 6 ماہ اور 12 ماہ کیلئے T-Bills کے منافع میں بالترتیب 41 بیس پوائنٹس،

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-II

57 بیس پوائنٹس اور 71 بیس پوائنٹس کا اضافہ ہوا۔ افراط زر اور شرح سود سے متعلقہ بڑھتے ہوئے خدشات کی بنا پر سرمایہ کاروں کی ترجیح کا جھکاؤ مختصر مدت کی طرف رہا۔

فند نے اس مدت کے دوران 5.69 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 2.21 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 3.48 ملین روپے ہے۔ فند کی ایسیٹ الیویشن 31 مارچ 2018 کو بمطابق 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 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 اسٹیٹ کی طرف سے محنت، لگن اور عزم کے مظاہرے پر اپنا خراج تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

NBP فند منجمنت لمیٹڈ

(سابقہ NBP فلٹرن ایسیٹ منجمنت لمیٹڈ)

ڈائریکٹر

چیف ایگزیکٹو آفیسر

تاریخ

30 اپریل 2018

بمقام: بکراچی

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-II

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2018

	Note	(Un- Audited) March 31' 2018	Audited June 30, 2017
(Rupees in '000)			
ASSETS			
Balances with banks		96,362	144,702
Investments	4	45,963	12,097
Dividend and profit receivable		956	622
Security deposits and prepayments		2,606	2,600
Total assets		145,887	160,021
LIABILITIES			
Payable to the Management Company		11,301	11,759
Payable to Central Depository Company of Pakistan Limited -Trustee		16	17
Payable to Securities and Exchange Commission of Pakistan		76	457
Accrued expenses and other liabilities		4,814	5,755
Total liabilities		16,207	17,988
NET ASSETS		129,680	142,033
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		129,680	142,033
CONTINGENCIES AND COMMITMENTS	5	-----Number of units-----	
NUMBER OF UNITS IN ISSUE		1,242,150	1,398,392
		------(Rupees)-----	
NET ASSET VALUE PER UNIT		104.3999	101.5691

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

For NBP Fund Management Limited
(Formerly;NBP Fullerton Asset Management Limited)
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-II

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2018

Note	Nine months ended		Quarter Ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
------(Rupees in '000)-----				
INCOME				
(Loss) / gain on sale of investments - net	(192)	185,454	(98)	10,140
Profit on balances with banks	5,761	12,569	1,696	3,557
Dividend income	622	21,951	349	63
Reversal of provision for Workers' Welfare Fund	-	5,070	-	5,070
Unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net	(497)	5,131	2,579	(6,531)
Total income	5,694	230,175	4,526	12,299
EXPENSES				
Remuneration of the Management Company	881	10,482	368	547
Sindh Sales Tax on remuneration of the Management Company	114	1,362	47	71
Accounting and operational charges	101	569	32	72
Remuneration of Central Depository Company of Pakistan Limited -Trustee	131	741	41	95
Sindh sales tax on remuneration of the Trustee	17	96	5	12
Annual fee to Securities and Exchange Commission of Pakistan	76	428	24	55
Auditors' remuneration	104	308	28	100
Annual listing fee	16	41	5	13
Printing charges	45	75	15	25
Legal and professional charges	23	95	8	32
Securities transaction cost	40	661	33	44
Settlement and bank charges	248	467	117	228
Provision for Sindh Workers' Welfare Fund- previous years	-	2,141	-	2,141
Shariah advisor fee	343	236	117	88
Total operating expense	2,139	17,702	840	3,523
Net income from operating activities	3,555	212,473	3,686	8,776
Element of (loss) / income and capital (losses) / gains included in the prices of units issued less those in units redeemed - net	-	(149,855)	-	(132,771)
Provision for Sindh Workers' Welfare Fund	6	(71)	(71)	(1,252)
Net income/ (loss) for the period before taxation	3,484	61,366	3,615	(125,247)
Taxation	7	-	-	-
Net income/ (loss) for the period after taxation	3,484	61,366	3,615	(125,247)
Allocation of net income for the period				
Net income/ (loss) for the period after taxation	3,484	61,366	3,615	(125,247)
Income already paid on units redeemed	(26)	-	(26)	-
	3,458	61,366	3,589	(125,247)
Accounting income available for distribution:				
-Relating to capital gains	-	-	-	-
-Excluding capital gains	3,458	-	3,589	-
	3,458	-	3,589	-

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

For NBP Fund Management Limited
(Formerly;NBP Fullerton Asset Management Limited)
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-II

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2018

	Nine months ended		Quarter Ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	------(Rupees in '000)-----			
Net income/ (loss) for the period after taxation	3,484	61,366	3,615	(125,247)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income/ (loss) for the period	<u><u>3,484</u></u>	<u><u>61,366</u></u>	<u><u>3,615</u></u>	<u><u>(125,247)</u></u>

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

For NBP Fund Management Limited
(Formerly;NBP Fullerton Asset Management Limited)
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-II

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2018

	Nine months ended March 31, 2018 (Rupees in '000)			Nine months ended March 31, 2017 (Rupees in '000)		
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
Net assets at beginning of the period (audited)	17,335	124,698	142,033	943,946	139,558	1,083,504
Issue of Nil units (2017: 846,771 bonus units)						
- Capital value (at net asset value per unit at the beginning of the period)	-	-	-			
- Element of loss	-	-	-			
Total proceeds on issuance of units	-	-	-	95,004	(11,042)	83,962
Redemption of 156,242 units (2017: 8,258,527 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(15,869)	-	(15,869)			
- Element of income	58	(26)	32			
Total payments on redemption of units	(15,811)	(26)	(15,837)	(924,288)	(138,813)	(1,063,101)
Element of loss / (income) and capital losses included in prices of units issued less those in units redeemed - net	-	-	-	-	149,855	149,855
Total comprehensive (loss) / income for the period	-	3,484	3,484	-	61,366	61,366
Distribution during the period: Nil (2017: 846,771 bonus units)	-	-	-	-	(88,261)	(88,261)
Net (loss) / income for the period less distribution	-	3,484	3,484	-	(26,895)	(26,895)
Net assets at end of the period (un-audited)	1,524	128,156	129,680	114,662	112,663	227,325
Undistributed income brought forward						
- Realised		122,351			108,079	
- Unrealised		2,347			31,479	
		124,698			139,558	
Accounting income available for distribution						
- Relating to capital gains		-				
- Excluding capital gains		3,458			61,366	
		3,458				
Distribution during the period: Nil (2017: 846,771 bonus units)		-			(88,261)	
Undistributed income carried forward		128,156			112,663	
Undistributed income carried forward						
- Realised income		128,653			107,532	
- Unrealised (loss) / income		(497)			5,131	
		128,156			112,663	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the period		101.5691			112.1953	
Net assets value per unit at end of the period		104.3999			101.2336	

For NBP Fund Management Limited
(Formerly;NBP Fullerton Asset Management Limited)
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-II

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2018

	Nine months ended	
	March 31, 2018	March 31, 2017
	----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	3,484	61,366
Adjustments		
Unrealised diminution / (appreciation) on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net	497	(5,131)
Element of loss / (income) and capital losses / (gains) included in the prices of units issued less those in units redeemed - net	-	149,855
	3,910	206,090
(Increase) / decrease in assets		
Investments	(34,363)	579,340
Dividend and profit receivable	(334)	1,735
Security deposits and prepayments	(6)	(14)
	(34,703)	581,061
(Decrease) in liabilities		
Payable to the Management Company	(458)	(2,184)
Payable to Central Depository Company of Pakistan Limited -Trustee	(1)	(169)
Payable to Securities and Exchange Commission of Pakistan	(381)	(499)
Accrued expenses and other liabilities	(870)	(3,761)
	(1,710)	(6,613)
Net cash (used in) / generated from operating activities	(32,503)	780,538
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on redemption of units	(15,837)	(1,079,680)
Cash dividend	-	(4,299)
Net cash used in financing activities	(15,837)	(1,083,979)
Net decrease in cash and cash equivalents	(48,340)	(303,441)
Cash and cash equivalents at the beginning of the period	144,702	523,450
Cash and cash equivalents at the end of the period	96,362	220,009

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

For NBP Fund Management Limited
(Formerly;NBP Fullerton Asset Management Limited)
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-II

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2018

1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Islamic Principal Protected Fund-II (the Fund) was established under a Trust Deed executed between NBP Fund Management Limited (Formerly: NBP Fullerton Asset Management Limited) as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on May 07, 2014 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on May 15, 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 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 Pakistan Stock Exchange Limited.

The objective of NAFA Islamic Principal Protection Fund - II is to earn a potentially high return through dynamic asset allocation between shariah compliant equities and money market investment avenues, while providing principal protection to its unit holders. 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.

As per the Trust Deed, the first accounting period shall commence from the date on which the Fund property is first paid or transferred to the Trustee. The Fund opened its bank account on March 3, 2014 for receipt of subscription towards seed capital of the Fund. Accordingly, these financial statements have been prepared for the period from March 3, 2014 to March 31, 2014.

The Pakistan Credit Rating Agency (PACRA) has assigned an asset manager rating of AM1 to the Management Company. The Fund has not yet been rated.

The titles to the assets of the Fund is held in the name of CDC as the trustee of the Fund.

The Fund commenced its operations on June 28, 2014. As per the offering document, the duration of the Fund is perpetual and the initial maturity of the Fund is two years from the date of commencement. However, SECP or the Management Company may wind it up on the occurrence of certain events as specified in the offering document of the Fund and the Non-Banking Finance and Notified Entities Regulations, 2008.

2 STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-II

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

The disclosures made in this condensed interim financial information have been limited based on the requirements of the 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 year ended June 30, 2017

In compliance with schedule V of the NBFC Regulations the directors of the Management Company hereby declared that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2018.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, basis of accounting estimates applied and method of computation adopted in the preparation of this condensed interim financial information and financial risk management objectives and policies are the same as those applied in the preparation of the financial statements of the Fund for the year ended June 30, 2017 except as explained in note 3.1.

- 3.1 The Securities and Exchange Commission of Pakistan through its SRO 756(I)/2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations. The notification includes a definition and explanation relating to "element of income" and excludes the element of income from the expression "accounting income" as described in Regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the revised regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution. Furthermore, the amended regulations also require certain additional disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', whereas disclosure with respect to 'Distribution Statement' has been deleted in the amended regulations.

Previously, an equalization account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' was created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. The net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during the accounting period which pertained to unrealized appreciation / (diminution) held in the Unit Holder's Fund was recorded in a separate account and any amount remaining in this reserve account at the end of the accounting period (whether gain or loss) was included in the amount available for distribution to the unitholders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period was recognized in the Income Statement.

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from July 1, 2017 as allowed by the SECP vide their email to MUFAP dated February 8, 2018. Accordingly, corresponding figures have not been restated. The 'Distribution Statement' for the comparative period has not been presented as it has been deleted as a result of the amendments made in the NBFC Regulations the aforementioned SRO issued by the SECP.

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-II

Had the element of income been recognised as per the previous accounting policy, the profit of the Fund would have been higher by Rs. 0.031 million net off charge for SWWF in respect of element of income / loss and consequently NAV per unit would have been lower by Rs. 0.001. However, the change in accounting policy does not have any impact on the 'Cash Flow Statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' as shown in the 'statement of Assets and Liabilities' and 'Statement of Movement in Unit Holders' Fund'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund which have been incorporated in these statements.

		(Un-audited) March 31, 2018	(Audited) June 30, 2017
		-----Rs. In '000-----	
4	INVESTMENTS	Note	
Financial assets 'at fair value through profit or loss'			
- Listed equity securities	4.1	45,963	12,097

4.1 Listed equity securities

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

Name of the Investee Company	Number of shares					Market value as at March 31, 2018	Market value as a percentage of		Holding as a percentage of paid up capital of the investee company
	As at July 01, 2017	Purchases during the period	Bonus / right issue	Sales during the period	As at March 31, 2018		Net assets	Total investments	
Rupees in '000 ----- % -----									
Oil & Gas Marketing Companies									
Hascol Petroleum Limited	876	2,300	12	-	3,188	846	0.65	1.84	.*
Pakistan State Oil Company Limited	-	7,400	-	-	7,400	2,379	1.83	5.18	.*
Sui Northern Gas Pipelines Limited	-	5,500	-	-	5,500	620	0.48	1.35	.*
Oil & Gas Exploration Companies									
Mari Petroleum Company Limited	1,100	400	-	-	1,500	2,221	1.71	4.83	.*
Oil and Gas Development Company Limitec	-	17,000	-	-	17,000	2,959	2.28	6.44	.*
Pakistan Oilfields Limited	-	2,600	-	-	2,600	1,691	1.30	3.68	.*
Pakistan Petroleum Limited	-	10,900	-	-	10,900	2,320	1.79	5.05	.*
Fertilizer									
Engro Corporation Limited	3,000	9,000	-	-	12,000	3,716	2.87	8.08	.*
Engro Fertilizers Limited	-	41,500	-	-	41,500	2,867	2.21	6.24	.*
Cement									
D.G. Khan Cement Company Limited	5,200	8,100	-	4,200	9,100	1,484	1.14	3.23	.*
Fauji Cement Company Limited	32,600	-	-	-	32,600	954	0.74	2.07	.*
Pioneer Cement Limited	15,200	-	-	-	15,200	1,065	0.82	2.32	0.01
Kohat Cement Limited	-	8,600	-	-	8,600	1,380	1.06	3.00	0.01
Lucky Cement Limited	-	3,300	-	-	3,300	2,276	1.75	4.95	.*
Engineering									
Mughal Iron and Steel Industries Limited	22,226	2,500	-	14,000	10,726	787	0.61	1.71	0.01
International Industries Limited	-	2,500	-	-	2,500	711	0.55	1.55	.*
International Steels Limited	-	7,500	-	-	7,500	869	0.67	1.89	.*
Textile Composite									
Kohinoor Textile Mills Limited	4,737	-	-	-	4,737	333	0.26	0.73	.*
Nishat Mills Limited	6,200	23,800	-	-	30,000	4,767	3.68	10.37	0.01
Pharmaceuticals									
The Searle Company Limited	251	3,700	50	-	4,001	1,407	1.08	3.06	.*
Abbott Laboratories Pakistan Limited	-	900	-	-	900	649	0.50	1.41	.*
Power Generation & Distribution									
The Hub Power Company Limited	-	34,000	-	-	34,000	3,417	2.63	7.43	.*
Kot Addu Power Company Limited	17,400	-	-	-	17,400	1,122	0.87	2.44	.*
K-Electric Limited	-	95,500	-	-	95,500	669	0.52	1.46	0.01
Technology & Communication									
Systems Limited	-	7,000	-	-	7,000	676	0.52	1.47	0.01

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-II

Name of the Investee Company	Number of shares					Market value as at March 31, 2018	Market value as a percentage of		Holding as a percentage of paid up capital of the investee company
	As at July 01, 2017	Purchases during the period	Bonus / right issue	Sales during the period	As at March 31, 2018		Net assets	Total investments	
Automobile Assembler									
Millat Tractors Limited	-	300	-	-	300	385	0.30	0.84	.*
Chemical									
Engro Polymer and Chemicals Limited	-	19,000	-	-	19,000	677	0.52	1.47	.*
Cable & Electrical Goods									
Pak Elektron Limited	-	11,000	-	2,500	8,500	384	0.30	0.84	.*
Commercial Banks									
Meezan Bank Limited	100	22,000	6	-	22,106	1,761	1.36	3.83	.*
Engineering									
Ittefaq Iron Industries Limited	-	25,500	-	-	25,500	570	0.44	1.24	0.19
						45,963	35.44	100	
Carrying value as at March 31, 2018						46,461			
Market value as at June 30, 2017						12,097			
Carrying value as at June 30, 2017						9,750			

* Percentage not presented due to rounding off.

4.2 The above investments include shares having a market value (in aggregate) amounting to Rs 7.596 million (June 30, 2017: Rs 5.393 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 Securities & Exchange Commission of Pakistan.

5 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at March 31, 2018 and June 30, 2017.

6 PROVISION FOR SINDH WORKERS' WELFARE FUND

The legal status of applicability of Worker's Welfare Fund and Sindh Workers' Welfare Fund is same as that disclosed in note 12.1 to the annual audited financial statements of the Fund for the year ended June 30, 2017.

The Fund, being prudent, recognised provision for SWWF amounting to Rs. 3.663 million for the period ended March 31, 2018 in this condensed interim financial information. Had the provision not been made, net assets value per unit at March 31, 2018 would have been higher by Rs. 2.949 per unit (June 30, 2017: Rs. 2.569 per unit).

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 ninety percent of its accounting income for the period, as reduced by capital gains, whether realised or unrealised, is distributed to 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 for 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.

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-II

8 TOTAL EXPENSE RATIO

Total Expense Ratio (all the expenses incurred during the period divided by Average net assets value for the period) is 2.19 % per annum including 0.28% representing government levies on collective investment scheme such as sales tax, worker's welfare fund and SECP fee for the period.

9 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 9.1 Related parties / connected persons include NBP Fund Management Limited (Formerly: 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 officers 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 the market rates.
- 9.3 Remuneration to the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.
- 9.4 Details of the transactions with related parties / connected persons during the period and balances with them as at period / year end are as follows:

	----- (Un-audited) ----- Nine months ended	
	March 31, 2018	March 31, 2017
	----- (Rupees in '000) -----	
NBP Fund Management Limited (Formerly: NBP Fullerton Asset Management Limited)		
- Management Company		
Remuneration for the period	881	10,482
Sindh sales tax on remuneration of the Management Company	114	1,362
Accounting and operational charges	101	569
Central Depository Company of Pakistan Limited - Trustee		
Remuneration for the period	131	741
Sindh sales tax on remuneration of the Trustee	17	96
CDS charges	24	95
Taurus Securities Limited		
Brokerage expense	1	16
	(Un-Audited) March 31, 2018	(Audited) June 30, 2017
Balances outstanding as at period / year end	----- (Rupees in '000) -----	
NBP Fund Management Limited (Formerly: NBP Fullerton Asset Management Limited)		
- Management Company		
Remuneration of the Management Company	133	88
Sindh sales tax payable on remuneration of the Management Company	17	12
Federal excise duty payable on the remuneration of the Management Company	8,151	8,151
Accounting and operational charges payable	101	609
Federal excise duty payable on sales load	2,899	2,899
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	14	15
Sindh sales tax payable on remuneration of the trustee	2	2
Settlement charges payable	24	64
Security deposit	100	100

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-II

	(Un-Audited) March 31, 2018	(Audited) June 30, 2017
	----- (Rupees in '000) -----	
Employees of the Management Company Units held: 2,287 units (June 30, 2017: 2,287 units)	239	232
Persons holding directly or indirectly 10% or more of the units in issue / net assets of the Fund		
City School Provident Fund Trust Units held: 458,218 units (June 30, 2017: 458,218 units)	47,838	46,541
Mehreen Dawood Units held: 208,293 units (June 30, 2017: 208,293 units)	21,746	21,156

10 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on April 30, 2018 by the Board of Directors of the Management Company.

11 GENERAL

- 11.1 Figures have been rounded off to the nearest thousand rupees, unless otherwise is specified.
- 11.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure. There have been no significant reclassification during the period except for the impact of change in accounting policy.

**For NBP Fund Management Limited
(Formerly; NBP Fullerton Asset Management Limited)
(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director

Head Office

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

UAN: 021-111-111-632

Toll Free: 0800-20002

Sms: INVEST to 9995

Fax: 021-35825335

Email: info@nbpffunds.com

Website: www.nbpffunds.com

 /nbpffunds