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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
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. Mudassir 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. Lui Mang Yin (Martin Lui)	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

Human Resource and Remuneration Committee

Mr. Kamal Amir Chinoy	Chairman
Mr. Abdul Hadi Palekar	Member
Mr. Lui Mang Yin (Martin Lui)	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
JS 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, 2017.

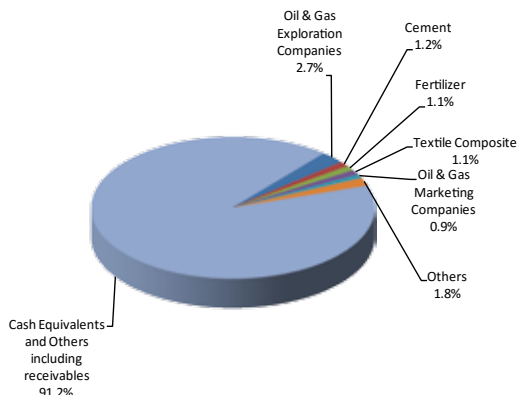
Fund's Performance

During the period, the unit price of NAFA Islamic Principal Protected Fund-I has increased from Rs. 103.7732 on June 30, 2017 to Rs.104.5658 on September 30, 2017, thus showing an increase of 0.8%. The benchmark (Daily weighted return of KMI-30 index & Islamic Bank Deposits based on Funds' actual allocation) decreased by 0.2%. Thus, the Fund outperformed its benchmark by 1.0% during the period under review. Since Inception the NAV of Fund has increased from Rs. 66.0673 (Ex-Div) on March 05, 2014 to Rs. 104.5658 on September 30, 2017, thus showing an increase of 58.3%. The Benchmark return during the same period was 39.5%. Thus, the Fund has outperformed its Benchmark by 18.8%. This performance is net of management fee and all other expenses. The size of NAFA Islamic Principal Protected Fund-I is Rs.89 million.

The market started FY18 on a frail note as non-materialization of highly anticipated net foreign inflows in June, post up-gradation of PSX into MSCI Emerging Index from Frontier Market, sapped investor's sentiments. Deteriorating Balance of Payment (BoP) position and its associated impact on other macro-economic indicators dampened investors' confidence in the market. Adding to the investor worries was elevated political incertitude. The growing tensions in the Pak-US relations also impacted the stock market. Resultantly, the benchmark KMI 30 Index declined by 9.1% during the period under review. Looking at the sector-wise performance, Oil & Gas Exploration, Oil & Gas Marketing Companies, Fertilizer, Power Generation & Distribution, and Banking sectors fared better than the market. Cement sector was a major index drag with under-performance of around 18.4%.

After sizeable net outflow of USD652mn in FY17, foreigners continued to remain net sellers during 1QFY18, as they offloaded equity stakes worth USD90mn. Other than foreigners, Mutual Funds during the quarter also remained net sellers with a net outflow of USD38mn. Their counterparts were Insurance Companies and Banks/DFIs with net inflow of USD49mn and USD34mn, respectively.

During the period, State Bank of Pakistan (SBP) maintained the policy rate at 5.75%. SBP cited that macroeconomic environment remains conducive to growth without impacting headline inflation. Average CPI inflation eased to 3.4% in Jul-Sep FY18 compared to 3.9% during the same period last year. Given potential risks to inflation and interest rates from deteriorating Balance of Payment (BoP) position, investors' preference tilted towards short-term government securities as indicated by heavy participation in 03 month T-bills. During the quarter, T-bill yields remained almost unchanged however, PIB yields increased by 45 bps, 56 bps and 13 bps for the 3 year, 5 year and 10 year tenors, respectively. With pickup in private sector investment activity we have seen increased issuance of corporate debt securities. The Fund has earned total income of Rs.1.26 million during the period. After accounting for expenses of Rs.0.51 million, the net income is Rs.0.75 million. The asset allocation of the Fund as on September 30, 2017 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 27, 2017
Place: Karachi.

ڈائریکٹر رپورٹ

این بی پی فلٹریشن ایسٹٹ منیجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NAFA اسلامک پرنسپل پروٹیکٹڈ فنڈ-I (NIPPF-I) کے غیر آڈٹ شدہ مالیاتی گواہوں کے برائے مختتمہ سہ ماہی 30 ستمبر 2017 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

فنڈ کی کارکردگی

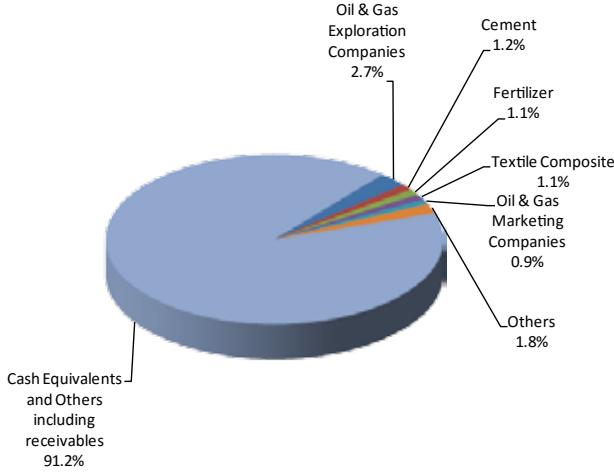
اس مدت کے دوران، NAFA اسلامک پرنسپل پروٹیکٹڈ فنڈ-I (NIPPF-I) کے یونٹ کی قیمت 30 جون 2017 کو 103.7732 روپے سے بڑھ کر 30 ستمبر 2017 کو 104.5658 روپے ہو گئی، جو کہ 0.8 فیصد اضافہ کی نشاندہی کرتا ہے۔ بیچ مارک (KMI-30) کاروانہ اوازنی منافع اور اسلامک بینکوں میں جمع شدہ رقم کی اصل تخصیص میں 0.2 فیصد کی واقع ہوئی۔ لہذا فنڈ کی کارکردگی بیچ مارک سے 1.0 فیصد بہتر رہی۔ فنڈ کے آغاز سے فنڈ کی NAV 05 مارچ 2014 کو 66.0673 روپے (Ex-Div) سے بڑھ کر 30 ستمبر 2017 کو 104.5658 روپے ہو گئی، جو کہ 58.3 فیصد اضافہ کی نشاندہی کرتا ہے۔ اس مدت کے دوران بیچ مارک کا منافع 39.5 فیصد رہا۔ لہذا فنڈ کی کارکردگی بیچ مارک سے 18.8 فیصد بہتر رہی۔ یہ کارکردگی انتظامیہ کے معاوضہ اور دیگر تمام اخراجات نکالنے کے بعد ہے۔ نفع اسلامک پرنسپل پروٹیکٹڈ فنڈ-I کا حجم 89 ملین روپے ہے۔

مالی سال 2018 میں مارکیٹ ایک نازک موڑ سے شروع ہوئی جس کی وجہ جن میں متوقع بیرونی ترسیلات کی عدم حصولی ہے جس نے فرنیچر مارکیٹ میں PSX کی MSCI اہر جنگ انڈیکس میں اپ گریڈیشن کے باوجود سرمایہ کاروں کے جذبات متحرک کئے۔ توازن ادائیگی کے گڑبڑ کی صورت حال اور کھلی معاشی اعداد و شمار کے متعلقہ اثرات نے مارکیٹ میں سرمایہ داروں کے اعتماد پر برا اثر ڈالا۔ غیر مستحکم سیاسی صورتحال نے سرمایہ کاروں کی پریشانی میں مزید اضافہ کر دیا۔ پاک - امریکہ تعلقات میں تناؤ کی وجہ سے بھی اسٹاک مارکیٹ متاثر ہوئی۔ جس کے نتیجے میں بیچ مارک KMI-30 زیر چاند مدت کے دوران 9.1 فیصد گر گیا۔ اگر ہم صنعت و کارکردگی کا جائزہ لیں تو تیل و گیس کی تلاش، گیس و تیل کی کمپنیاں، کھاد، توانائی پیدا کرنے اور تقسیم کرنے والے اداروں اور بینکنگ سیکٹر کی کارکردگی بہتر رہی۔ البتہ سینٹرل سیکٹر کے انڈیکس میں شدید مندی کا رجحان رہا جس میں 18.4 فیصد کمی دیکھی گئی۔

مالی سال 2017 میں یو ایس ڈالر 652 ملین کا بھاری مقدار میں بیرونی بہاؤ ہوا، غیر ملکیوں نے خصوصی طور پر مالی سال 2018 کی پہلی سہ ماہی میں یو ایس ڈالر 90 ملین کے ایکویٹی سرمایہ کو مارکیٹ سے باہر نکالا۔ غیر ملکیوں کے علاوہ، میوچل فنڈ نے بھی اس سہ ماہی میں یو ایس ڈالر 38 ملین کا سرمایہ بھی باہر نکالا۔ جبکہ اس کے برخلاف انشورنس کمپنیاں اور بینک / ڈی ایف آئی نے بالترتیب یو ایس ڈالر 49 ملین اور یو ایس ڈالر 34 ملین کی سرمایہ کاری کی۔

اس مدت کے دوران، اسٹیٹ بینک آف پاکستان نے اپنے پالیسی نرخ 7.5% پر برقرار رکھے۔ SBP نے کھلی معاشی معاملات کو ترقی کے لئے موزوں قرار دیا اس بات کی پرواہ کئے بغیر کہ افراط زر کے کیا اثرات مرتب ہو گئے۔ جولائی سے ستمبر مالی سال 2018 کے دوران درمیانی CPI افراط زر میں قدرے کمی آئی جو کہ 3.4 فیصد رہی جبکہ پچھلے سال اسی مدت کے دوران 3.9 فیصد تھی۔ توازن ادائیگی کی گڑبڑ کی صورت حال کے پیش نظر افراط زر اور سودی نرخوں میں متوقع اضافے کی وجہ سے 3 ماہ کی مدت کی قلیل المیاد حکومتی تسکات کی طرف سرمایہ داروں کا رجحان رہا جس کی نشاندہی سہ ماہی T-Bills میں بھاری سرمایہ کاری سے ہوتی ہے۔ اس سہ ماہی کے دوران T-Bills پر منافع تقریباً غیر متزلزل رہا تاہم PIB کی تین سالہ، مانچ سالہ اور 10 سالہ مدتی اسکیموں کے منافع میں بالترتیب 45 پی ایس، 56 پی ایس اور 13 پی ایس اضافہ ہوا۔ پرائیویٹ سیکٹر میں سرمایہ کاری کی سرگرمیوں میں اضافہ کی وجہ سے کارپوریٹ خرچہ کی تسکات میں اضافہ دیکھنے میں آیا۔ فنڈ کو اس مدت کے دوران 1.26 ملین روپے کی آمدنی ہوئی۔ 0.51 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 0.75 ملین روپے ہو گئی۔ 30 ستمبر 2017 کو فنڈ کے اثاثوں کی تخصیص درج ذیل ہے:

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-I



اعتراف

اس موقع پر بورڈ اپنے تمام یونٹ ہولڈرز کا شکریہ ادا کرتے ہیں جنہوں نے انتظامی کمپنی پر اپنے بھروسے اور اعتماد کا اظہار کیا اور ہمیں اپنی خدمت کا موقع دیا۔ بورڈ اپنی مخلصانہ ستائش سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹیٹ بینک کو ان کی سرپرستی اور رہنمائی پر پیش کرتا ہے۔

بورڈ بخوشی اس بات کا اعتراف کرتا ہے کہ ملازمین اور ٹرسٹیز نے انتہک محنت، جدوجہد اور لگن سے کام کیا۔

از طرف بورڈ

این بی پی فلٹرن ایسیٹ مینجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

تاریخ: اکتوبر 27، 2017

بمقام کراچی

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-I

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2017

	Note	(Un- Audited) September 30, 2017	Audited June 30, 2017
(Rupees in '000)			
ASSETS			
Bank balances		100,761	112,098
Investments	4	7,775	8,992
Dividend and profit receivable	5	682	675
Advances, deposits, prepayments and other receivables		2,616	2,600
Total assets		111,834	124,365
LIABILITIES			
Payable to NBP Fullerton Asset Management Limited - Management Company		17,420	17,325
Payable to Central Depository Company of Pakistan Limited -Trustee		23	12
Payable to the Securities and Exchange Commission of Pakistan		18	280
Payable against redemption of units		401	4,664
Accrued expenses and other liabilities	6	4,858	-
Total liabilities		22,720	22,281
NET ASSETS		89,114	102,084
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		89,114	102,084
CONTINGENCIES AND COMMITMENTS	8		
-----Number of units-----			
NUMBER OF UNITS IN ISSUUE		852,230	983,725
------(Rupees)-----			
NET ASSET VALUE PER UNIT		104.5658	103.7732

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 Financial Officer

Chief Executive Officer

Director

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-I

CONDENSED INTERIM INCOME STATEMENT (Un-audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2017

	Note	Quarter Ended September 30, 2017	Quarter Ended September 30, 2016
(Rupees in '000)			
INCOME			
Capital gain on sale of investments - net		114	4,303
Profit on bank deposits		1,497	5,578
Dividend income		47	3,208
Unrealised (diminution)/ appreciation on remeasurement of investments classified as financial assets 'at fair value through profit or loss' - net		(402)	27,755
Total Income		1,256	40,844
EXPENSES			
Remuneration of NBP Fullerton Asset Management Limited - Management Company		186	3,336
Sindh sales tax on Management Company's remuneration		24	434
Accounting and operational charges to the Management Company		24	167
Remuneration of Central Depository Company of Pakistan Limited - Trustee		31	217
Sindh sales tax on remuneration of Trustee		4	28
Annual fee - Securities and Exchange Commission of Pakistan		18	125
Auditors' remuneration		24	107
Legal and professional charges		26	31
Annual listing fee		6	10
Printing charges		21	25
Securities transaction cost		1	16
Settlement and bank charges		5	92
Shariah advisor fee		124	90
Total Expenses		494	4,678
Net income from operating activities		762	36,166
Element of (loss) and capital (losses) included in prices of units issued less those in units redeemed - net		-	(2,427)
Net income for the period		762	33,739
Provision for Sindh Workers' Welfare Fund	7	(15)	-
Net income for the period before taxation		747	33,739
Taxation	9	-	-
Net income for the period after taxation		747	33,739
Allocation of Net Income for the year:			
Income already paid on units redeemed		(75)	-
Accounting income available for distribution carried to distribution account:			
-Relating to capital gains		(259)	-
-Excluding capital gains		931	-
Accounting income available for distribution		672	33,739
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 Financial Officer

Chief Executive Officer

Director

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-I

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2017

	Quarter Ended September 30, 2017	Quarter Ended September 30, 2016
	(Rupees in '000)	
Accounting income available for distribution	672	33,739
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>672</u>	<u>33,739</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 Financial Officer

Chief Executive Officer

Director

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-I

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (Un-audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2017

	Quarter Ended September 30, 2017 (Rupees in '000)	Quarter Ended September 30, 2016
Net assets at the beginning of the period	102,084	687,072
Redemption of 131,495 units: (September 30, 2016: 705,452 units)	(13,717)	(81,242)
Element of loss and capital losses included in the prices of units issued less those in units redeemed - net - transferred to income statement	-	2,427
Accounting income available for distribution	672	33,739
Income already paid on units redeemed	75	-
Net assets at the end of the period	89,114	641,996
Net Assets value per unit as at beginning of the period	103.7732	111.7228
Net Assets value per unit as at end of the period	104.5658	117.9199
Distribution during for the period:		
Undistributed income brought forward		
Realised gain	176,102	169,560
Unrealised gain	2,183	16,545
	178,285	186,105
Accounting income available for distribution:		
-Relating to capital gains	(259)	
-Excluding capital gains	931	
	672	33,739
Distribution made during the period	-	-
Undistributed income carried forward	178,957	219,844
Undistributed income comprising of :		
Realised gain	179,359	192,089
Unrealised (loss) / gain	(402)	27,755
	178,957	219,844

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 Financial Officer

Chief Executive Officer

Director

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-I

CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2017

	Quarter ended September 30, 2017	Quarter ended September 30, 2016
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period before taxation	747	33,739
Adjustments		
Unrealised diminution/ (appreciation) on remeasurement of investments classified as 'financial assets at fair value through profit or loss'- net	402	(27,755)
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	-	2,427
	<u>1,149</u>	<u>8,411</u>
Decrease / (increase) in assets		
Investments	815	24,353
Dividend and profit receivable	(7)	(2,582)
Advances, deposits, prepayments and other receivables	(16)	(56)
	<u>792</u>	<u>21,715</u>
Increase / (decrease) in liabilities		
Payable to NBP Fullerton Asset Management Limited - Management Company	95	8
Payable to Central Depository Company of Pakistan Limited -Trustee	11	(9)
Payable to the Securities and Exchange Commission of Pakistan	(262)	(887)
Accrued expenses and other liabilities	4,858	(1,060)
	<u>4,702</u>	<u>(1,948)</u>
Net cash generated from operating activities	<u>6,643</u>	<u>28,178</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Payments on redemption of units	(17,980)	(86,389)
Net cash (used in) from financing activities	<u>(17,980)</u>	<u>(86,389)</u>
Net decrease in cash and cash equivalents during the period	<u>(11,337)</u>	<u>(58,211)</u>
Cash and cash equivalents at the beginning of the period	112,098	403,489
Cash and cash equivalents at the end of the period	<u><u>100,761</u></u>	<u><u>345,278</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 Financial Officer

Chief Executive Officer

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, 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 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 Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (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).

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 to the Management Company as at April 21, 2017.

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 condensed interim 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 (IFRS) issued by the International Accounting Standards Board as are notified under the repealed Companies Ordinance, 1984, and the requirements of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008, (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever, the requirement of the NBFC Rules, the NBFC Regulations and the said directives differ with the requirements of these standards, the requirements of the NBFC Rules, the NBFC Regulations, and the said directives shall prevail. The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34, Interim Financial Reporting.

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-I

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, 2017 are same as those applied in the preparation of annual audited financial statements for the year ended June 30, 2017 except for Element of Income. Pursuant to SRO 756(I)/2017, management has changed its accounting policy whereby element of income / loss and capital gains / losses in prices of units issued less those in units redeemed during the year, previously transferred to the 'income statement' has now been taken to unit holders' fund. The above change has been applied from July 01, 2017 as clarified by MUFAP, therefore the comparative information have not been restated.

4 INVESTMENTS

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

Note	(Un-audited) September 30, 2017	Audited June 30, 2017
	----- Rupees in '000 -----	
4.1	<u>7,775</u>	<u>8,992</u>
	<u>7,775</u>	<u>8,992</u>

4.1 Listed equity securities

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

Name of the sector / investee company	Number of shares					Market value as at September 30, 2017	Market Value as a percentage of		Holding as a percentage of paid up capital of the investee company
	As at July 1, 2017	Purchases during the period	Bonus / right issue during the period	Sales during the period	As at September 30, 2017		Net assets	Total investments	
Rupees in '000-----%									
Cable and Electrical Goods									
Pak Elektron Limited	6,375	-	-	-	6,375	484	0.47	5.38	- *
Cement									
D.G. Khan Cement Company Limited	2,400	-	-	-	2,400	352	0.35	3.91	- *
Fauji Cement Company Limited	12,000	-	-	-	12,000	390	0.38	4.34	- *
Lucky Cement Limited	500	-	-	-	500	283	0.28	3.14	- *
					-	1,025	1.00	11.40	
Fertilizer									
Engro Fertilizers Limited	6,500	-	-	-	6,500	409	0.40	4.55	- *
Engro Corporation Limited	2,000	-	-	-	2,000	606	0.59	6.74	- *
						1,015	0.99	11.29	
Food and Personal Care Products									
Al Shaheer Corporation Limited	10,970	-	-	-	10,970	347	0.34	3.86	0.01
Oil and Gas Exploration Companies									
Mari Petroleum Company Limited	500	-	-	-	500	753	0.74	8.37	- *
Pakistan Oilfields Limited	1,600	-	-	-	1,600	851	0.83	9.47	- *
Pakistan Petroleum Limited	4,800	-	-	-	4,800	839	0.82	9.33	- *
						2,442	2.39	27.16	
Oil and Gas Marketing Companies									
Hascol Petroleum Limited	522	-	-	-	522	147	0.14	1.63	- *
Pakistan State Oil Company Limited	1,480	-	-	-	1,480	654	0.65	7.27	- *
						801	0.78	8.90	
Pharmaceuticals									
Glaxo Smith Kline Consumer Healthcare Pakistan Limited	6,250	-	-	3,900	2,350	654	0.64	7.28	0.00
The Searle Company Limited	290	-	-	-	290	117	0.11	1.30	- *
						772	0.76	8.58	

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-I

Name of the sector / investee company	Number of shares					Market value as at September 30, 2017	Market Value as a percentage of		Holding as a percentage of paid up capital of the investee company
	As at July 1, 2017	Purchases during the period	Bonus / right issue during the period	Sales during the period	As at September 30, 2017		Net assets	Total investments	
Rupees in '000 ----- % -----									
Power Generation and Distribution									
Pakgen Power Limited	500	-	-	-	500	11	0.01	0.12	- *
						11	0.01	0.12	
Textile Composite									
Kohinoor Textile Mills Limited	1,050	-	63	-	1,113	94	0.08	1.05	- *
Nishat Mills Limited	5,400	-	-	-	5,400	784	0.77	8.71	- *
						878	0.85	9.76	
As at September 30, 2017						7,775	7.62	86	
Carrying value as at September 30, 2017						8,177			

* Nil value due to rounding off difference.

- 4.1.1 Investments include shares with market value of Rs 4.463 million (June 30, 2017: Rs 4.621 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.

	(Un-audited) September 30, 2017	Audited June 30, 2017
----- Rupees in '000 -----		
5 DIVIDEND AND PROFIT RECEIVABLE		
Profit accrued on saving deposits	635	650
Dividend receivable	47	25
	682	675
6 ACCRUED EXPENSES AND OTHER LIABILITIES		
Auditors' remuneration payable	341	317
Provision for Workers' Welfare Fund	2,812	-
Provision for Sindh Workers' Welfare Fund	-	2,797
Settlement charges	17	37
Bank charges	10	9
Printing charges	176	155
Withholding tax	166	163
Legal fee	169	143
Haram portion of dividend Income	634	634
Shariah advisory fee	533	409
	4,858	4,664
7 PROVISION FOR SINDH WORKERS' WELFARE FUND		

As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF.

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-I

In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP on January 12, 2017 recommended all its members that as a matter of abundant caution the provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e. starting from May 21, 2015).

Had the provision for SWWF not been recorded in the financial statements of the Fund, the net asset value of the Fund as at September 30, 2017 would have been higher by Re 3.2984 per unit.

8 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at the September 30, 2017 and June 30, 2017.

9 TAXATION

The income of the Fund is exempt from income tax as per 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 management intends to distribute 90 percent of the Fund's net accounting income earned by the year end as cash dividend 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.

10 EARNINGS PER UNIT

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

11 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses incurred during the period divided by Average net assets value for the period) is 2.10% p.a. including 0.25% representing government levies on collective Investment scheme such as Sales tax, Sindh 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.

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-I

	----- (Un-Audited) -----	
	Quarter ended September 30, 2017	Quarter ended September 30, 2016
	----- 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	186	3,336
Sindh Sales Tax on remuneration of management company	24	434
Accounting and operational charges to the Management Company	24	167
Central Depository Company of Pakistan Limited - Trustee		
Remuneration for the period	31	217
Sindh Sales Tax on remuneration of Trustee	4	28
CDS charges	-	46
Taurus Securities Limited		
Brokerage expense	-	1
National Bank of Pakistan - Sponsor		
Profit on bank deposits	-	11
	(Un-Audited) September 30, 2017	(Audited) June 30, 2017
	----- (Rupees in '000) -----	
12.6 Amounts outstanding as at period end		
NBP Fullerton Asset Management Limited - Management Company		
Management fee payable	123	60
Sindh sales tax payable on remuneration of Management Company	16	8
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	397	373
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	20	11
Sindh sales tax payable on remuneration of Trustee	3	1
Settlement charges payable	17	37
Security deposit	100	100
Employees of the Management Company		
Investment held in the Fund 2,593 units (2017: 2,593 units)	271	269
National Bank of Pakistan - Sponsor		
Bank balance	914	914
Profit receivable	21	21
Persons holding directly or indirectly 10% or more of the units in issue / net assets of the Fund		
Descon Staff Provident Fund Trust		
Investment held in the Fund 149,813 units (2017: 149,813)	15,665	15,547
Novartis Pharma (Pakistan) Limited - Senior Provident Fund		
Investment held in the Fund 143,538 units (2017: 143,538)	15,009	14,895

13 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on October 27, 2017.

14 GENERAL

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

**For NBP Fullerton Asset Management Limited
(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director



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

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