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

NAFA ISLAMIC STOCK FUND

ANNUAL REPORT 2017



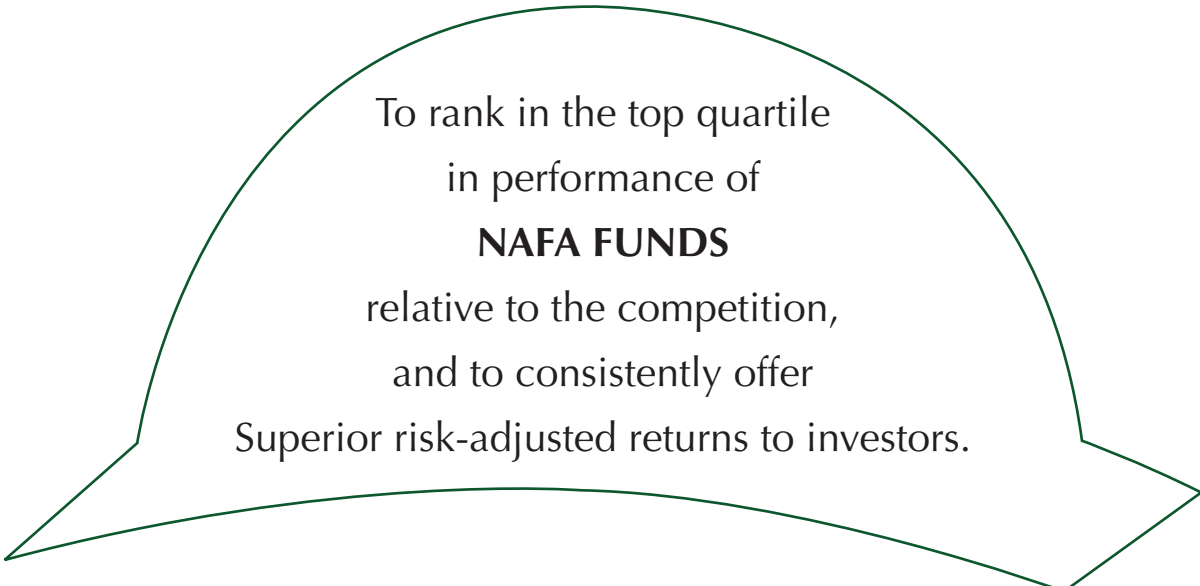
Your investments & "NAFA" grow together



**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.

NAFA ISLAMIC STOCK FUND

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
Dr. Foo Chiah Shiung (Kelvin Foo)	Director
Mr. Lui Mang Yin (Martin Lui)	Director
Mr. Kamal Amir Chinoy	Director
Mr. Shehryar Faruque	Director
Mr. Tariq Jamali	Director
Mr. Abdul Hadi Palekar	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
Dr. Foo Chiah Shiung (Kelvin Foo)	Member
Mr. Tariq Jamali	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

Summit Bank Limited
Bank Alfalah Limited
Habib Bank Limited
National Bank of Pakistan
Silk Bank Limited
United Bank Limited
Al Baraka Bank Limited
BankIslami Pakistan Limited
Meezan Bank Limited
Sindh Bank Limited
Bank Al Habib Limited
Dubai Islamic Bank Pakistan Limited
Habib Metropolitan Bank Limited
Allied Bank Limited
MCB Bank Limited
JS Bank Limited

NAFA ISLAMIC STOCK FUND

Auditors

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

Legal Advisor

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

Head Office:

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

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 STOCK FUND

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Board of Directors



Dr. Amjad Waheed, CFA
Chief Executive Officer



Mr. Mudassir Husain Khan
Chairman



Mr. Kamal Amir Chinoy
Director



Mr. Lui Mang Yin (Martin Lui)
Director



Mr. Tariq Jamali
Director



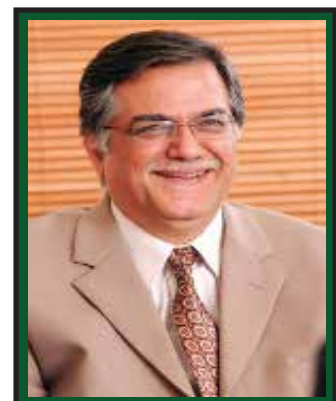
Mr. Shehryar Faruque
Director



Dr. Foo Chiah Shiung (Kelvin Foo)
Director



Mr. Abdul Hadi Palekar
Director



Mr. Humayun Bashir
Director

Senior Management



Dr. Amjad Waheed, CFA
Chief Executive Officer



Mr. Sajjad Anwar, CFA
Chief Investment Officer



Mr. M. Murtaza Ali
Chief Operating Officer
& Company Secretary



Mr. Khalid Mehmood
Chief Financial Officer



Mr. Samiuddin Ahmed
Country Head Corporate
Marketing



Mr. Ozair Khan
Chief Technology Officer



Mr. Hassan Raza, CFA
Head of Research



Mr. Muhammad Ali, CFA, FRM
Head of Fixed Income



Mr. Taha Khan Javed, CFA
Head of Equity



Syed Ali Azhar Hasani
Head of Internal Audit



Mr. Salman Ahmed
Head of Risk Management



Mr. Raheel Rehman, ACA
Senior Manager Compliance



Mr. Shahbaz Umer
Head of Human Resource &
Administration

NAFA ISLAMIC STOCK FUND

DIRECTORS' REPORT

The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the Third Annual Report of **NAFA Islamic Stock Fund** for the year ended June 30, 2017.

NAFA launched its first open-end Islamic equity scheme namely NAFA Islamic Stock Fund (NISF) on January 09, 2015. The aim of the Fund is to provide growth to the investment of Unit holders over the long-term in approved Shariah compliant equities.

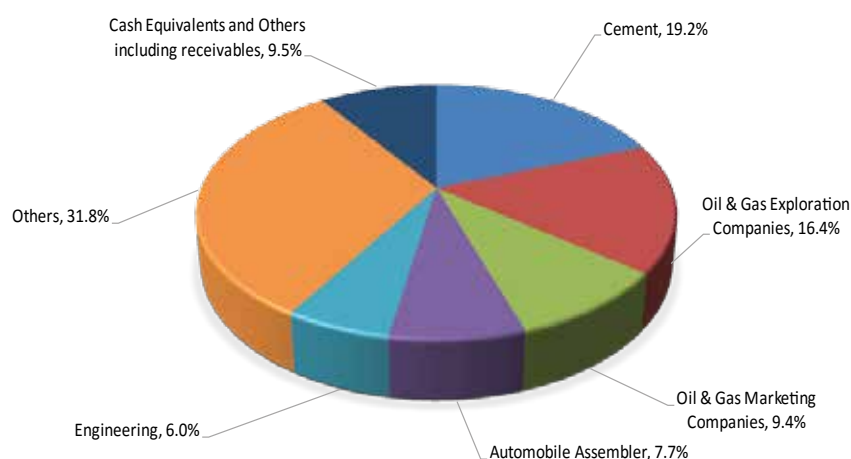
Fund's Performance

Fiscal Year 2016-17 can be characterized as a tale of two halves where the market surged by a hefty 26.5% during 1HFY17 while in the later half the market declined by 2.6% amid lot of volatility. FY17 started on a positive note as investors remained upbeat on various positive developments: (i) supportive investment backdrop with rising economic growth, controlled inflation & interest rates, healthy corporate earnings growth and attractive stock market valuations; (ii) Pakistan's re-classification to MSCI Emerging Market Index effective June 2017; (iii) CPEC related investment activity gaining traction; and (iv) equity related mutual funds attracting hefty inflows on account of paltry yields on fixed income avenues. The optimism of the first half of the fiscal year began to fade on the back of many negatives : (i) rising domestic political uncertainty with the start of court proceeding against the Prime Minister in the Panama Leaks Case; (ii) renewed decline in the global oil prices that weighed in on the index heavy Oil & Gas and Banking sectors; (iii) SECP's drive to curb in-house badla financing sparking concern in the market; and (iv) rising risks to the Balance of Payment (BoP) position from widening trade and current account deficits. A big disappointment for investors was absence of meaningful net foreign portfolio inflows during PSX reclassification into MCSI Emerging Market Index. Foreign investors remained net sellers throughout the year, offloading equity stakes worth USD652mn in FY17 that was mainly absorbed by Mutual Funds and Insurance Companies.

During the fiscal year, NAFA Islamic Stock Fund delivered 32.46% return as against KMI-30 index return of 18.80%, outperforming the benchmark by 13.66% during the year. The Fund outperformed on the back of proactive asset allocation. Furthermore, the outperformance also came from Fund's overweight in key stocks in Engineering, Automobile Assembler, Automobile Parts & Accessories, Oil & Gas Marketing Companies sectors that outperformed the market and underweight in key stocks in Fertilizer, and Power Generation & Distribution Companies sectors that underperformed the market, which contributed to the outperformance. Since the inception of the Fund, the return on NAFA Islamic Stock Fund was 66.56% as against the benchmark KMI-30 index return of 49.87%. Thus, the Fund outperformed by 16.69% during the period. This outperformance is net of management fee and all other expenses.

NAFA Islamic Stock Fund has earned a total income of Rs.2,124.86 million during the period. After deducting total expenses of Rs.216.41 million, the net income is Rs.1,908.45 million. During the year, the unit price of NAFA Islamic Stock Fund has increased from Rs.9.8933 (Ex-Div) on June 30, 2016 to Rs.13.1045 on June 30, 2017. The resultant per unit gain is Rs.3.2112 (32.46%).

The asset allocation of NAFA Islamic Stock Fund as on June 30, 2017 is as follows:



NAFA ISLAMIC STOCK FUND

Income Distribution

The Board of Directors of the Management Company has approved cash dividend of 18.15% of opening Ex-NAV (20.77% of the par value) for the year. Further, The Board has also approved final cash dividend of 0.29% of the opening ex-NAV (0.33% of the Par value), subsequent to year end.

Taxation

As the above cash dividend is more than 90% of the income earned during the year, excluding realized and unrealized capital gains on investments, the Fund is not subject to tax under Clause 99 of the Part I of the Second Schedule of the Income Tax Ordinance, 2001.

Auditors

The present auditors, Messrs A.F. Ferguson & Co., Chartered Accountants, retire and, being eligible, offer themselves for re-appointment for the year ended June 30, 2018.

Directors' Statement in Compliance with Code of Corporate Governance

1. The financial statements, prepared by the management company, present fairly the state of affairs of the Fund, the result of its operations, cash flows and statement of movement in unit holders' funds.
2. Proper books of account of the Fund have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Fund's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
8. A performance table/ key financial data is given in this annual report.
9. Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements.
10. The Board of Directors of the Management Company held four meetings during the period. The attendance of all directors is disclosed in the note 21 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 20 to these financial statements.
12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 17 to these financial statements.

NAFA ISLAMIC STOCK FUND

Acknowledgement

The Board takes this opportunity to thank its valued unit-holders for their confidence and trust in the Management Company, and providing the opportunity to serve them. It also offers its sincere gratitude to the Securities & Exchange Commission of Pakistan and State Bank of Pakistan for their patronage and guidance.

The Board also wishes to place on record its appreciation for the hard work, dedication and commitment shown by the staff and the Trustee.

On behalf of the Board of
NBP Fullerton Asset Management Limited

Chief Executive

Director

Date: September 15, 2017
Place: Karachi.

NAFA ISLAMIC STOCK FUND

ڈائریکٹرز رپورٹ

NBP فلٹرن ایسیٹ منیجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NAFA اسلامک اسٹاک فنڈ (NISF) کی گیارہویں سالانہ رپورٹ برائے سال ختمہ 30 جون 2017ء پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

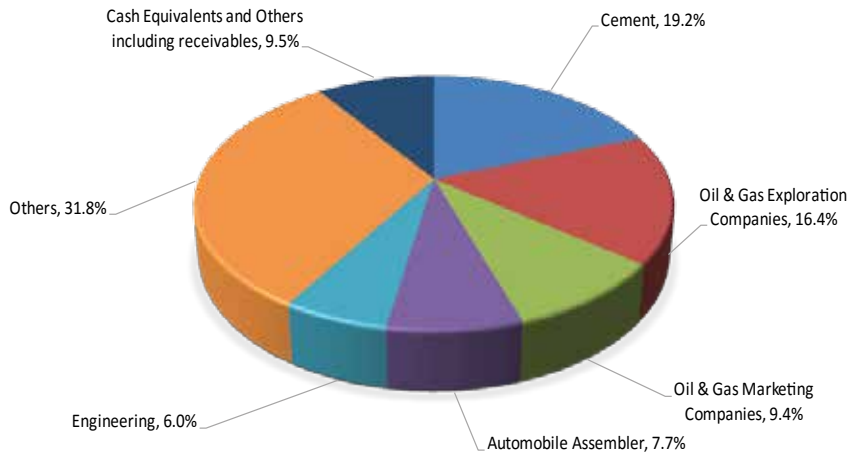
فنڈ کی کارکردگی

مالی سال 2016-17 کو دو ششماہیوں میں منقسم کیا جاسکتا ہے۔ سال 17 کی پہلی ششماہی میں مارکیٹ میں %26.5 کا شاندار اضافہ ہوا جب کہ دوسری ششماہی میں نسبتاً اتار چڑھاؤ کے ساتھ مارکیٹ گر کر %2.6 پر آگئی۔ مالی سال 17 کا آغاز بڑے مثبت انداز میں ہوا جس میں سرمایہ کار سرگرم رہے جس کی وجہ مختلف مثبت پیش رفت تھی جیسے (i) معاشی نمو میں اضافہ کی بدولت سرمایہ کاری کے لئے موافق پس منظر، افراط زر اور سود کی شرح پر کنٹرول، کارپوریٹ کی آمدنی میں بڑا اضافہ اور اسٹاک مارکیٹ کی پرکشش قدر و قیمت (ii) MSCI ایمریکنگ مارکیٹ انڈیکس میں جون 2017ء میں پاکستان کی دوبارہ درجہ بندی؛ (iii) چین پاکستان اقتصادی راہداری (CPEC) سے متعلق سرمایہ کاری کی سرگرمیوں میں تیزی کا رجحان اور (iv) حصص پر مبنی میوچل فنڈز کے پرکشش ہونے کے سبب داخلی بہاؤ میں نمایاں اضافہ جس کی وجہ فلسفہ انکم ذرائع میں معمولی آمدنی کا حصول تھا۔ بعد ازاں مالی سال کی پہلی ششماہی کے مثبت رجحانات مختلف منفی وجوہات کی بنا پر معدوم پڑنے لگیں۔ جیسے (i) پانامہ لیکس کیس میں وزیر اعظم کے خلاف عدالتی کارروائی کے آغاز سے ملک میں سیاسی غیر یقینی کی کیفیت (ii) عالمی سطح پر تیل کی قیمتوں میں دوبارہ کمی جس سے آئل اور گیس اور بینکنگ کے شعبہ جات کے انڈیکس پر دباؤ پڑا (iii) سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی جانب سے ان ہاؤس بدلہ فنانسنگ میں رکاوٹ ڈالنے سے مارکیٹ میں تشویش پائی گئی اور (iv) تجارت اور کرنٹ اکاؤنٹ میں بڑھتے ہوئے خسارے کے سبب توازن ادائیگی (BoP) میں بڑھتے ہوئے خدشات۔ سرمایہ کاروں کو اس وقت بہت مایوسی ہوئی جب MCSI ایمریکنگ مارکیٹ انڈیکس میں پاکستان اسٹاک ایکسچینج (PSX) کی دوبارہ درجہ بندی کے باوجود با مقصد خالص بیرون ملک زرمبادلہ نہ حاصل ہو پایا۔ پورے سال میں بیرونی سرمایہ کار خالص فروخت کنندہ رہے اور مالی سال 17 کے دوران 652 ملین یو ایس ڈالر کی ایکویٹی فروخت ہوئی جو زیادہ تر میوچل فنڈز اور بیمہ کمپنیوں میں جذب ہوگئی۔

مذکورہ مالی سال کے دوران NAFA اسلامک اسٹاک فنڈ نے KMI-30 انڈیکس کے %18.80 منافع کے مقابلے میں %32.46 کا منافع درج کرایا، اس طرح فنڈ نے سال کے دوران مارکیٹ کے مقابلے میں %13.66 کی اضافی کارکردگی کا مظاہرہ کیا۔ فنڈ نے یہ بہتر کارکردگی متحرک درجہ بندی کی بنا پر دکھائی۔ علاوہ ازیں، فنڈ نے انجینئرنگ، آٹوموبائل اسمبلرز، آٹوموبائل پارٹس اینڈ ایسیسریز اور آئل اور گیس کی مارکیٹنگ کمپنیوں کے شعبوں میں اضافی تناسب رکھنے کی بنا پر بہتر کارکردگی دکھائی۔ جبکہ فریٹلائزرز اور پاور جنریشن اینڈ ڈسٹری بیوشن کمپنیوں کے سیکٹرز میں نسبتاً کم تناسب رکھنے کی بنا پر کارکردگی معمول سے کم رہی اور اس کا اثر اضافی کارکردگی کے نتائج پر پڑا۔ اپنے قیام سے اب تک فنڈ میں %66.56 کا اضافہ ہوا ہے، جبکہ KMI-30 انڈیکس بڑھ کر %49.87 ہو گیا، لہذا اب تک فنڈ نے %16.69 کی بہتر کارکردگی دکھائی۔ یہ کارکردگی منیجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

NAFA اسٹاک فنڈ (NISF) نے اس سال کے دوران 2,124.86 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 216.41 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 1,908.45 ملین روپے رہی۔ اس سال کے دوران NAFA اسلامک اسٹاک فنڈ (NISF) کے یونٹ کی قیمت 30 جون 2016 کو 9.8933 روپے (Ex-Div) سے بڑھ کر 30 جون 2017 کو 13.1045 روپے ہو چکی ہے۔ اس کے نتیجے میں فی یونٹ منافع 3.2112 روپے یعنی %32.46 ہے۔

فنڈ کی ایسیٹ ایلوکیشن 30 جون 2017 کو بمطابق ذیل ہے:



آمدنی کی تقسیم

منیجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے اس سال کے دوران میں اوپننگ ex-NAV کے %12.30 (بنیادی قدر کا %13.96) نقد ڈیویڈنڈ کی منظوری دی ہے۔ مزید برآں سال کے اختتام کے بعد بورڈ آف ڈائریکٹرز نے ex-NAV کی اوپننگ کا %0.29 فیصد (مساوی قیمت کا %0.33) حتمی کیش ڈیویڈنڈ کی منظوری دی ہے۔

NAFA ISLAMIC STOCK FUND

ٹیکسیشن

درج بالا نقد منافع، سال کے دوران میں حاصل ہونے والی آمدنی میں سے سرمایہ کاری پر حاصل ہونے والے محصول شدہ اور غیر محصول شدہ کمپنٹل گین منہا کرنے کے بعد 90% ہے، اس لئے فنڈ پرائم ٹیکس آرڈیننس 2001 کے سیکنڈ شیڈول کے پارٹ 1 کی شق 99 کے تحت ٹیکس لاگو نہیں ہے۔

آڈیٹرز

موجودہ آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور اہل ہونے کی بناء پر انہوں نے خود کو 30 جون 2018 کو ختم ہونے والے سال میں دوبارہ تقرر کیلئے پیش کیا ہے۔

کوڈ آف کارپوریٹ گورننس کی پیروی میں ڈائریکٹرز اسٹیٹمنٹ

- 1- منجمنٹ کمپنی کی طرف سے تیار کردہ مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلوز اور یونٹ ہولڈرز فنڈ میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
- 2- فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
- 3- مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے۔ شماریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔
- 4- ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی معیاروں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، کی پیروی کی گئی ہے۔
- 5- انٹرنل کنٹرول کا نظام مستحکم اور موثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔
- 6- فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
- 7- لسٹنگ ریگولیشنز میں تفصیلاً درج کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔
- 8- پرفارمنس ٹیبل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہے۔
- 9- ٹیکسوں، ڈیوٹیز، محصولات اور چارجز کی مدد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
- 10- اس مدت کے دوران منجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 21 میں ظاہر کی گئی ہے۔
- 11- یونٹ ہولڈنگ کا تفصیلی پیٹرن مالیاتی گوشواروں کے نوٹ 20 میں ظاہر کیا گیا ہے۔
- 12- ڈائریکٹرز، CEO، CFO، کمپنی سیکرٹری اور ان کی بیویوں اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے یونٹس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 17 میں ظاہر کی گئی ہے۔

اعتراف

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 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 فلرٹن ایسیٹ منجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

بتاریخ

15 ستمبر 2017ء

مقام: کراچی

NAFA ISLAMIC STOCK FUND

TRUSTEE REPORT TO THE UNIT HOLDERS NAFA ISLAMIC STOCK FUND

Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of NAFA Islamic Stock Fund (the Fund) are of the opinion that NBP Fullerton Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2017 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Aftab Ahmed Diwan
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 26, 2017

NAFA ISLAMIC STOCK FUND

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE NAFA ISLAMIC STOCK FUND FOR THE YEAR ENDED JUNE 30, 2017

This statement is being presented by the Board of Directors (the Board) of NBP Fullerton Asset Management Limited (the Company), the Management Company of **NAFA Islamic Stock Fund** (the Fund) to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 5.19 of the Rule Book of the Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

NBP Fullerton Asset Management Limited, the Management Company, is not listed and hence, the CCG is not applicable to it. However, the Fund being listed on Pakistan Stock Exchange comes under the ambit of the CCG. The Fund, being a unit trust scheme, does not have its own Board. The Board of Directors of the Management Company manages the affairs of the Fund and appoints the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and the Company Secretary of the Management Company and other necessary personnel to manage its affairs.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors on its Board. The Company, being an un-listed company, does not have any minority interest. As at June 30, 2017, the Board included:

Category	Names
Independent Directors	1. Mr. Kamal Amir Chinoy 2. Mr. Shehryar Faruque 3. Mr. Humayun Bashir
Executive Directors	Dr. Amjad Waheed (Chief Executive Officer)
Non- Executive Directors	1. Mr. Nausherwan Adil (Chairman) 2. Mr. Aamir Sattar 3. Mr. Abdul Hadi Palekar 4. Mr. Lui Mang Yin 5. Dr. Kelvin Foo

The independent directors meet the criteria of independence under clause 5.19.1(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director of more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Two casual vacancies were occurred on the board on November 21, 2016 and March 17, 2017 which were filled up on the same dates.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

NAFA ISLAMIC STOCK FUND

6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Fund. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive have been taken by the Board. There is no other executive-director of the Company besides Chief Executive Officer (CEO).
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The directors are conversant of the relevant laws applicable to the Company, its policies and provisions of memorandum and articles of association and are aware of their duties and responsibilities. As of 30 June 2017, four directors of the Company had acquired the director's training certificate as required under the CCG. The Company plans to arrange a Director's Training Program in future, for the remaining directors.
10. The Board has approved the appointment of Head of Internal Audit of the Company with remuneration and terms and conditions of employment. There has been no new appointment of the Company Secretary and Chief Financial Officer (CFO) during the year.
11. The Directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the units of the Fund other than that disclosed in note 17 to the financial statements "Transactions with Connected Persons".
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises of three members, of whom all are non-executive directors and the chairman of the committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Fund and as required by the CCG. The committee has formed the terms of reference for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises of three members. All the members are non-executive directors and the chairman of the committee is an independent director.

NAFA ISLAMIC STOCK FUND

18. The Board has set up an effective internal audit function headed by the Head of Internal Audit who is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Management Company.
19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim / final results, and business decisions was determined and intimated to directors, employees and stock exchange except for 60th and 61st meeting of the Board of Directors.
22. Material / price sensitive information has been disseminated amongst all market participants at once through stock exchange.
23. We confirm that all other material principles enshrined in the CCG have been complied with expect the following:
 - the mechanism was required to put in place for an annual evaluation of the Board within two years of coming into effect of the Code i.e. April 2014. The mechanism is in place and the Company is in the process of completion of annual evaluation of the Board.
 - the Company has not complied with the requirements relating to maintenance of register of persons employed having access to inside information nor any senior management officer has been designated by the Company responsible for maintaining proper record including basis for inclusion or exclusion of names of persons from the said list.

For and behalf of the Board

September 15, 2017
Karachi

Dr. Amjad Waheed
Chief Executive Officer

NAFA ISLAMIC STOCK FUND

FUND MANAGER REPORT

Shariah Compliant - Open-end – Equity Fund

Investment Objective of the Fund

The objective of NAFA Islamic Stock Fund is to provide investors with long term capital growth from an actively managed portfolio invested primarily in Shariah Compliant listed companies in Pakistan.

Benchmark

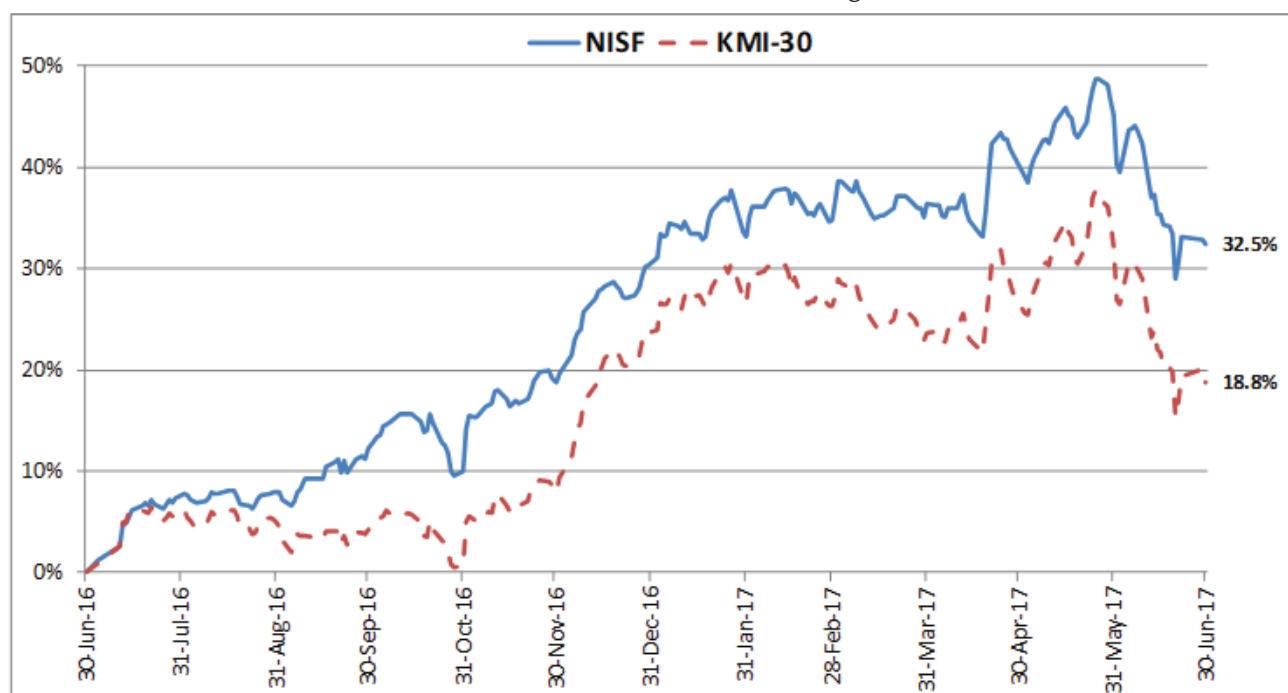
The Benchmark of the Fund is KMI-30 Index.

Fund performance review

This is the third annual report of the Fund. During the fiscal year, NAFA Islamic Stock Fund delivered 32.46% return as against KMI-30 index return of 18.80%, outperforming the benchmark by 13.66% during the year. Since the inception of the Fund, the return of NAFA Islamic Stock Fund was 66.56%, while the benchmark has increased by 49.87%. Thus, the Fund outperformed by 16.69% during the period. This performance is net of management fee and all other expenses. The size of NAFA Islamic Stock Fund is Rs.8,293 million as of June 30, 2017.

NISF outperformed during the year as the Fund was overweight in key stocks in Engineering, Automobile Assembler, Automobile Parts & Accessories, Oil & Gas Marketing Companies sectors that outperformed the market. Moreover, contribution to the Fund's outperformance also stemmed from its underweight position in select companies of Fertilizer, and Power Generation & Distribution Companies sectors that underperformed the market. The chart below shows the performance of NISF against the Benchmark for the year.

NISF Performance vs. Benchmark during FY17



Fiscal Year 2016-17 can be characterized as a tale of two halves where the market surged by a hefty 26.5% during 1HFY17 while in the later half the market surrendered return of 2.6% amid lot of volatility. FY17 started on a positive note as investors remained upbeat on various positive developments: (i) supportive investment backdrop with rising economic growth, controlled inflation & interest rates, healthy corporate earnings growth and attractive stock market valuations; (ii) Pakistan's re-classification to MSCI Emerging Market Index effective June 2017; (iii) CPEC related investment activity gaining traction; and (iv) equity related mutual funds attracting hefty inflows on account of paltry yields on fixed income avenues. The optimism of the first half began to fade on the back of many negatives: (i) rising domestic political uncertainty with the start of court proceeding against the Prime Minister in the Panama Leaks Case; (ii) renewed decline in the global oil prices that weighed in on the index heavy Oil & Gas and Banking sectors; (iii) SECP's drive to curb in-house badla financing sparking panic in the market; and (iv) rising risks to the Balance of Payment (BoP) position from widening trade and current account deficits. A big disappointment for investors was absence of meaningful net foreign portfolio inflows during PSX reclassification into MCSI Emerging Market index. Foreign investors remained net sellers throughout the year, offloading equity stakes worth USD652mn in FY17 that was mainly absorbed by Mutual Funds and Insurance Companies.

NAFA ISLAMIC STOCK FUND

Asset Allocation of the Fund (% of NAV)

Particulars	30-Jun-17	30-Jun-16
Equities / Stocks	90.54%	107.00%
Cash Equivalents	14.11%	13.73%
Other Net (Liabilities) / Assets	-4.65%	-20.73%
Total	100.00%	100.00%

Distribution for the Financial Year 2017

Interim Period/Quarter	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
Interim	20.77%	15.1810	13.1045
Final	0.33%	11.8417	11.8085

Unit Holding Pattern of NAFA Islamic Stock Fund as on June 30, 2017

Size of Unit Holding (Units)	# of Unit Holders
1-1000	232
1001-5000	570
5001-10000	459
10001-50000	1251
50001-100000	482
100001-500000	450
500001-1000000	56
1000001-5000000	61
5000001-10000000	10
10000001-100000000	9
	3580

During the period under question

During the year, the provision for Workers' Welfare Fund held by the fund till June 30, 2015 has been reversed on January 12, 2017. Further, the provision in respect of Sindh Workers' Welfare Fund has been made on a prudent basis with effect from May 21, 2015. For further details, refer note 11.1 to the financial statements.

During the period there has been no significant change in the state of affairs of the Fund, other than stated above. During the year there were no circumstances that materially affected any interests of the unit holders. The Fund does not have any soft commission arrangement with any broker in the industry.

Sindh Workers' Welfare Funds (SWWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs. 44.44 million. If the same were not made the NAV per unit/FY17 return of scheme would be higher by Rs. 0.0702/0.71%. For details investors are advised to read note 11.1 of the Financial Statement of the Scheme for the year ended June 30, 2017.

NAFA ISLAMIC STOCK FUND

STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

NAFA Islamic Stock Fund (the Fund) has fully complied with the Shari'ah principles specified in the Trust Deed and in the guidelines issued by the Shari'ah Advisor for its operations, investments and placements made during the year ended June 30, 2017. This has been duly confirmed by the Shari'ah Supervisory Board of the Fund.

For and behalf of the board

Date: September 15, 2017
Karachi.

Dr. Amjad Waheed, CFA
Chief Executive Officer

NAFA ISLAMIC STOCK FUND

Report of the Shari'ah Supervisory Board – NAFA Islamic Stock Fund

August 21, 2017 /Dhu Al-Qi'dah 28, 1438

Alhamdulillah, the period from July 1, 2016 to June 30, 2017 was the third year of operations of NAFA Islamic Stock Fund (NISF). This report is being issued in accordance with clause 3.7.1 of the offering document of the Fund. The scope of the report is to express an opinion on the Shari'ah Compliance of the Fund's activity.

We have prescribed six criteria for Shari'ah compliance of equity investments which relate to (i) Nature of business, (ii) Debt to total assets, (iii) Investment in Shari'ah Non-Compliant activities (iv) Shari'ah Non-Income from Non-Compliant Investments, (v) Illiquid assets to total assets, and (vi) Net liquid assets per share vs. share price.

It is the responsibility of the management company of the fund to establish and maintain a system of internal controls to ensure Shari'ah compliance in line with the Shari'ah guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries from the management company's personnel and review of various documents prepared by the management company to comply with the prescribed criteria.

- i. We have reviewed and approved the modes of equity investments of NISF in light of Shari'ah requirements. Following is a list of top investments of NISF as on June 30, 2017 and their evaluation according to the screening criteria established by us. (December 31, 2016 accounts of the Investee companies have been used)

	(i)	(ii)	(iii)	(iv)	(v)	(vi)	
Company Name	Nature of Business	Debt to Assets (<37%)	Non-Compliant Investments (<33%)	Non-Compliant Income to Gross Revenue (<5%)	Illiquid Assets to Total Assets (>25%)	Net Liquid Assets vs. Share Price (B>A)	
						Net Liquid Assets per Share (A)	Share Price (B)
Lucky Cement Ltd	Cement	7.81	15.66	2.87	67	1.64	866
Mari Petroleum	Oil & Gas Exploration	5.85	0.00	0.17	37.5	(52.49)	
Pakistan Petroleum Limited	Oil and Gas Exploration Companies	0.10	26	3.15	49	32.76	188.18
Pakistan Oilfields Ltd	Oil and Gas Exploration Companies	0.00	0.22	1.43	73	(42.55)	
Hub Power Company	Power Generation & Distribution	29.47	0.00	0.18	39	(26.82)	
	(i)	(ii)	(iii)	(iv)	(v)	(vi)	
Oil & gas Development Company *	Oil & Gas Exploration	0.00	25.07	6.21	39	59.07	165.35
Cherat Cement	Cement	7.26	0.34	0.33	97	(34.53)	

*OGDC scrip has been considered compliant due to circular debt issue and restriction on selling government securities

NAFA ISLAMIC STOCK FUND

- ii. On the basis of information provided by the management and the provisions of the Scheme, investments in equities made on account of NISF are Shari'ah Compliant and in accordance with the criteria established by us.
- iii. There are investments made by NISF where Investee companies have earned a part of their income from non-compliant sources (e.g. interest income received on bank deposits and etc). In such cases, the management company has been directed to set aside such proportion of the income from Investee companies as charity in order to purify the earnings of the Fund.

In light of the above, we hereby certify that nothing has come to our attention which causes to believe that the overall operations of NISF for the year ended June 30, 2017 are not in compliance with the Shari'ah principles.

During the year a provision of Rupees 1,198,822/- was created and an amount of Rupees 1,541,519/- was available for disbursement into charity as of June 30, 2017. However, the provisional amount will be adjusted after the availability of the respective annual financial statements.

May Allah bless us with best Tawfeeq to accomplish our cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes.

For and on behalf of Meezan Bank Limited
Shari'ah Technical Services and Support Provider

Mufti Muhammad Naveed Alam
Member
Shariah Supervisory Board

Mufti Ehsan Waqar
Shariah Advisor & Member
Shariah Supervisory Board

Dr. Imran Ashraf Usmani
Chairman
Shariah Supervisory Board

NAFA ISLAMIC STOCK FUND

REVIEW REPORT TO THE UNIT HOLDERS ON STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of NBP Fullerton Asset Management Limited, the Management Company of **NAFA Islamic Stock Fund** (the Fund) for the year ended June 30, 2017 to comply with clause 5.19 of the Pakistan Stock Exchange Limited Regulations where the Fund is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company (NBP Fullerton Asset Management Limited) of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As a part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

The Code requires the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of the Fund's related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length prices and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance for and on behalf of the Fund, in all material respects, with the best practices contained in the Code as applicable to the Fund for the year ended June 30, 2017.

Further, we highlight below the instances of non-compliance with the requirements of the Code as reflected in the paragraph references where these have been stated in the Statement of Compliance:

Paragraph reference	Description
23	A mechanism for an evaluation of the Board's own performance is in place. However, the Management Company is in the process of completion of the annual evaluation of the Board.
21	As per the Code, there should be announcement of 'closed period' prior to the announcement of interim / final results and any business decisions, however such 'closed period' was not announced before 60th and 61st board meeting.
23	No register is maintained enlisting persons employed under contract or otherwise who have access to inside information.

A.F. Ferguson & Co.
Chartered Accountants
Dated: September 15, 2017
Karachi

NAFA ISLAMIC STOCK FUND

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **NAFA Islamic Stock Fund** (hereinafter referred to as the 'Fund'), which comprise the statement of assets and liabilities as at June 30, 2017, and the related income statement, statement of comprehensive income, distribution statement, statement of movement in unit holders' fund and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management Company's responsibility for the financial statements

The Management Company (NBP Fullerton Asset Management Limited) of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with approved accounting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the financial position of the Fund as at June 30, 2017 and of its financial performance, its cash flows and transactions for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

A.F. Ferguson & Co.
Chartered Accountants
Engagement Partner: **Rashid A. Jafer**
Dated: September 15, 2017
Karachi

NAFA ISLAMIC STOCK FUND

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2017

	Note	2017	2016
		Rupees in '000	
ASSETS			
Balances with banks	4	1,014,592	240,619
Investments	5	7,508,122	1,875,064
Receivable against issue of units		8,042	5,460
Receivable against sale of investments		28,893	-
Dividend and profit receivable	6	23,286	3,781
Advances and deposits	7	4,091	2,655
Total assets		8,587,026	2,127,579
LIABILITIES			
Payable to NBP Fullerton Asset Management Limited - Management Company	8	48,112	16,136
Payable to the Central Depository Company of Pakistan Limited - Trustee	9	886	293
Payable to the Securities and Exchange Commission of Pakistan	10	5,370	1,568
Payable against redemption of units		57,347	336,673
Dividend payable		10,050	14
Accrued expenses and other liabilities	11	172,568	20,508
Total liabilities		294,333	375,192
NET ASSETS		8,292,693	1,752,387
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		8,292,693	1,752,387
CONTINGENCIES AND COMMITMENTS	12		
		Number of units	
NUMBER OF UNITS IN ISSUE	13	632,814,636	153,179,092
		Rupees	
NET ASSET VALUE PER UNIT	3.11	13.1045	11.4401

The annexed notes 1 to 28 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA ISLAMIC STOCK FUND

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
------(Rupees in '000)-----			
INCOME			
Capital gain on sale of investments - net		379,886	1,657
Profit on bank deposits		32,113	9,156
Dividend income		193,331	70,887
Unrealised appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net	5.2	557,174	157,860
Total income		1,162,504	239,560
EXPENSES			
Remuneration of NBP Fullerton Asset Management Limited - Management Company	8.1	113,053	38,744
Sindh Sales Tax on remuneration of the Management Company	8.2	14,697	6,292
Federal Excise Duty on remuneration of the Management Company	8.3	-	6,199
Accounting and operational charges	8.4	5,653	1,077
Selling and marketing expense	8.5	10,910	-
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	9.1	6,653	2,650
Sindh Sales Tax on remuneration of the Trustee	9.2	865	371
Annual fee of the Securities and Exchange Commission of Pakistan	10	5,370	1,568
Auditors' remuneration	14	432	431
Annual listing fee		55	40
Printing charges		41	80
Securities transaction cost		12,279	4,535
Settlement and bank charges		1,295	887
Shariah advisory fee		419	178
Mutual fund rating fee		90	-
Legal and professional charges		158	81
Total expenses		171,970	63,133
Net income from operating activities		990,534	176,427
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - net		959,955	(1,337)
Provision against Sindh Workers' Welfare Fund	11.1	(44,440)	-
Reversal of provision against Workers' Welfare Fund	11.1	2,403	-
Net income for the year before taxation		1,908,452	175,090
Taxation	15	-	-
Net income for the year after taxation		1,908,452	175,090
Earnings per unit	3.10		

The annexed notes 1 to 28 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA ISLAMIC STOCK FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
		----- (Rupees in '000) -----	
Net income for the year after taxation		1,908,452	175,090
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u>1,908,452</u>	<u>175,090</u>

The annexed notes 1 to 28 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA ISLAMIC STOCK FUND

DISTRIBUTION STATEMENT FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
		----- (Rupees in '000) -----	
Undistributed income brought forward comprising of:			
- Realised income		27,642	31,811
- Unrealised income		157,860	84,170
		<u>185,502</u>	<u>115,981</u>
Net income for the year after taxation		1,908,452	175,090
Distributions during the year			
- Rs 2.0765 per unit declared on June 19, 2017 (2016: Re 0.85 per unit declared on June 30, 2016) - Cash distribution		(855,225)	(89,995)
- Rs Nil (2016: Re 0.1369 per unit distribution declared on July 15, 2015 for the year ended June 30, 2015) - Cash distribution		-	(15,574)
Undistributed income carried forward		<u>1,238,729</u>	<u>185,502</u>
Undistributed income carried forward comprising of:			
Realised income		681,555	27,642
Unrealised income		557,174	157,860
		<u>1,238,729</u>	<u>185,502</u>

The annexed notes 1 to 28 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA ISLAMIC STOCK FUND

STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND FOR THE YEAR ENDED JUNE 30, 2017

	2017 ------(Rupees in '000)-----	2016
Net assets at the beginning of the year	1,752,387	1,251,505
Issue of 1,471,560,305 units (2016: 439,764,559 units)	21,040,222	5,036,252
Redemption of 991,924,761 units (2016: 400,137,948 units)	(14,593,188)	(4,606,228)
	6,447,034	430,024
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	(959,955)	1,337
Unrealised appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net	557,174	157,860
Capital gain on sale of investments - net	379,886	1,657
Other net income for the year	971,392	15,573
	1,908,452	175,090
Distributions during the year		
- Rs 2.0765 per unit declared on June 19, 2017 (2016: Re 0.85 per unit declared on June 30, 2016) - Cash distribution	(855,225)	(89,995)
- Rs Nil (2016: Re 0.1369 per unit distribution declared on July 15, 2015 for the year ended June 30, 2015) - Cash distribution	-	(15,574)
Net assets at the end of the year	8,292,693	1,752,387

The annexed notes 1 to 28 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA ISLAMIC STOCK FUND

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016
	------(Rupees in '000)-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year	1,908,452	175,090
Adjustments for:		
Profit on balances with banks	(32,113)	(9,156)
Dividend income	(193,331)	(70,887)
Unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	(557,174)	(157,860)
Element of (income) / loss and capital (gain) / losses included in prices of units issued less those in units redeemed - net	(959,955)	1,337
Provision for Sindh Workers' Welfare Fund	44,440	-
Reversal of provision for Workers' Welfare Fund	(2,403)	-
Federal Excise Duty on the remuneration of the Management Company	-	6,199
	(1,700,536)	(230,367)
Increase in assets		
Investments	(5,075,884)	(655,398)
Receivable against sale of investment	(28,893)	-
Advances and deposits	(1,436)	-
	(5,106,213)	(655,398)
Increase in liabilities		
Payable to NBP Fullerton Asset Management Limited - Management Company	31,976	(963)
Payable to the Central Depository Company of Pakistan Limited -Trustee	593	112
Payable to the Securities and Exchange Commission of Pakistan	3,802	1,170
Accrued expenses and other liabilities	110,023	12,182
	146,394	12,501
Profit received on bank deposits	28,944	8,789
Dividend received	176,995	71,299
Net cash used in operating activities	(4,545,964)	(618,086)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(845,189)	(105,555)
Receipts from issue of units	21,037,640	5,128,448
Payments against redemption of units	(14,872,514)	(4,298,009)
Net cash generated from financing activities	5,319,937	724,884
Net increase in cash and cash equivalents during the year	773,973	106,798
Cash and cash equivalents at the beginning of the year	240,619	133,821
Cash and cash equivalents at the end of the year	1,014,592	240,619

The annexed notes 1 to 28 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA ISLAMIC STOCK FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Islamic Stock Fund (the Fund) was established under a Trust Deed executed between NBP Fullerton Asset Management Limited (NAFA) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on November 18, 2014 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on November 21, 2014 in accordance with 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 registered office of the Management Company is situated at 7th Floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).

The Fund is an open-ended mutual fund and is listed on the Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. The units of the Fund are transferable and can be redeemed by surrendering them to the Fund.

The Fund is categorised as an Open-End "Shariah Compliant Equity Scheme" as per the criteria laid down by the Securities and Exchange Commission of Pakistan for categorization of Collective Investment Schemes (CIS).

The core objective of the Fund is to provide investors with long term capital growth from an actively managed portfolio of shariah compliant listed equities.

The Pakistan Credit Rating Agency (PACRA) has assigned an Asset Manager Rating of AM1 as at April 21, 2017 (2016: AM2++) to the Management Company and performance ranking of "4 Star" to the fund.

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 duration of the Fund is perpetual. 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.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

There are certain new and amended standards and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2016 but are considered not to be relevant or to have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

2.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards, amendments and interpretations with respect to approved accounting standards would be effective from the date mentioned below against the respective standards, amendments or interpretations:

Standards, Interpretations or Amendments	Effective date (accounting period beginning on or after)
- IFRS 9 – Financial Instruments	January 1, 2018
- IFRS 15 – Revenue from contracts with customers	January 1, 2018
- IFRS 16 – Leases	January 1, 2019

NAFA ISLAMIC STOCK FUND

2.3.1 The SECP vide its SRO 756(1) / 2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations, 2008 which will be applicable on the financial statements of the Fund from the accounting year ending on June 30, 2018. 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, 2008. In addition there are certain changes in the disclosure requirements relating to the Income Statement and the Statement of Movement in Unit Holders' Fund. The management is currently in the process of assessing the impact of these changes on the financial statements.

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in application of its accounting policies. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The areas involving a degree of judgment or complexity, or areas where estimates and assumptions are significant to the financial statements are as follows:

- classification and valuation of investment (notes 3.2 and 5)
- impairment of financial assets (note 3.2.5)
- taxation (note 3.6 and 15)

2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for certain investments which have been carried at fair value..

2.6 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

3.1 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances and short term highly liquid investments with original maturity of three months or less, are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes. Cash and cash equivalents are carried in the statement of assets and liabilities at cost.

3.2 Financial assets

3.2.1 Classification

The Fund classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. The management determines the classification of its financial assets at initial recognition and re-evaluates this classification on a regular basis.

Investments are categorised as follows:

a) Financial assets 'at fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profits from short-term fluctuations in prices are classified as financial assets at fair value through profit or loss category. This includes held for trading instruments and such other instruments that upon initial recognition are designated under this category.

b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

c) Available for sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) financial assets at fair value through profit or loss or (b) loans and receivables. These are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or change in price.

NAFA ISLAMIC STOCK FUND

3.2.2 Regular way contracts

All regular purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention are recognised on the trade date - the date on which the Fund commits to purchase or sell the assets.

3.2.3 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed out in the income statement.

3.2.4 Subsequent measurement

a) Financial assets at 'fair value through profit or loss' and 'available for sale'

Subsequent to initial recognition, financial assets classified as "at fair value through profit or loss" and "available for sale" are valued as follows:

- Basis of valuation of equity securities

Investments in listed equity securities are valued on the basis of closing quoted market prices available at the stock exchange.

Net gains and losses arising from changes in the fair value and on sale of financial assets at fair value through profit or loss are taken to the income statement.

Net gains and losses arising from changes in the fair value of available for sale financial assets are taken to 'other comprehensive income' until these are derecognised or impaired. At this time, the cumulative gain or loss previously recognised in 'other comprehensive income' is shown as part of net income for the year.

b) Loans and receivables

Subsequent to initial recognition financial assets classified as loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses are recognised in the income statement when the financial assets carried at amortised cost are derecognised or impaired.

3.2.5 Impairment of financial asset

The Fund assesses at each reporting date whether there is an objective evidence that the financial assets or a group of financial assets are impaired. The carrying value is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying value of an asset exceeds its recoverable amount.

In the case of equity securities classified as 'available for sale', a significant or prolonged decline in the fair value of an equity security below its cost is considered as an objective evidence of impairment. In case of impairment of available for sale securities, the cumulative loss previously recognised in other comprehensive income is removed therefrom and included in the income statement. Impairment loss in the income statement on equity securities are only reversed when the equity securities are derecognized.

For certain other financial assets, a provision for impairment is established when there is an objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The provision against these amounts is made as per the provisioning policy duly formulated and approved by the Board of Directors of the Management Company in accordance with the requirements of the Securities and Exchange Commission of Pakistan.

3.2.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or where the Fund has transferred substantially all risks and rewards of ownership.

3.3 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

NAFA ISLAMIC STOCK FUND

3.4 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

3.5 Provisions

Provisions are recognised when the Fund has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

3.6 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend.

The Fund 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.

3.7 Proposed distributions

Distributions declared subsequent to the reporting date are considered as non-adjusting events and are recognised in the period in which such distributions are declared.

3.8 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that day. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable. Sales load collected, if any, is payable to the Management Company.

Units redeemed are recorded at the redemption price, as per the constitutive documents, applicable to units for which the distributors receive redemption requests during business hours of that day. The redemption price represents daily Net Asset Value (NAV) announced as of the close of the dealing day less any back end load, provisions for transaction costs and any provision for duties and charges, if applicable.

3.9 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

An equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' (the 'element') is created in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. The element arising as a result of unrealised appreciation / (diminution) on available for sale securities is recognised in the distribution statement. The remaining portion of the element is recognised in the income statement.

3.10 Earnings per unit

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

3.11 Net asset value per unit

The Net Asset Value (NAV) per unit, as disclosed on the statement of assets and liabilities, is calculated by dividing the net assets of the Fund by the number of units in issue as at the year end.

3.12 Revenue recognition

- Realised capital gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Dividend income on equity securities is recognised when the right to receive the dividend is established.
- Unrealised appreciation / (diminution) in the value of investments classified as 'financial assets at fair value through profit or loss' are included in the income statement in the period in which they arise.
- Profit on bank deposits is recognised on an accrual basis.

NAFA ISLAMIC STOCK FUND

3.13 Expenses

All expenses including management fee and trustee fee are recognised in the income statement on an accrual basis.

4	BALANCES WITH BANKS	Note	2017	2016
			(Rupees in '000)	
	Balances with banks in:			
-	Current accounts	4.1	61,420	18,833
-	Profit and loss sharing accounts	4.2	953,172	221,786
			<u>1,014,592</u>	<u>240,619</u>

4.1 This includes balances of Rs 4.210 million (2016: Rs 0.98 million) and Rs 10.276 million (2016: Rs 3.121 million) maintained with the National Bank of Pakistan and Summit Bank Limited (being the related parties of the Fund) respectively.

4.2 These carry profits at the rates ranging from 2.40% to 6.4% per annum (2016: 2.50% to 6.70 per annum) and include Rs 695.088 million (2016: Rs Nil) and Rs 0.507 million (2016: Rs Nil) maintained with Bank Islami Pakistan Limited and Summit Bank Limited (being the related parties of the Fund) which carry profit at the rate of 5.6% (2016:Nil).

5	INVESTMENTS	Note	2017	2016
			(Rupees in '000)	
	Financial assets at fair value through profit or loss - net			
	- Investment in listed equity securities	5.1	<u>7,508,122</u>	<u>1,875,064</u>

5.1 Listed equity securities

All shares have a nominal face value of Rs.10 each except for the shares of Thal Limited, Shabbir Tiles & Ceramics Limited and Agriauto Industries Limited which have a face value of Rs 5 and K-Electric Limited which have a face value of Rs 3.5 each.

Name of the investee company	Number of shares					Market value	Market value as a percentage of		Paid up value of shares held as a percentage of paid-up capital of investee company
	As at July 1, 2016	Purchases during the year	Bonus / right issue during the year	Sales during the year	As at June 30, 2017		Net assets of the fund	Total market value of investments	
	-----Number of shares-----					(Rupees in '000)	----- % -----		
OIL AND GAS MARKETING COMPANIES									
Attock Petroleum Limited	51,100	85,800	-	25,050	111,850	70,066	0.86	0.93	0.13
Pakistan State Oil Company Limited	235,100	1,134,600	-	745,400	624,300	241,823	3.39	3.22	0.23
Shell (Pakistan) Limited	150,500	279,700	-	162,600	267,600	153,969	1.91	2.05	0.25
Hascal Petroleum Limited	1,248	36,400	-	35,000	2,648	903	0.01	0.01	0.00
Sui Northern Gas Pipelines Limited	-	2,682,500	-	1,115,000	1,567,500	233,432	3.68	3.11	0.25
Sui Southern Gas Co. Limited	-	2,524,500	-	400,000	2,124,500	77,353	0.93	1.03	0.24
						<u>777,546</u>	<u>10.78</u>	<u>10.35</u>	
OIL AND GAS EXPLORATION COMPANIES									
Pakistan Oilfields Limited	226,400	778,600	-	264,000	741,000	339,489	4.14	4.52	0.31
Pakistan Petroleum Limited	432,100	2,822,700	-	921,000	2,333,800	345,729	4.52	4.60	0.12
Mari Petroleum Company Limited	127,550	163,200	-	47,480	243,270	383,306	-	5.11	0.22
Oil and Gas Development Company Limited	293,000	3,005,800	-	1,232,200	2,066,600	290,750	3.81	3.87	0.05
						<u>1,359,274</u>	<u>12.47</u>	<u>18.10</u>	
REFINERY									
Attock Refinery Limited	92,400	225,000	-	140,900	176,500	67,525	0.81	0.90	0.21
National Refinery Limited	49,800	-	-	49,800	-	-	-	-	-
						<u>67,525</u>	<u>0.81</u>	<u>0.90</u>	
CHEMICALS									
Engro Polymer & Chemicals Limited	-	3,927,000	-	261,000	3,666,000	133,809	1.68	1.78	0.55
Ittehad Chemicals Limited	469,500	-	-	469,500	-	-	-	-	-
						<u>133,809</u>	<u>1.68</u>	<u>1.78</u>	
FERTILIZERS									
Engro Fertilizers Limited	512,000	4,848,500	-	2,630,500	2,730,000	150,805	1.82	2.01	0.20
Engro Corporation Limited	358,400	1,772,000	-	1,481,000	649,400	211,646	2.55	2.82	0.12
Dawood Hercules Corporation Limited	464,400	310,100	-	444,500	330,000	44,998	0.54	0.60	0.07
Fauji Fertilizer Bin Qasim Limited	624,000	773,000	-	1,397,000	-	-	-	-	-
						<u>407,449</u>	<u>4.91</u>	<u>5.43</u>	
CEMENT									
Cherat Cement Company Limited	-	1,614,000	-	153,400	1,460,600	261,126	3.24	3.48	0.83
D.G. Khan Cement Company Limited	244,600	2,595,000	-	1,645,700	1,193,900	254,492	3.17	3.39	0.27
Kohat Cement Limited	39,400	504,200	-	5,900	537,700	123,273	1.55	1.64	0.35
Lucky Cement Limited	163,000	578,250	-	243,350	497,900	416,374	5.71	5.56	0.15
Maple Leaf Cement Factory Limited	280,500	857,500	-	328,800	809,200	90,113	1.09	1.20	0.15
Pioneer Cement Limited	344,000	1,507,300	-	862,400	988,900	128,557	1.55	1.71	0.44
Attock Cement (Pakistan) Limited	307,700	367,600	-	50,000	625,300	189,260	2.37	2.52	0.55
Fecto Cement Limited	256,500	-	-	256,500	-	-	-	-	-
Fauji Cement Company Limited	1,723,000	3,578,000	-	2,157,000	3,144,000	128,998	1.61	1.72	0.23
						<u>1,592,193</u>	<u>20.29</u>	<u>21.22</u>	
PAPER AND BOARD									
Cherat Packaging Limited	-	202,600	-	-	202,600	48,174	0.67	0.64	0.68
Century Paper & Board Mills Limited	-	489,000	-	-	489,000	47,947	0.67	0.64	0.33
						<u>96,121</u>	<u>1.34</u>	<u>1.28</u>	

NAFA ISLAMIC STOCK FUND

Name of the investee company	Number of shares					Market value	Market value as a percentage of		Paid up value of shares held as a percentage of paid-up capital of investee company
	As at July 1, 2016	Purchases during the year	Bonus / right issue during the year	Sales during the year	As at June 30, 2017		Net assets of the fund	Total market value of investments	
-----Number of shares ----- (Rupees in '000) ----- % -----									
GENERAL INDUSTRIES									
Ecopack Limited	328,500	-	34,500	191,000	172,000	4,558	0.06	0.06	0.60
Synthetic Products Enterprises Limited	246,500	1,344,000	148,100	-	1,738,600	131,177	1.68	1.75	2.04
						135,735	1.74	1.81	
AUTOMOBILE PARTS & ACCESSORIES									
Agriauto Industries Limited	-	122,200	-	9,600	112,600	48,632	0.64	0.65	0.39
Thal Limited	83,800	-	-	10,400	73,400	44,483	0.59	0.59	0.09
						93,115	1.23	1.24	
AUTOMOBILES ASSEMBLER									
Baluchistan Wheels Limited	10,000	-	-	-	10,000	1,485	0.02	0.02	0.07
Indus Motor Company Limited	67,350	15,900	-	8,700	74,550	133,713	1.81	1.78	0.09
Pak Suzuki Motor Company Limited	-	111,500	-	-	111,500	87,010	1.44	1.16	0.14
Sazgar Engineering Works Limited	159,000	4,500	-	65,000	98,500	26,982	0.33	0.36	0.55
Hinopak Motors Limited	-	2,000	-	2,000	-	-	-	-	-
Millat Tractors Limited	-	200,950	-	43,000	157,950	217,093	2.81	2.89	0.36
Honda Atlas Cars (Pakistan) Limited	95,000	207,700	-	106,900	195,800	169,894	2.24	2.26	0.14
						636,177	8.65	8.47	
GLASS AND CERAMICS									
Shabbir Tiles & Ceramics Limited	-	7,797,000	-	869,000	6,928,000	132,810	1.60	1.77	2.12
Tariq Glass Industries Limited	677,500	569,600	-	20,000	1,227,100	135,914	1.64	1.81	1.67
						268,724	3.24	3.58	
CABLE AND ELECTRIC GOODS									
Pak Elektron Limited	452,750	2,312,000	-	1,289,000	1,475,750	162,805	1.96	2.17	0.30
ENGINEERING									
Amreli Steels Limited	-	1,995,500	-	107,000	1,888,500	232,191	2.80	3.09	0.64
Ittefaq Iron Industries Limited (note 5.3.1)	-	2,500,000	-	-	2,500,000	75,500	0.91	1.01	4.98
Crescent Steel & Allied Products Limited	310,400	54,100	-	194,000	170,500	40,675	0.49	0.54	0.22
International Steels Limited	-	1,129,500	-	419,000	710,500	90,866	1.10	1.21	0.16
Mughal Iron and Steel Industries Limited	378,325	301,258	321,825	262,000	739,408	59,692	0.72	0.80	0.29
						498,925	6.02	6.65	
TEXTILE COMPOSITE									
Davood Lawrencepur Limited	-	174,900	-	-	174,900	38,445	0.46	0.51	0.30
Kohinoor Textile Mills Limited	673,225	1,046,000	-	-	1,719,225	180,742	2.18	2.40	0.61
Nishat Mills Limited	734,500	2,078,100	-	1,477,900	1,334,700	211,790	2.55	2.81	0.38
						430,977	5.19	5.72	
LEATHER & TANNERIES									
Service Industries Limited	10,150	-	-	320	9,830	13,556	0.16	0.18	0.08
PHARMACEUTICALS									
Ferozsons Laboratories Limited	15,450	171,250	-	200	186,500	72,084	0.87	0.96	0.62
Abbot Laboratories (Pakistan) Limited	950	61,300	-	-	62,250	58,179	0.70	0.77	0.06
GlaxoSmithKline Pakistan Limited	-	289,500	-	-	289,500	57,008	0.69	0.76	0.09
The Searle Company Limited	39,226	-	9,963	-	49,189	25,184	0.30	0.34	0.03
						212,455	2.56	2.83	
TECHNOLOGY AND COMMUNICATION									
Avanceon Limited	1,032,000	176,499	147,625	607,500	748,624	33,920	0.41	0.45	0.57
Pakistan Telecommunication Company Limited	-	2,486,000	-	2,481,500	4,500	70	0.00	0.00	-*
NetSol Technologies Limited	208,000	567,000	-	181,500	593,500	34,322	0.41	0.46	0.66
Systems Limited	-	572,500	-	-	572,500	43,418	0.52	0.58	0.51
						111,730	1.34	1.49	
POWER GENERATION AND DISTRIBUTION									
Hub Power Company Limited	446,000	3,929,200	-	1,717,200	2,658,000	312,129	3.76	4.16	0.23
Kot Addu Power Company Limited	461,500	842,000	-	530,500	773,000	55,671	0.67	0.74	0.09
K-Electric Limited	2,478,500	15,307,500	-	13,976,000	3,810,000	26,289	0.32	0.35	0.01
Pakgen Power Limited	500	-	-	-	500	10	0.00	0.00	-*
						394,099	4.75	5.25	
COMMERCIAL BANKS									
Meezan Bank Limited	309,500	133,000	-	-	442,500	34,958	0.42	0.47	0.04
TRANSPORT									
Pakistan National Shipping Corporation Limited	224,000	-	-	74,000	150,000	18,885	0.23	0.25	0.11
FOOD AND PERSONAL CARE PRODUCTS									
Al-Shaheer Corporation Limited	872,250	770,500	173,588	269,000	1,547,338	62,064	0.75	0.83	1.09
Shezan International Limited	20,700	-	-	20,700	-	-	-	-	-
						62,064	0.75	0.83	
As at June 30, 2017						7,508,122	90.52	100.00	
Cost as at June 30, 2017 (carrying cost)						6,950,948			

* Nil value due to rounding off difference.

5.1.2 Investments include shares with market value of Rs 387 million (2016: 84.123 million) which have been pledged with 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.

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5.2 Unrealized appreciation on re-measurement of investments classified as 'financial assets' at fair value through profit or loss - net

	Note	2017 (Rupees in '000)	2016 (Rupees in '000)
Market value of investments			
Less: carrying value of investments	5.1	7,508,122 (6,950,948)	1,875,064 (1,717,204)
		<u>557,174</u>	<u>157,860</u>

5.2.1 Shares of the Company were listed on the Pakistan Stock Exchange Limited on June 29, 2017 and its trading started on July 3, 2017 on which date the opening price of the shares was Rs 30.20 per share. The Fund had acquired these through book building process at Rs 30.20 per share.

5.3 The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001. As a result of these amendments, companies are liable to withhold bonus shares at the rate of 5 percent. In accordance with the requirement of the Ordinance these shares shall only be released to a shareholder if the Company collects from the shareholder tax equal to 5 percent of the value of the bonus shares issued. The value of tax is computed on the basis of day-end price on the first day of book closure.

In this regard, a constitutional petition has been filed by Collective Investment Schemes (CISs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by CISs, which is pending adjudication. The petition is based on the fact that because CISs are exempt from deduction of income tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, the withholding tax provision should not be applicable on bonus shares received by CISs. A stay order has been granted by the High Court of Sindh in favour of CISs.

As at June 30, 2017, the following bonus shares of the Fund were withheld by certain companies at the time of bonus declaration. The Fund has included these shares in its portfolio, as the management believes that the decision of the constitutional petition will be in favour of the CISs.

Name of the investee company	June 30, 2017		June 30, 2016	
	Bonus Shares			
	Number of shares	Market value	Number of shares	Market value
		Rupees in '000'		Rupees in '000'
Hascol Petroleum Limited	1,150	392	1,150	225
Ecopack Limited	1,725	46	-	-
Synthetic Products Enterprises Limited	7,405	559	-	-
Mughal Iron and Steel Industries Limited	4,242	342	4,242	285
Kohinoor Textile Mills Limited	4,812	506	4,812	385
Avanceon Limited	7,381	334	-	-
The Searle Company Limited	1,130	579	488	262
Al-Shaheer Corporation Limited	18,377	737	8,488	443
	<u>46,222</u>	<u>3,495</u>	<u>19,180</u>	<u>1,600</u>

6 DIVIDEND AND PROFIT RECEIVABLE

	Note	2017 (Rupees in '000)	2016 (Rupees in '000)
Profit receivable on balances with banks	6.1	3,997	828
Dividend receivable		<u>19,289</u>	<u>2,953</u>
		<u>23,286</u>	<u>3,781</u>

6.1 This includes amount of Rs 3.619 million (2016: Rs Nil) as profit receivable from Bank Islami Pakistan Limited (a related party).

7 ADVANCES AND DEPOSITS

	2017 (Rupees in '000)	2016 (Rupees in '000)
Security deposit with National Clearing Company of Pakistan Limited	2,530	2,530
Security deposit with Central Depository Company of Pakistan Limited	103	103
Tax withheld on dividend	<u>1,458</u>	<u>22</u>
	<u>4,091</u>	<u>2,655</u>

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8	PAYABLE TO NBP FULLERTON ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	2017 (Rupees in '000)	2016
	Remuneration of the Management Company	8.1	14,039	3,493
	Sindh Sales Tax on the remuneration of the Management Company	8.2	1,825	567
	Federal Excise Duty on the remuneration of the Management Company	8.3	8,209	8,209
	Accounting and operational charges	8.4	5,653	1,077
	Selling and marketing expenses	8.5	10,910	-
	Sales load payable		5,129	443
	Federal Excise Duty on sales load		2,327	2,327
	Other payable		<u>20</u>	<u>20</u>
			<u>48,112</u>	<u>16,136</u>

8.1 As per amendment in Regulation 61 of the NBFC Regulations, 2008, relating to the chargeability of remuneration of Asset Management Companies, an Asset Management Company shall be entitled to a remuneration equal to an amount not exceeding 2% of the average annual net assets in case of equity schemes. Previously, the Management Company was entitled to receive a remuneration during the first five years of the Fund, at a rate not exceeding 3% of the average annual net assets of the Collective Investment Schemes and, thereafter, at the rate of 2% of such assets. Accordingly, effective November 25, 2015 the Management Company is charging remuneration at the rate of 2% per annum based on the daily net assets of the Fund. Previously, the Management Company was charging remuneration at the rate of 3% per annum based on daily net assets of the Fund.

8.2 The Provincial Government of Sindh has levied Sindh sales tax at the rate of 13% (2016: 14%) on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.

8.3 As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company became applicable effective June 13, 2013. The Management Company was of the view that since the remuneration is already subject to provincial sales tax, as explained in note 8.2, further levy of FED results in double taxation, which does not appear to be the spirit of the law.

On September 4, 2013, a Constitutional Petition was filed in the Honorable Sindh High Court (SHC) jointly by various asset management Companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.

During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

Further with effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016. In view of the above, the Fund has discontinued making further provision in respect of FED on management fee from July 1, 2016. However, the provision made till June 30, 2016, aggregating to Rs. 8.209 million has not been reversed as the management believes that the Federal Government retains the right to appeal against the said order in the Supreme Court. Had the provision not been made, the Net Asset Value per unit of the Fund as at June 30, 2017 would have been higher by Re 0.013 per unit (2016: Re 0.0535 per unit).

8.4 In accordance with the provisions of the NBFC Regulations amended vide S.R.O 1160(I) / 2015 dated November 25, 2015, the Management Company of the Fund is entitled to reimbursement of fees and expenses incurred by the Management Company in relation to registrar services, accounting, operation and valuation services related to Collective Investment Schemes upto a maximum of 0.1% of the average annual net assets of the Scheme or actual whichever is less. The Management Company has charged operating expenses to the Fund at the rate of 0.1% per annum of the average annual net assets of the Fund for the year from July 1, 2016 to June 30, 2017 amounting to Rs 5.653 million (November 25, 2015 to June 30, 2016: Rs 1.077 million).

8.5 In connection with Regulation 60(3)(v) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 the Securities and Exchange Commission of Pakistan has issued circular no. 40 of 2016 dated December 30, 2016 (later amended vide circular no. 05 of 2017 dated February 13, 2017) whereby it has prescribed certain conditions on Asset Management Companies (AMCs) for charging selling and marketing expenses to collective investment schemes (CISs). In accordance with the provisions contained in these circulars, selling and marketing expenses will be allowed initially for a period of three years (from January 1, 2017 till December 31, 2019) to be charged to open end equity, asset allocation and index funds upto a maximum of 0.4% per annum of net assets of the fund or actual expenses, whichever is less. The circulars also state that AMCs will only be allowed to charge these expenses on their CISs if they open at least two new branches in cities except Karachi, Lahore, Islamabad and Rawalpindi by June 30, 2017.

The SECP has also provided certain guidelines in the above mentioned circulars for the allocation of expenses to the Funds, which prescribe that selling and marketing expenses can only be used in respect of the following:

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1. cost pertaining to opening and maintenance of new branches by asset management companies in cities except Karachi, Lahore, Islamabad and Rawalpindi,
2. payment of salaries to sales team posted at new branches,
3. payment of commission to sales team and distributors in all cities of Pakistan, and
4. payment of advertising and publicity of these funds.

In addition, the above circulars also specify that asset management companies which intend to charge the above mentioned expenses to the funds, shall submit their annual plan to their Board of Directors for approval which amongst others, shall state the name of the funds in which such expenses will be charged and nature of expenses that will be charged.

Keeping in view the aforementioned guidelines provided by the SECP, the Board of Directors of the Management Company have approved the plan as required by the above mentioned circular in March 2017 and have approved selling and marketing expenses to be charged to the Fund. Furthermore, in respect of the above, two new branches have been opened Faisalabad and Sialkot before June 30, 2017 in order to comply with the requirement of the above mentioned circular.

The management has also carried out an exercise to identify expenses of the Management Company (on the basis of criteria mentioned in the above circular) that can be charged to the Fund. As the actual expenses incurred by the Management Company that are allowable to be allocated to the Fund for the year ended June 30, 2017 are higher than 0.4% per annum of net assets of the Fund, accordingly, with effect from March 1, 2017 the Management Company has charged expenses at the rate of 0.4% per annum of net assets of the Fund being lower than actual expenses chargeable to the Fund for the year.

9 PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2017	2016
		(Rupees in '000)	
Trustee remuneration	9.1	784	257
Sindh Sales Tax on trustee remuneration	9.2	102	36
		<u>886</u>	<u>293</u>

- 9.1 The Trustee is entitled to a monthly remuneration for the services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net assets of the Fund. The remuneration is paid to the Trustee monthly in arrears. There is no change in the tariff structure during the year. Based on the Trust Deed, the tariff structure applicable to the Fund is as follows:

Net Assets	Tariff per annum
Upto Rs 1,000 million	Rs 0.7 million or 0.20% p.a of Net Assets, whichever is higher
On an amount exceeding Rs 1,000 million	Rs 2.0 million plus 0.10% p.a. of Net Assets, on amount exceeding Rs 1,000 million

- 9.2 Sindh sales tax at 13 % (2016: 14%) is charged on Trustee Fee.

10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2017	2016
		(Rupees in '000)	
Annual fee	10.1	5,370	1,568

- 10.1 Under the provisions of the NBFC Regulations, a collective investment scheme categorised as equity scheme is required to pay to the SECP an amount equal to 0.095% per annum of the average annual net assets of the Fund. There has been no change in this percentage in the current year.

11 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2017	2016
		(Rupees in '000)	
Auditors' remuneration		291	310
Provision against Workers' Welfare Fund	11.1	-	2,403
Provision against Sindh Workers' Welfare Fund	11.1	44,440	-
Brokerage payable		4,031	872
Settlement charges		13	69
Bank charges		4	5
Withholding tax on dividend		96,387	8,032
Capital gains tax		19,285	6,971
Withholding tax others		3,862	228
Haram portion of dividend	11.2	3,671	1,323
Other payables		584	295
		<u>172,568</u>	<u>20,508</u>

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- 11.1 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 the Lahore High Court and decided that WWF is not a tax and hence the amendments introduced through the Finance Act, 2008 are ultra-vires to the Constitution. The Federal Board of Revenue has filed Civil Review Petitions in respect of the 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.

Furthermore, the Sindh Revenue Board (SRB) had written to a 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 were of the view that SWWF is not applicable on mutual funds as they are not financial institutions as required by the 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 the 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 the applicability of 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, on January 12, 2017 the provision for WWF was reversed and the provision for SWWF was made for the period from May 21, 2015 to January 12, 2017. Thereafter, the provision for SWWF is being made by the Fund 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.

Had the provision for SWWF amounting to Rs 44.440 million not been recorded in the financial statements of the Fund, the net asset value of the Fund as at June 30, 2017 would have been higher by Rs 0.0702 per unit.

- 11.2 Total haram portion of dividend for the year amounted to Rs 3.047 million (2016: 1.064 million). Dividend income is recorded net of haram portion.

12 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments outstanding as at June 30, 2017 and June 30, 2016.

13 NUMBER OF UNITS IN ISSUE	2017	2016
	(Rupees in '000)	
Total units in issue at the beginning of the year	153,179,092	113,552,481
Add: units issued during the year	1,471,560,305	439,764,559
Less: units redeemed during the year	(991,924,761)	(400,137,948)
Total units in issue at the end of the year	<u>632,814,636</u>	<u>153,179,092</u>

14 AUDITORS' REMUNERATION	2017	2016
	(Rupees in '000)	
Annual audit fee and other certifications	261	271
Half yearly review fee	95	135
Out of pocket expenses	76	25
	<u>432</u>	<u>431</u>

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15 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 90% 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. Furthermore, regulation 63 of the NBFC Regulations, requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders. 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. Subsequent to June 30, 2017, the Management Company intends to distribute the required minimum percentage of the accounting income for the year as reduced by capital gains, whether realised or unrealised, therefore, no provision for taxation has been made in these financial statements.

16 TOTAL EXPENSE RATIO

The total expense ratio (TER) of the Fund for the year ended June 30, 2017 is 3.82% which includes 1.16% representing government levies on the Fund such as sales tax, Sindh Workers' Welfare Fund, annual fee payable to the SECP etc. This ratio is within the maximum limit of 4% prescribed under the NBFC Regulations for a collective investment scheme categorised as an "Shariah Compliant Equity Scheme".

17 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

17.1 Related parties / 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 (NBP) 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, 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.

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

17.3 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.

17.4 Remuneration payable to the Trustee is determined in accordance with the provisions of the Trust Deed.

17.5 Details of transactions with connected persons during the year are as follows:

	2017	2016
	(Rupees in '000)	
NBP Fullerton Asset Management Limited - Management Company		
Remuneration of the Management Company	113,053	38,744
Sindh sales tax on remuneration of the Management Company	14,697	6,292
Federal excise duty on remuneration of the Management Company	-	6,199
Accounting and operational charges to the Management Company	5,653	1,077
Selling and marketing expense	10,910	-
Sales load charged during the year	31,916	9,969
Issue of 496,412 units (2016: 330,095 units)	6,557	3,765
Redemption of Nil units (2016: 7,116,069 units)	-	83,582
Cash distribution for the year (note 17.5.1)	6,557	4,303
NAFA Islamic Principal Preservation Fund		
Issue of 13,740,298 units (2016: 34,563,602 units)	178,075	388,670
Redemption of 36,882,365 units (2016: 48,846,797 units)	533,231	521,282
Cash distribution for the year	1,399	25,035
Employees of the Management Company		
Issue of 13,933,285 units (2016: 6,450,929 units)	196,839	72,959
Redemption of 11,915,484 units (2016: 5,461,332 units)	169,893	62,102
Cash distribution for the year (note 17.5.1)	4,886	1,683
NBP Fullerton Asset Management Limited - Employees Provident Fund		
Issue of 1,443,695 units (2016: 2,789,064 units)	19,070	32,631
Redemption of 1,576,238 units (2016: 1,345,942 units)	23,706	16,483
Muhammad Murtaza Ali - Company Secretary / Chief Operating Officer		
Issue of 77,233 (2016: Nil units)	998	-

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	2017	2016
	Rupees in '000	
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	6,653	2,650
Sindh sales tax on remuneration of Trustee	865	371
CDS charges	605	605
Taurus Securities Limited		
Brokerage expense	673	380
Cherat Packaging Limited		
Purchase of 202,600 shares	58,621	-
Cherat Cement Company Limited		
Purchase of 1,614,000 shares	312,131	-
Sale of 153,400 shares	26,974	-
International Steel Limited		
Purchase of 1,129,500 shares	156,732	-
Sale of 419,000 shares	58,879	-
Bank Islami Pakistan Limited		
Profit on bank deposits	27,914	-
Akhuwat		
Issue of 830,882 units (2016: Nil units)	11,462	-
Cash distribution for the year (note 17.5.1)	1,491	-
Telenor Pakistan (Private) Limited - Employees Provident Fund		
Issue of 4,962,521 units (2016: Nil units)	67,848	-
Redemption of 4,962,521 units (2016: Nil units)	68,828	-
Mr. Khalid Mehmood - Chief Financial Officer		
Issue of 7,488 units (2016: Nil units)	100	-
Redemption of 7,488 units (2016: Nil units)	116	-
17.5.1	The dividend given by the Fund during the year has been reinvested in units of the Fund.	
17.6	Amounts outstanding as at year end	
NBP Fullerton Asset Management Limited (Management Company)		
Remuneration payable to the Management Company	14,039	3,493
Sindh sales tax payable on remuneration of Management Company	1,825	567
Federal excise duty payable on remuneration of Management Company	8,209	8,209
Accounting and operational charges	5,653	1,077
Selling and marketing expense	10,910	-
Sales load payable	5,130	443
Federal excise duty payable on sales load	2,327	2,327
Listing fee payable	-	20
Units held: 4,105,294 units (2016: 3,608,882 units)	53,798	41,286
Employees of the Management Company		
Units held: 3,992,064 units (2016: 1,948,110 units)	52,314	22,287
Muhammad Murtaza Ali - Company Secretary / Chief Operating Officer		
Units held: 77,233 units (2016: Nil units)	1,012	-
NAFA Islamic Principal Preservation Fund		
Units held: 779,630 units (2016: 23,921,697 units)	10,217	273,667
NBP Fullerton Asset Management Limited - Employees Provident Fund		
Units held: 1,310,579 units (2016: 1,443,122 units)	17,174	16,509
Akhuwat		
Units held: 830,882 units (2016: Nil units)	10,888	-
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	784	257
Sindh sales tax payable	102	36
Security deposit	103	103

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	2017	2016
	Rupees in '000	
National Bank of Pakistan Bank balances	4,210	980
Summit Bank Limited Bank balances	10,783	3,121
Bank Islami Pakistan Limited Bank balances Profit receivable	695,088 3,619	-
Cherat Packaging Limited Shares held: 202,600	48,174	-
Cherat Cement Company Limited Shares held: 1,460,600	261,126	-
International Steel Limited Shares held: 710,500 Dividend income receivable	90,866 2,349	-
Taurus Securities Limited	269	
Amount receivable against issue of units from:		
NAFA Stock Fund	47	-
NAFA Islamic Income Fund	7,995	-
NAFA Financial Sector Income Fund	-	2,521
NAFA Islamic Energy Fund	-	2,139
NAFA Islamic Principal Preservation Fund	-	208
NAFA Islamic Principal Protected Fund II	-	592
Amount payable against redemption of units to:		
NAFA Government Securities Liquid Fund	65	-
NAFA Income Opportunity Fund	3,212	24
NAFA Stock Fund	-	2,740
NAFA Islamic Asset Allocation Fund	-	261,074
NAFA Islamic Income Fund	2,439	71,917
NAFA Asset Allocation Fund	-	677
NAFA Asset Allocation Plan Fund II- Plan VII	207	-

18 PARTICULARS OF THE INVESTMENT COMMITTEE AND THE FUND MANAGER

Details of the members of the investment committee of the Fund are as follows:

S.No.	Name	Qualification	Experience in years
1	Dr. Amjad Waheed	MBA, Doctorate in Business Administration, CFA	29
2	Mr. Sajjad Anwar*	CFA / MBA Finance	17
3	Mr. Muhammad Ali Bhabha	CFA / MBA / FRM / MS	22
4	Mr. Hassan Raza	ACCA / BSC / CFA	6
5	Mr. Taha Khan Javed	MBA / CFA	11

* Mr. Sajjad Anwar is the manager of the Fund. He is also the fund manager of NAFA Pension Fund, NAFA Islamic Pension Fund, NAFA Islamic Principal Protected Fund I, NAFA Islamic Principal Protected Fund II, NAFA Islamic Principal Preservation Fund, NAFA Islamic Income Fund and NAFA Islamic Active Allocation Fund I and NAFA Islamic Active Allocation Fund II.

19 TRANSACTIONS WITH BROKERS / DEALERS

List of top 10 brokers by percentage of commission charged during the year ended June 30, 2017

S. No.	Particulars	Percentage
1	Arif Habib Securities Limited	10.77%
2	Ismail Iqbal Securities (Private) Limited	6.82%
3	Taurus Securities Limited	6.67%
4	BIPL Securities Limited	4.30%
5	BMA Capital Management Limited	3.92%
6	Alfalsh Securities (Private) Limited	3.66%
7	Al Habib Capital Markets (Private) Limited	3.64%
8	Aqeel Karim Dehdi Securities (Private) Limited	3.48%
9	Concordia Securities (Private) Limited	3.19%
10	D.J.M Securities (Private) Limited	3.12%

NAFA ISLAMIC STOCK FUND

List of top 10 brokers by percentage of commission charged during the year ended June 30, 2016

S. No.	Particulars	Percentage
1	Taurus Securities Limited	8.44%
2	Arif Habib Securities Limited	7.36%
3	Alfalah Securities (Private) Limited	5.18%
4	Global Securities Pakistan Limited	4.79%
5	Concordia Securities (Private) Limited	4.70%
6	KASB Securities Limited	3.86%
7	BMA Capital Management Limited	3.53%
8	Foundation Securities	3.44%
9	Pearl Securities (Private) Limited	3.37%
10	J. S. Global Capital Limited	3.28%

20 PATTERN OF UNIT HOLDING

Category	As at June 30, 2017		
	Number of unit holders	Investment amount	Percentage investment
	(Rupees in '000)		
Associated companies / Directors	3	81,189	0.98%
Individuals*	3,465	4,152,015	50.07%
Insurance companies	9	366,365	4.42%
Public Limited companies	3	869,791	10.48%
Retirement funds	43	682,372	8.23%
Others**	57	2,140,961	25.82%
	<u>3,580</u>	<u>8,292,693</u>	<u>100.00%</u>

* This includes investment amount of Rs 53.326 million of related parties / connected persons.

** This includes investment amount of Rs 10.888 million of related party / connected person.

Category	As at June 30, 2016		
	Number of unit holders	Investment amount	Percentage investment
	(Rupees in '000)		
Associated companies / Directors	3	331,465	18.92%
Individuals*	776	599,399	34.20%
Insurance companies	7	77,125	4.40%
Public Limited companies	1	8,851	0.50%
Retirement funds	29	380,211	21.70%
Others	18	355,336	20.28%
	<u>834</u>	<u>1,752,387</u>	<u>100.00%</u>

* This includes investment amount of Rs 22.287 million of related parties / connected persons.

NAFA ISLAMIC STOCK FUND

21 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The 60th, 61st, 62nd and 63rd Board meetings were held on September 23, 2016, October 28, 2016, February 28, 2017 and April 28, 2017, respectively. Information in respect of attendance by directors in the meetings is given below:

Name of Director	Number of Meetings			Meetings not attended
	Held	Attended	Leave granted	
Mr. Nausherwan Adil	4	4	-	-
Mr. Aamir Sattar	4	4	-	-
Mr. Abdul Hadi Palekar	4	3	1	61st
Mr. Koh Boon San [note 21.1]	2*	2	-	-
Mr. Lui Mang Yin (Martin Lui)	4	4	-	-
Dr. Foo Chiah Shiung (Kelvin Foo) [note 21.2]	2*	1	1	63rd
Mr. Kamal Amir Chinoy	4	4	-	-
Mr. Shehryar Faruque	4	3	1	62nd
Mr. Saiyed Hashim Ishaque [note 21.3]	3*	3	-	-
Mr. Humayun Bashir [note 21.4]	1*	1	-	-
Dr. Amjad Waheed	4	4	-	-

21.1 Mr. Koh Boon San retired in Extra Ordinary General Meeting held on November 21, 2016.

21.2 Dr. Foo Chiah Shiung (Kelvin Foo) appointed as director on the Board with effect from November 21, 2016.

21.3 Mr. Saiyed Hashim Ishaque retired in Extra Ordinary General Meeting held on March 17, 2017.

21.4 Mr. Humayun Bashir appointed as director on the Board with effect from March 17, 2017.

* These directors were appointed and retired during the year, therefore the number of meetings held in respect of these directors is less than the total number of meetings held during the year.

22 FINANCIAL INSTRUMENTS BY CATEGORY

----- As at June 30, 2017 -----

Particulars	Loans and receivables	Financial assets 'at fair value through profit or loss'	Total
Financial Assets			
Balances with banks	1,014,592	-	1,014,592
Investments	-	7,508,122	7,508,122
Receivable against issue of units	8,042	-	8,042
Receivable against sale of investments	28,893	-	28,893
Dividend and profit receivable	23,286	-	23,286
Advances and deposits	2,633	-	2,633
	<u>1,077,446</u>	<u>7,508,122</u>	<u>8,585,568</u>

----- As at June 30, 2017 -----

Particulars	At fair value through profit or loss	Other financial liabilities at Amortised cost	Total
Financial Liabilities			
Payable to NBP Fullerton Asset Management Limited - Management Company	-	48,112	48,112
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	886	886
Payable against redemption of units	-	57,347	57,347
Dividend payable	-	10,050	10,050
Accrued expenses and other liabilities	-	8,594	8,594
	<u>-</u>	<u>124,989</u>	<u>124,989</u>

NAFA ISLAMIC STOCK FUND

----- As at June 30, 2016 -----

Particulars	Loans and receivables	Financial assets 'at fair value through profit or loss'	Total
Financial Assets			
Balances with banks	240,619	-	240,619
Investments	-	1,875,064	1,875,064
Receivable against transfer of units	5,460	-	5,460
Dividend and profit receivable	3,781	-	3,781
Advances and deposits	2,633	-	2,633
	<u>252,493</u>	<u>1,875,064</u>	<u>2,127,557</u>

----- As at June 30, 2016 -----

Particulars	At fair value through profit or loss	Other financial liabilities at Amortised cost	Total
Financial Liabilities			
Payable to NBP Fullerton Asset Management Limited - Management Company	-	16,136	16,136
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	293	293
Payable against redemption of units	-	336,673	336,673
Dividend payable	-	14	14
Accrued expenses and other liabilities	-	2,874	2,874
	<u>-</u>	<u>355,990</u>	<u>355,990</u>

23 FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

23.1 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices.

The Management Company manages the market risk by monitoring exposure on marketable securities by following internal risk management policies and investment guidelines approved by the Investment Committee and the regulations laid down by the SECP.

Market risk comprises of three types of risk: currency risk, yield / profit rate risk and other price risk.

23.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. At present, the Fund is not exposed to currency risk as all the transactions are carried out in Pak Rupees.

23.1.2 Yield / profit rate risk

Yield / profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. The Fund is mainly exposed to profit rate risk on balances held with banks.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund does not hold any variable rate instrument except for balances in profit and loss sharing accounts which carry profits at rates ranging from 2.40% to 6.4% per annum (2016: 2.50% to 6.70 per annum).

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / decreased unit holder fund and income statement by Rs 9.532 million (2016: Rs 2.218 million). The analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

b) Sensitivity analysis for fixed rate instruments

Presently, the Fund does not hold any fixed rate instrument that exposes the Fund to any material profit rate risk.

NAFA ISLAMIC STOCK FUND

Yield / profit rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date.

Particulars	Effective Yield / profit rate	Total	Exposed to yield/interest rate risk			Not exposed to Yield / profit rate risk
			Upto three months	More than three months and upto one year	More than one year	
			As at June 30, 2017			
	%					(Rupees in '000)

On-balance sheet financial instruments

Financial Assets

Balances with banks	2.4 - 6.4	1,014,592	953,172	-	-	61,420
Investments		7,508,122	-	-	-	7,508,122
Receivable against issue of units		8,042	-	-	-	8,042
Receivable against sale of investments		28,893	-	-	-	28,893
Dividend and profit receivable		23,286	-	-	-	23,286
Advances and deposits		2,633	-	-	-	2,633
		8,585,568	953,172	-	-	7,632,396

Financial Liabilities

Payable to NBP Fullerton Asset Management Limited - Management Company		48,112	-	-	-	48,112
Payable to the Central Depository Company of Pakistan Limited - Trustee		886	-	-	-	886
Payable on redemption of units		57,347	-	-	-	57,347
Dividend payable		10,050	-	-	-	10,050
Accrued expenses and other liabilities		8,594	-	-	-	8,594
		124,989	-	-	-	124,989

On-balance sheet gap

	8,460,578	953,172	-	-	7,507,406
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Total yield / profit rate sensitivity gap

	8,460,578	953,172	-	-	7,507,406
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Cumulative yield / profit rate sensitivity gap

	953,172	953,172	953,172		
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Particulars	Effective Yield / profit rate	Total	Exposed to yield/interest rate risk			Not exposed to Yield / profit rate risk
			Upto three months	More than three months and upto one year	More than one year	
			As at June 30, 2016			
	%					(Rupees in '000)

On-balance sheet financial instruments

Financial Assets

Balances with banks	2.50 - 6.70	240,619	221,786	-	-	18,833
Investments		1,875,064	-	-	-	1,875,064
Receivable against issue of units		5,460	-	-	-	5,460
Dividend and profit receivable		3,781	-	-	-	3,781
Advances and deposits		2,633	-	-	-	2,633
		2,127,557	221,786	-	-	1,905,771

Financial Liabilities

Payable to NBP Fullerton Asset Management Limited - Management Company		16,136	-	-	-	16,136
Payable to the Central Depository Company of Pakistan Limited - Trustee		293	-	-	-	293
Payable on redemption of units		336,673	-	-	-	336,673
Dividend payable		14	-	-	-	14
Accrued expenses and other liabilities		2,874	-	-	-	2,874
		355,990	-	-	-	355,990

On-balance sheet gap

	1,771,567	221,786	-	-	1,549,781
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Total yield / profit rate sensitivity gap

	1,771,567	221,786	-	-	1,549,781
--	-----------	---------	---	---	-----------

Cumulative yield / profit rate sensitivity gap

	221,786	221,786	221,786		
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NAFA ISLAMIC STOCK FUND

23.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund's equity securities are exposed to price risk because of investments held and classified by the Fund on the Statement of assets and liabilities 'at fair value through profit or loss'. To manage the risk, the Fund diversifies its portfolio within the eligible stocks prescribed in the Trust Deed. The Fund's constitutive document / NBFC Regulations also limit exposure to individual equity securities based on the net assets, or issued capital of the investee company and sector exposure limit.

In case of 5% increase / decrease in KMI 30 index on June 30, 2017, net income for the year would increase / decrease by Rs 94.669 million (2016: Rs 23.465 million) and net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities at fair value through profit or loss. The sensitivity analysis is based on the Fund's equity securities as at Statement of Assets and Liabilities date with all other variables held constant.

The analysis is based on increase / decrease of equity index by 5% with all other variables held constant and with an assumption that all the Fund's equity instruments will move according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KMI 30 index having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KMI 30 index, is expected to change over time. Accordingly, the aforementioned sensitivity analysis is not necessarily indicative of the effects on the Fund's net assets of future movements in the level of KMI 30 index.

23.2 Credit risk

Credit risk represents the risk of a loss if counterparties fail to perform as contracted. The Fund's credit risk is primarily attributable to balances with banks, receivable against issue of units, receivable against sale of investments, dividend and profit receivable and deposits. The credit risk on liquid funds is limited because the counter parties are financial institutions with reasonably high credit ratings. Credit risk also arises from the inability of the relevant brokerage house or the counter party to fulfill their obligations. There is a possibility of default by participants or failure of the financial markets / stock exchange, the depositories, the settlements or clearing system, etc. The settlement risk of default on equity securities is considered minimal due to inherent systematic measures taken therein.

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. The Fund does not expect to incur material credit losses on its financial assets. The Fund's maximum exposure to credit risk as of June 30, 2017 amounts to Rs 1077.446 million (2016: Rs 252.493 million).

The analysis below summarises the credit quality of the Fund's financial assets:

23.2.1 Credit Rating

-----June 30, 2017-----

Name of the Bank	Rating Agency	Latest available published rating	Percentage
Allied Bank Limited	PACRA	A1+	0.19%
Bank Alfalah Limited	PACRA	A1+	0.02%
Bank Al-Habib Limited	PACRA	A1+	0.04%
Habib Bank Limited	JCR-VIS	A1+	0.74%
Habib Metropolitan Bank Limited	PACRA	A1+	0.08%
JS Bank Limited	PACRA	A1+	0.53%
MCB Bank Limited	PACRA	A1+	0.66%
Meezan Bank Limited	JCR-VIS	A1+	0.47%
National Bank Limited	JCR-VIS	A1+	0.41%
NIB Bank Limited	PACRA	A1+	3.42%
Sindh Bank Limited	JCR-VIS	A1+	0.01%
UBL Bank Limited	JCR-VIS	A1+	8.29%
Bank Islami Pakistan Limited	PACRA	A1	68.51%
Al Baraka Bank Limited*	PACRA	A1	-
Dubai Islami Bank Pakistan Limited	PACRA	A1	0.71%
Summit Bank Limited	JCR-VIS	A1	1.06%
Silk Bank Limited	JCR-VIS	A2	14.86%

*Nil value due to rounding off difference

NAFA ISLAMIC STOCK FUND

-----June 30, 2016-----

Name of the Bank	Rating Agency	Latest available published rating	Percentage
Bank Alfalah Limited	PACRA	A1+	1.60%
Bank Al-Habib Limited	PACRA	A1+	0.14%
Habib Bank Limited	JCR-VIS	A-1+	25.59%
Habib Metropolitan Bank Limited*	PACRA	A1+	-
Meezan Bank Limited	JCR-VIS	A-1+	0.64%
National Bank Limited	JCR-VIS	A-1+	0.41%
NIB Bank Limited	PACRA	A1+	4.52%
Sindh Bank Limited*	JCR-VIS	A-1+	-
UBL Bank Limited	JCR-VIS	A-1+	0.74%
Summit Bank Limited	JCR-VIS	A-1	1.30%
Bank Islami Pakistan Limited	PACRA	A-1	64.00%
Dubai Islami Bank Pakistan Limited	JCR-VIS	A-1	0.28%
Burj Bank Limited	JCR-VIS	A-2	0.58%
Silk Bank Limited	JCR-VIS	A-2	0.20%

*Nil value due to rounding off difference

23.2.2 Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund mainly deals in equity securities which are primarily subject to price risk. The Fund's portfolio of other financial instruments comprise of bank balances.

The Fund's major bank balances are held with two banks. The management believes that these are credit-worthy counterparties.

23.2.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on the terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily settlement of equity securities and to daily cash redemptions, if any, at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. The Fund's policy is, therefore, to invest the majority of its assets in investments that can be readily realised. The Fund's listed securities are considered readily realisable as they are listed on the Pakistan Stock Exchange.

In order to manage the Fund's overall liquidity, the Fund has the ability to borrow, with prior approval of the trustee, for meeting redemption. The maximum amount available to the Fund from borrowings is limited to the extent of 10% of net assets at the time of borrowing with repayments within 90 days of such borrowings. During the year ended June 30, 2017, the Fund has obtained a Commodity Murabahah Facility of Rs 1,110 million from BankIslami Pakistan Limited on March 15, 2017. The facility is secured against shariah compliant shares with prescribed margins and can be availed at a profit rate of respective KIBOR plus 0.75% per annum. However, the facility has not been availed by the Fund during the year.

In order to manage the Fund's overall liquidity, the Fund may withhold daily redemption requests in excess of ten percent of units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below indicates the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

-----June 30, 2017-----

Particulars	Total	Upto three months	Over three months and upto one year	Over one year
-------------	-------	-------------------	-------------------------------------	---------------

Financial liabilities

-----Rupees in '000-----

Payable to NBP Fullerton Asset Management Limited - Management Company	48,112	48,112	-	-
Payable to the Central Depository Company of Pakistan Limited - Trustee	886	886	-	-
Payable on redemption of units	57,347	57,347	-	-
Dividend payable	10,050	10,050	-	-
Accrued expenses and other liabilities	8,594	8,594	-	-
	<u>124,989</u>	<u>124,989</u>	<u>-</u>	<u>-</u>

NAFA ISLAMIC STOCK FUND

-----June 30, 2016-----

Particulars	Total	Upto three months	Over three months and upto one year	Over one year
-----Rupees in '000-----				
Financial liabilities				
Payable to NBP Fullerton Asset Management Limited - Management Company	16,136	16,136	-	-
Payable to the Central Depository Company of Pakistan Limited - Trustee	293	293	-	-
Payable on redemption of units	336,673	336,673	-	-
Dividend payable	14	14	-	-
Accrued expenses and other liabilities	2,874	2,874	-	-
	<u>355,990</u>	<u>355,990</u>	<u>-</u>	<u>-</u>

24 UNIT HOLDERS' FUND RISK MANAGEMENT

The Unit Holders' Fund is represented by redeemable units. These units are entitled to distributions and to payment of a proportionate share, based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in Unit Holders' Fund'.

The Fund has no restrictions on the subscription and redemption of units. As required under the NBFC Regulations, every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has maintained and complied with the requirement of minimum fund size during the current year.

In accordance with the risk management policies stated in note 23, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption requests, such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

25 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or liability can be settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Fair value of investments is determined as follows:

- Fair value of listed equity securities is determined on the basis of closing market prices quoted on the stock exchange.
- The fair value of all other financial assets and financial liabilities of the Fund approximate their carrying amounts due to short term maturities of these instruments.

25.1 Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities (Level 1);
- Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs) (Level 3).

As at June 30, 2017, the Fund held the following financial instruments measured at fair value:

NAFA ISLAMIC STOCK FUND

-----As at June 30, 2017-----				
Assets	Level 1	Level 2	Level 3	Total
------(Rupees in '000)-----				
Financial assets at fair value through profit or loss - net Investment in listed equity securities	7,508,122	-	-	7,508,122
-----As at June 30, 2016-----				
Assets	Level 1	Level 2	Level 3	Total
------(Rupees in '000)-----				
Financial assets at fair value through profit or loss - net Investment in listed equity securities	1,875,064	-	-	1,875,064

26 NON-ADJUSTING EVENT AFTER JUNE 30, 2017

The Board of Directors of the Management Company in their meeting held on September 15, 2017 (2016: September 23, 2016) approved a final cash distribution of Rs 21 million (Re 0.0332 per unit) for the year ended June 30, 2017 (2016: Rs 0.85 per unit). The financial statements of the Fund for the year ended June 30, 2017 do not include the effect of the final distribution which will be accounted for in the financial statements of the Fund for the year ending June 30, 2018.

27 GENERAL

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

27.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation. No significant rearrangements or reclassifications were made in these financial statements.

28 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on September 15, 2017.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA ISLAMIC STOCK FUND

PERFORMANCE TABLE

Particulars	For the year ended June 30, 2017	For the year ended June 30, 2016	For the the period from January 07, 2015 to June 30, 2015
Net assets at the year / period ended (Rs '000)	8,292,693	1,752,387	1,251,505
Net income for the year / period ended (Rs '000)	1,908,452	175,090	117,766
Net Asset Value per unit at the year / period ended (Rs)	13.1045	11.4401	11.0214
Offer Price per unit	13.5487	11.8940	11.4625
Redemption Price per unit	13.1045	11.4401	11.0214
Ex - Highest offer price per unit (Rs.)	17.5864	12.2366	11.5485
Ex - Lowest offer price per unit (Rs.)	12.1402	9.7911	9.1008
Ex - Highest redemption price per unit (Rs.)	14.6687	11.7697	11.1042
Ex - Lowest redemption price per unit (Rs.)	9.9859	9.4175	8.7476
Opening Nav of Fiscal Year	9.8933	10.1340	9.7766
Total return of the fund	32.46%	12.89%	11.39%
Capital growth	11.47%	5.43%	8.80%
Income distribution as a % of e x nav	20.99%	7.46%	2.59%
Income distribution as a % of par value	20.77%	8.50%	2.53%
Distribution			
Interim distribution per unit	2.0765	0.8500	0.1160
Final distribution per unit	0.0332	-	0.1369
Distribution Dates			
Interim	19-Jun-17	30-Jun-16	30-Jun-15
Final	15-Sep-17		14-Jul-15
Average annual return of the fund (launch date January 09, 2015)			
(Since inception to June 30, 2017)	22.90%		
(Since inception to June 30, 2016)		16.81%	
(Since inception to June 30, 2015)			11.40%
Portfolio Composition (Please see Fund Manager Report)			
<i>Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up</i>			

NAFA ISLAMIC STOCK FUND

PROXY ISSUED BY THE FUND

The proxy voting policy of **NAFA Islamic Stock Fund**, duly approved by Board of Directors of the Management Company, is available on the website of NBP Fullerton Asset Management Limited i.e. www.nafafunds.com. A detailed information regarding actual proxies voted by the Management Company in respect of the fund is also available without charge, upon request, to all unit holders.

The details of summarized proxies voted are as follows:








	Resolutions	For	Against	Abstain
Number	6	6	-	-
(%ages)	100%	100%	-	-



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