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

NAFA ISLAMIC STOCK FUND

ANNUAL REPORT 2016



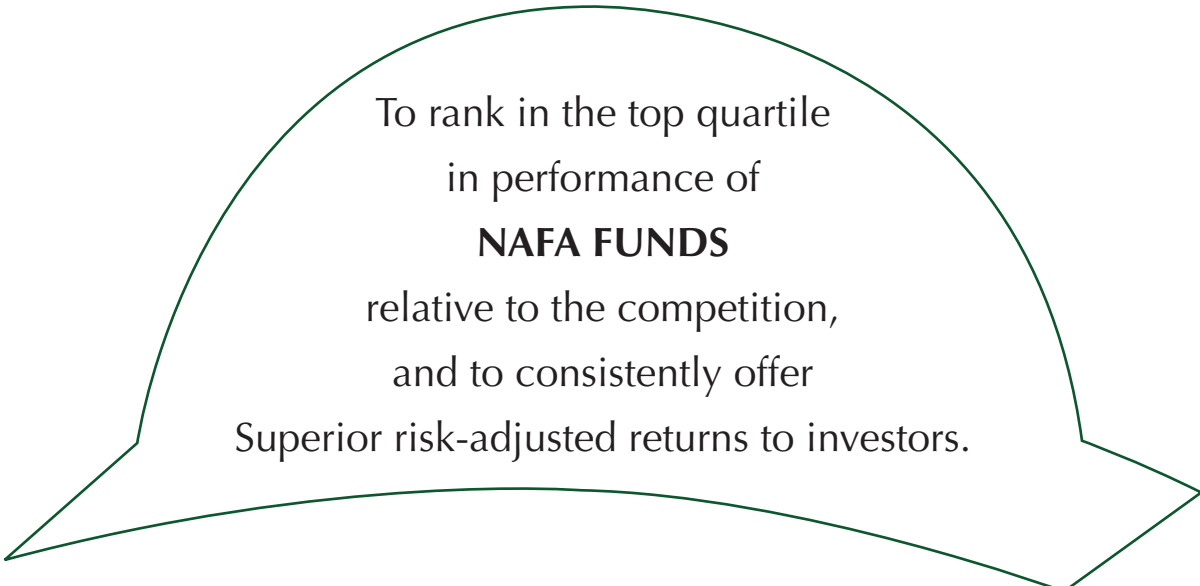
Your investments & "NAFA" grow together



**FULLERTON FUND
MANAGEMENT**

Joint - Venture Partners

MISSION STATEMENT



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

NAFA ISLAMIC STOCK FUND

FUND'S INFORMATION

Management Company

NBP Fullerton Asset Management Limited – Management Company

Board of Directors of the Management Company

Mr. Nausherwan Adil	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Nigel Poh Cheng	Director
Mr. Koh Boon San	Director
Mr. Kamal Amir Chinoy	Director
Mr. Shehryar Faruque	Director
Mr. Aamir Sattar	Director
Mr. Abdul Hadi Palekar	Director

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

Mr. Shehryar Faruque	Chairman
Mr. Koh Boon San	Member
Mr. Aamir Sattar	Member

Human Resource and Remuneration Committee

Mr. Nausherwan Adil	Chairman
Mr. Nigel Poh Cheng	Member
Mr. Kamal Amir Chinoy	Member

Trustee

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

Bankers to the Fund

Summit Bank Limited
Bank Alfalah Limited
Habib Bank Limited
National Bank of Pakistan
NIB Bank Limited
Silk Bank Limited
United Bank Limited
Burj Bank Limited
BankIslami Pakistan Limited
Meezan Bank Limited
Sindh Bank Limited
Bank Al Habib Limited
Dubai Islamic Bank Pakistan Limited
Habib Metropolitan 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



Mr. Nausherwan Adil
Chairman



Dr. Amjad Waheed, CFA
Chief Executive Officer



Mr. Kamal Amir Chinoy
Director



Mr. Koh Boon San
Director



Mr. Aamir Sattar
Director



Mr. Shehryar Faruque
Director



Mr. Nigel Poh Cheng
Director



Mr. Abdul Hadi Palekar
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



Syed Suleman Akhtar CFA
Head of Research



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



Mr. Asim Wahab Khan, CFA
Head of Equity



Mr. Salman Ahmed
Head of Risk Management



Mr. Raheel Rehman ACA, CICA
Senior Manager Compliance

NAFA ISLAMIC STOCK FUND

DIRECTORS' REPORT

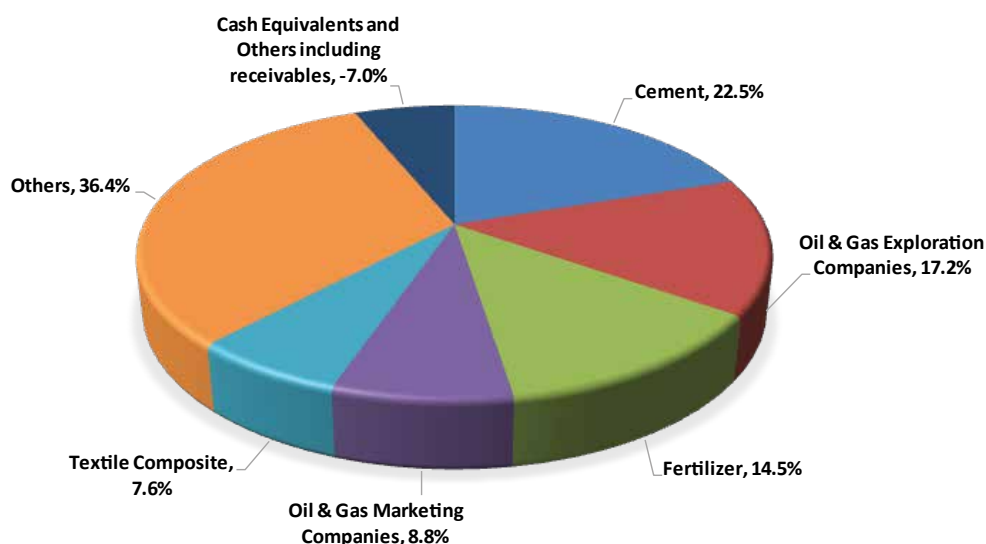
The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the Second Annual Report of **NAFA Islamic Stock Fund** for the year ended June 30, 2016.

Fund's Performance

The stock market started FY2015-16 on a lackluster note in sync with the regional and global markets, driven by a rout in commodities and concerns on global growth led by China. But in the aftermath of a strong rally in the second half of the year, the local bourse closed the year with a 9.8% return. During the first half of the year, the market remained under pressure led by Oil & Gas Sector amid sharp decline in crude oil prices and unabated foreign selling. However, the market more than made up for the losses in the second half as recovery in crude oil prices led to strong returns from the large cap energy stocks, and news of Pakistan's re-entry in the MSCI EM Index from next year. NBFCs, Individuals, and Mutual Funds remained net buyers, absorbing majority of the foreign selling. After a volatile FY2015-16, Pakistan equities are well poised to post stronger returns this fiscal year due to inclusion in MSCI Emerging Markets Index, relatively reasonable valuations, and improving growth prospects driven by government focus on infrastructure spending coupled with implementation of CPEC projects.

During the fiscal year, NAFA Islamic Stock Fund delivered 12.89% return as against KMI-30 index return of 15.53%, underperforming the market by 2.64% during the year. The Fund underperformed as the fund was overweight in key stocks in Oil & Gas Marketing Companies, Automobile Assembler, and Cable & Electric Goods sectors that underperformed the market and underweight in key stocks in Cements and Pharmaceuticals sectors that outperformed the market. Since the inception of the Fund, the return on NAFA Islamic Stock Fund was 25.74% as against the benchmark KMI-30 index return of 26.16%. Thus, the Fund underperformed by 0.42% during the period. This outperformance is net of management fee and all other expenses.

The size of NAFA Islamic Stock Fund as on June 30, 2016 is Rs.1,752 million. NAFA Islamic Stock Fund has earned a total income of Rs.238.22 million during the period. After deducting total expenses of Rs.63.13 million, the net income is Rs.175.09 million. During the year, the unit price of NAFA Islamic Stock Fund has increased from Rs.10.1340 (Ex-Div) on June 30, 2015 to Rs.11.4401 on June 30, 2016. The resultant per unit gain is Rs.1.3061 (12.89%). The asset allocation of NAFA Islamic Stock Fund as on June 30, 2016 is as follows:



NAFA ISLAMIC STOCK FUND

Income Distribution

The Board of Directors of the Management Company has approved cash dividend of 7.81% of opening Ex-NAV (8.50% of the par value) for the year.

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, 2017.

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 six meetings during the period. The attendance of all directors is disclosed in the note 22 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 21 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 18 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 23, 2016
Place: Karachi.

NAFA ISLAMIC STOCK FUND

ڈائریکٹرز رپورٹ

NBP فلٹرن ایسیٹ منیجمنٹ لمیٹڈ کا بورڈ آف ڈائریکٹرز بصد مسرت 30 جون 2016ء کو ختم ہونے والے سال کے لیے NAFA اسلامک اسٹاک فنڈ کی دوسری سالانہ رپورٹ پیش کرتا ہے۔

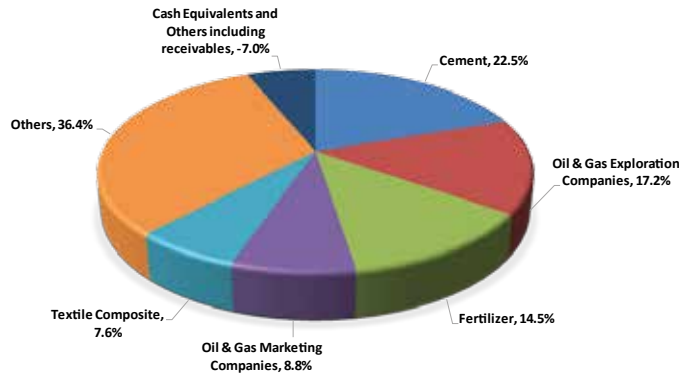
فنڈ کی پرفارمنس

اسٹاک مارکیٹ نے کموڈٹی میں زبردست مندی اور چین کی زیر قیادت عالمی نمو پر خدشات کے زیر اثر علاقائی اور عالمی مارکیٹس کے مطابق غیر متاثر کارکردگی سے مالی سال 2015-16 کا آغاز کیا۔ لیکن سال کے دوسرے نصف میں ایک زبردست بحالی کے نتیجے میں مقامی اسٹاک آپیکس سال کے آخر میں 9.8 فی صد منافع کے ساتھ بند ہوئے۔ سال کے پہلے نصف کے دوران مارکیٹ آئل اینڈ گیس سیکٹر میں خام تیل کی قیمتوں میں تیزی سے کمی اور غیر ملکی سرمایہ کاروں کی طرف سے بے روک ٹوک حصص کی فروخت کے نتیجے میں پروڈاؤ میں رہی۔ تاہم مارکیٹ نے دوسرے نصف میں خساروں سے کہیں زیادہ ازالہ کر لیا، جیسا کہ خام تیل کی قیمتوں کی بحالی کا نتیجہ بھاری سرمائے والے انرجی اسٹاکس کی طرف سے زبردست منافع جات کی صورت میں برآمد ہوا اور پاکستان کی آئندہ سال سے MSCI EM میں دوبارہ شمولیت کی خبر سامنے آئی۔ NBFCs، انفرادی اور میوچل فنڈز خالصتاً خریدار رہے اور انہوں نے غیر ملکی سرمایہ کاروں کی طرف سے حصص کی فروخت کے بڑے حصے کو جذب کر لیا۔ اتار چڑھاؤ سے بھرپور مالی سال 2015-16 کے بعد MSCI ایمرجنگ مارکیٹس انڈیکس میں شمولیت، قیمتوں کے معقول تعین اور حکومت کی طرف سے سی پیک پر ڈیٹا کے نفاذ کے ساتھ انفراسٹرکچر پروجیکٹوں پر توجہ مرکوز کرنے کی وجہ سے پاکستانی ایکویٹی زبردست منافع جات پیش کرنے کے لیے عمدہ پوزیشن میں ہیں۔

NAFA اسلامک اسٹاک فنڈ نے مالی سال کے دوران (KMI 30 انڈیکس) کے 15.53% منافع کے مقابلے میں 12.89% سالانہ منافع پیش کیا۔ اس طرح فنڈ نے مارکیٹ کے مقابلے میں 2.64% کم تر کارکردگی کا مظاہرہ کیا۔ فنڈ کی کم تر کارکردگی کی وجہ آئل اینڈ گیس مارکیٹنگ کمپنیز آٹو موبائل اسمبلر اور کیبل اور الیکٹریکل گڈز کے شعبوں میں بھاری سرمایہ کاری تھی جنہوں نے مارکیٹ میں کمزور کارکردگی دکھائی، جب کہ سینٹ اور فارماسیوٹیکلز کے شعبوں میں کم سرمایہ کاری تھی جنہوں نے مارکیٹ سے اعلیٰ کارکردگی دکھائی۔ اپنے قیام سے اب تک NAFA اسلامک اسٹاک فنڈ کا منافع KMI-30 انڈیکس کے 26.16% منافع کے مقابلے میں 25.74% لہذا اس طرح فنڈ نے اس مدت کے دوران 0.42% کم تر کارکردگی کا مظاہرہ کیا۔ یہ کارکردگی منیجمنٹ فیس اور دیگر اخراجات کے بعد خالص ہے۔

NAFA اسلامک اسٹاک فنڈ کا حجم، 30 جون 2016 کے مطابق 1,752 ملین روپے ہے۔ NAFA اسلامک اسٹاک فنڈ نے اس مدت کے دوران 238.22 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 63.13 ملین روپے کے مجموعی اخراجات منہا کرنے کے بعد خالص آمدنی 175.09 ملین روپے ہے۔ اس سال کے دوران NAFA اسلامک اسٹاک فنڈ کے پونٹ کی قیمت 30 جون 2015 کو 10.1340 روپے (Ex-Div) سے بڑھ کر 30 جون 2016 پر 11.4401 روپے (Ex-Div) ہو چکی ہے۔ اس کا نتیجہ پونٹ 1.3061 روپے (12.89%) منافع کی شکل میں سامنے آیا ہے۔

NAFA اسلامک اسٹاک فنڈ کی ایلیویشن 30 جون 2016 کو برطابق ذیل ہے:



آمدنی کی تقسیم

منیجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے سال کے لیے ابتدائی NAV-ex کا 7.81% (پارڈیلیو کا 8.50%) کیش ڈیویڈنڈ منظور کیا ہے۔

ٹیکسیشن

جیسا کہ مندرجہ بالا کیش ڈیویڈنڈ، انویسٹمنٹس کے صرف شدہ اور غیر تصرف شدہ (realized and unrealized) مالیاتی منافع جات کے علاوہ، انویسٹمنٹس پر سال کے دوران کمائی گئی آمدنی کے 90% سے زائد ہے، انکم ٹیکس آرڈیننس 2001 کے دوسرے شیڈول کے حصہ 1 کی شق 99 کے تحت فنڈ پر ٹیکس لاگو نہیں ہے۔

NAFA ISLAMIC STOCK FUND

آڈیٹرز

موجودہ آڈیٹرز ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہوئے ہیں اور بنائے اہلیت، خود کو تختہ سال 30 جون 2017 کے لیے دوبارہ تقرری کے لیے پیش کرتے ہیں۔

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 ٹیبیل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہے۔
- 9- ٹیکسوں، ڈیویڈنڈز، محصولات اور چارجز کی مد میں بقایہ سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
- 10- اس مدت کے دوران منجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے چھ اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 22 میں ظاہر کی گئی ہے۔
- 11- یونٹ ہولڈنگ کا تفصیلی پیٹرن مالیاتی گوشواروں کے نوٹ 21 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 18 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 اظہارِ تشکر کرتا ہے۔ بورڈ اپنے اسٹاف اور ٹرسٹی کی طرف سے محنت، لگن اور عزم کے مظاہرے پر اپنا خراجِ تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

NBP فلرٹن ایسیٹ منجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

بتاریخ

23 ستمبر 2016

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, 2016 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.

Muhammad Hanif Jakhura
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 30, 2016

NAFA ISLAMIC STOCK FUND

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2016

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.

The Company, though an un-listed Public Limited Company complies with the CCG as the Fund under its management is listed on Pakistan Stock Exchange Limited.

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, 2016, the Board included:

Category	Names
Independent Directors	1. Mr. Kamal Amir Chinoy 2. Mr. Shehryar Faruque
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. Nigel Poh Cheng 5. Mr. Koh Boon San

The independent directors meets 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. No casual vacancy occurred during the year.
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 2016, three directors of the Company had acquired the director's training certificate as required under the Code. The Company plans to arrange a Director's Training Program in future, for the remaining directors.
10. The Board has approved the appointment of Chief Financial Officer (CFO) of the Company with their remuneration and terms and conditions of employment. There has been no new appointment of the Company Secretary and Head of Internal Audit 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 18 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 including an independent director and the chairman of the committee is non-executive director.

NAFA ISLAMIC STOCK FUND

18. The Board has set up an effective internal audit function.
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. Since there is no practical implication of closed period on the announcement of interim and final results of open end Fund. Therefore, there was no 'closed period' prior to the announcement of interim / final results.
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 except the following:
 - As per the Code, 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.

For and behalf of the Board

Karachi
September 23, 2016

Dr. Amjad Waheed
Chief Executive Officer

NAFA ISLAMIC STOCK FUND

FUND MANAGER REPORT

NAFA Islamic Stock Fund

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

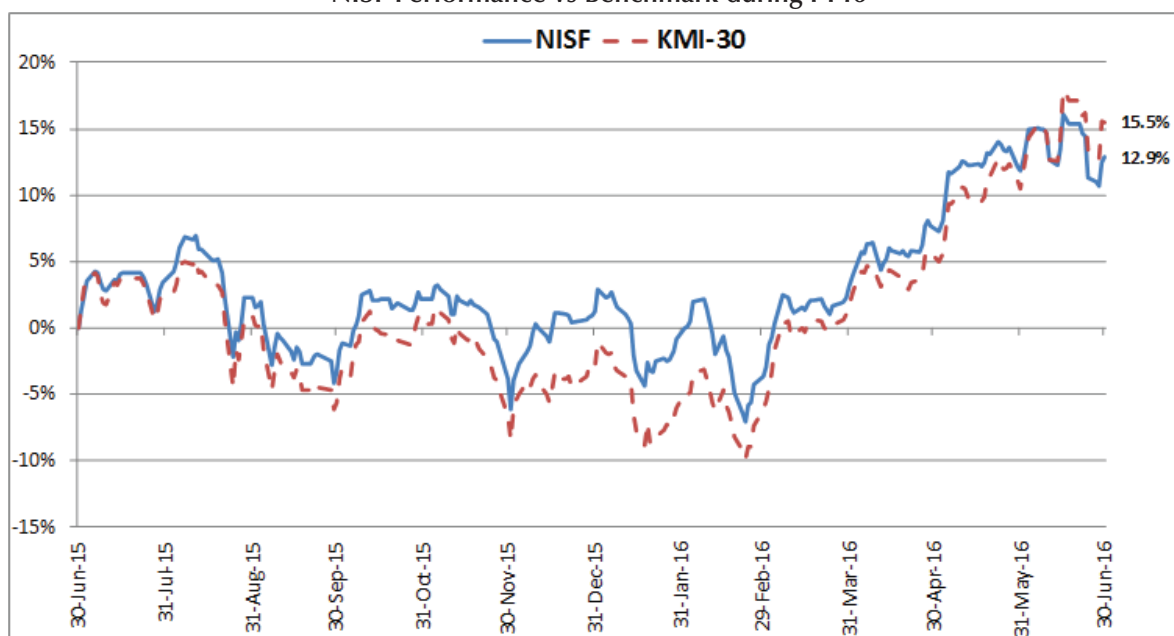
The Benchmark of the Fund is KMI-30 Index.

Fund performance review

This is the second annual report of the Fund. During the fiscal year, NAFA Islamic Stock Fund delivered 12.89% return as against KMI-30 index return of 15.53%, underperforming the market by 2.64% during the year. Since the inception of the Fund, the return on NAFA Islamic Stock Fund was 25.74% as against the benchmark return of 26.16%. Thus, the Fund underperformed by 0.42% during the period. This performance is net of management fee and all other expenses. The size of NAFA Islamic Stock Fund is Rs.1,752 million as of June 30, 2016.

NISF underperformed as the Fund was overweight in key stocks in Oil & Gas Marketing Companies, Automobile Assembler, and Cable & Electric Goods sectors that underperformed the market. Moreover, contribution to the Fund's underperformance also came from its underweight position in the selected companies of Cements and Pharmaceuticals sectors that outperformed the market, thereby contributing to the underperformance. The chart below shows the performance of NISF against the Benchmark for the year.

NISF Performance vs Benchmark during FY16



The stock market started FY2015-16 on a lackluster note in sync with the regional and global markets, driven by a rout in commodities and concerns on global growth led by China. But in the aftermath of a strong rally in the second half of the year, the local bourse closed the year with 9.8% return. During the first half of the year, the market remained under pressure led by Oil & Gas Sector amid sharp decline in crude oil prices and unabated foreign selling. However, the market more than made up for the losses in the second half as recovery in crude oil prices led to strong returns from the heavy eight energy stocks and Pakistan's re-entry in MSCI EM Index from next year boosted general investor sentiment. NBFCs, Individuals, and Mutual Funds remained net buyers, absorbing majority of the foreign selling. After a volatile FY2015-16, Pakistan equities are well poised to post stronger return this year as inclusion in MSCI Emerging Markets Index, relatively reasonable valuations, and improving growth prospects driven by government focus on infrastructure spending coupled with implementation of CPEC projects will keep local & foreign investors' interest strong in the market.

NAFA ISLAMIC STOCK FUND

Asset Allocation of the Fund (% of NAV)

Particulars	30-Jun-16	30-Jun-15
Equities / Stocks	107.00%	84.84%
Cash Equivalents	13.73%	15.02%
Other Net (Liabilities) / Assets	-20.73%	0.14%
Total	100.00%	100.00%

Distribution for the Financial Year 2016

Interim / Final	Dividend as a % of Par Value (Rs.100)	Cum Dividend Price Per Unit (Rs.)	Ex- Dividend Price Per Unit (Rs.)
Final	8.50%	12.2466	11.3966

Unit Holding Pattern of NAFA Islamic Principal Preservation Fund as on June 30, 2016

Size of Unit Holding (Units)		No. of Unit Holders
1	1,000	43
1,001	5,000	127
5,001	10,000	103
10,001	50,000	279
50,001	100,000	105
100,001	500,000	119
500,001	1,000,000	26
1000,001	5,000,000	24
5000001	1,000,000,0	3
1,000,000,1	100,000,000	1
Total		830

During the period under question:

- There have been no significant changes in the state of affairs of the Fund
- The Management Company or its delegates did not receive any soft commission (i.e. goods and services) from its broker(s)/dealer(s) by virtue of transactions conducted by the Fund.

Workers' Welfare Fund (WWF)

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of 1.768 million. If the same were not made, the NAV per unit/since inception return of scheme would have been higher by Rs 0.0157 / 0.16%. For details, investors are advised to read the Note 13 of the Financial Statements of the Scheme for the year ended June 30, 2016.

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, 2016. This has been duly confirmed by the Shari'ah Supervisory Board of the Fund.

For and behalf of the board

Date: September 23, 2016
Karachi.

Dr. Amjad Waheed, CFA
Chief Executive Officer

NAFA ISLAMIC STOCK FUND

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

September 20, 2016 /Dhu al-Hijjah 17, 1437

Alhamdulillah, the period from July 1, 2015 to June 30, 2016 was the second 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, 2016 and their evaluation according to the screening criteria established by us. (December 31, 2015 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)
Engro Corporation Ltd	Fertilizer	27.72	7.17	1.05	79	(131.58)	279.39
Lucky Cement Ltd	Cement	9.55	2.81	1.85	73	(30.12)	495.04
Dawood Hercules	Fertilizer	28.18	6.75	1.02	79	(151.34)	119.14
Attock Cement Pak Ltd	Cement	0.08	27.36	0.43	64	8.36	167.75
Pakistan Petroleum Limited	Oil and Gas Exploration Companies	0.11	28	4.02	46	40.05	121.81

NAFA ISLAMIC STOCK FUND

	(i)	(ii)	(iii)	(iv)	(v)	(vi)	
Mari Petroleum	Oil & Gas Exploration	21.28	0.00	0.45	43.99	(110.95)	697.14
Pakistan Oilfields Ltd	Oil and Gas Exploration Companies	0.00	0.23	1.50	73.89	(40.38)	268.02
Nishat Mills Ltd	Textile	18.72	10.3	1.77	75	(18.02)	94.87

- 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, 2016 are not in compliance with the Shari'ah principles.

During the year a provision of Rupees 986,614/- was created and an amount of Rupees 713,028/- was available for disbursement into charity as of June 30, 2016. 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 THE 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, 2016 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 of Corporate Governance 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 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's 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 of Corporate Governance as applicable to the Fund for the year ended June 30, 2016.

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
21	No closed period was determined prior to the announcement of interim / final results.
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.

A.F. Ferguson & Co.
Chartered Accountants
Dated: September 30, 2016
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, 2016, 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, 2016 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: **Shahbaz Akbar**
Dated: September 30, 2016
Karachi

NAFA ISLAMIC STOCK FUND

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2016

	Note	2016	2015
		Rupees in '000	
ASSETS			
Balances with banks	4	240,619	133,821
Investments	5	1,875,064	1,061,806
Receivable against issue of units	6	5,460	97,656
Dividend and profit receivable	7	3,803	3,848
Advances and deposits	8	2,633	2,633
Total assets		2,127,579	1,299,764
LIABILITIES			
Payable to NBP Fullerton Asset Management Limited - Management Company	9	16,136	10,900
Payable to the Central Depository Company of Pakistan Limited - Trustee	10	293	181
Payable to the Securities and Exchange Commission of Pakistan	11	1,568	398
Payable against redemption of units	12	336,673	28,454
Dividend payable		14	-
Accrued expenses and other liabilities	13	20,508	8,326
Total liabilities		375,192	48,259
NET ASSETS		1,752,387	1,251,505
UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)		1,752,387	1,251,505
CONTINGENCIES AND COMMITMENTS	14		
		Number of units	
NUMBER OF UNITS IN ISSUE	15	153,179,092	113,552,481
		Rupees	
NET ASSET VALUE PER UNIT	3.11	11.4401	11.0214

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC STOCK FUND

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2016

	Note	For the year from July 01, 2016 to June 30, 2016	For the period from January 07, 2015 to June 30, 2015
(Rupees in '000)			
INCOME			
Capital gain on sale of investments - net		1,657	13,074
Profit on bank deposits		9,156	2,171
Dividend income		70,887	17,086
Unrealised appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net	5.4	157,860	84,170
Total income		239,560	116,501
EXPENSES			
Remuneration of NBP Fullerton Asset Management Limited - Management Company	9.1	38,744	12,560
Sindh Sales Tax on remuneration of the Management Company	9.2	6,292	2,185
Federal Excise Duty on remuneration of the Management Company	9.3	6,199	2,010
Accounting and operational charges	9.4	1,077	-
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	10.1	2,650	820
Sindh Sales Tax on remuneration of the Trustee	10.2	371	-
Annual fee of the Securities and Exchange Commission of Pakistan	11.1	1,568	398
Auditors' remuneration	16	431	278
Annual listing fee		40	20
Printing charges		80	97
Securities transaction cost		4,535	1,559
Settlement and bank charges		887	405
Shariah advisor fee		178	-
Legal and professional charges		81	125
Total expenses		63,133	20,457
Net income from operating activities		176,427	96,044
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - net		(1,337)	24,125
Provision for Workers' Welfare Fund	13.1	-	(2,403)
Net income for the year / period before taxation		175,090	117,766
Taxation	17	-	-
Net income for the year / period after taxation		175,090	117,766
Earnings per unit	3.12		

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC STOCK FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2016

	For the year from July 01, 2016 to June 30, 2016	For the period from January 07, 2015 to June 30, 2015
	(Rupees in '000)	
Net income for the year / period after taxation	175,090	117,766
Other comprehensive income for the year / period	-	-
Total comprehensive income for the year / period	<u>175,090</u>	<u>117,766</u>

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC STOCK FUND

DISTRIBUTION STATEMENT FOR THE YEAR ENDED JUNE 30, 2016

	For the year from July 01, 2016 to June 30, 2016	For the period from January 07, 2015 to June 30, 2015
	(Rupees in '000)	
Undistributed income brought forward comprising of:		
- Realised income	31,811	-
- Unrealised income	84,170	-
	<u>115,981</u>	<u>-</u>
Net income for the year / period	175,090	117,766
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - net	-	9,382
Distributions during the year / period		
- Re 0.85 per unit declared on June 30, 2016 (2015: Re 0.1160 per unit declared on June 30, 2015) - Cash distribution	(89,995)	(11,167)
- 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>185,502</u>	<u>115,981</u>
Undistributed income carried forward comprising of:		
Realised income	27,642	31,811
Unrealised income	157,860	84,170
	<u>185,502</u>	<u>115,981</u>

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC STOCK FUND

STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND FOR THE YEAR ENDED JUNE 30, 2016

	For the year from July 01, 2016 to June 30, 2016	For the period from January 07, 2015 to June 30, 2015
	(Rupees in '000)	
Net assets at the beginning of the year / period	1,251,505	-
Issue of 439,764,559 units (220,182,818 units)	5,036,252	2,307,318
Redemption of 400,137,948 units (106,630,337 units)	(4,606,228) 430,024	(1,138,287) 1,169,031
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	1,337	(24,125)
- transferred to distribution statement	-	(9,382)
	1,337	(33,507)
Unrealised appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net	157,860	84,170
Capital gain on sale of investments - net	1,657	13,074
Other net income for the year / period	15,573 175,090	20,522 117,766
Distributions during the year / period		
- Re 0.85 per unit declared on June 30, 2016 (2015: Re 0.1160 per unit declared on June 30, 2015) - Cash distribution	(89,995)	(11,167)
- Re 0.1369 per unit distribution declared on July 15, 2015 for the year ended June 30, 2015 - Cash distribution	(15,574)	-
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - transferred to distribution statement	-	9,382
Net assets at the end of the year / period	<u>1,752,387</u>	<u>1,251,505</u>

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC STOCK FUND

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2016

For the year
from July 01,
2016 to June
30, 2016

For the period
from January 07,
2015 to June
30, 2015

(Rupees in '000)

CASH FLOWS FROM OPERATING ACTIVITIES

Net income for the year / period	175,090	117,766
Adjustments for:		
Profit on balances with banks	(9,156)	(2,171)
Dividend income	(70,887)	(17,086)
Unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	(157,860)	(84,170)
Element of (income) / loss and capital (gain) / losses included in prices of units issued less those in units redeemed - net	1,337	(24,125)
Provision for Workers' Welfare Fund	-	2,403
Federal Excise Duty on the remuneration of the Management Company	6,199	2,010
	(230,367)	(123,139)
(Increase) / decrease in assets		
Investments	(655,398)	(977,636)
Advances and deposits	-	(2,633)
	(655,398)	(980,269)
Increase / (decrease) / in liabilities		
Payable to NBP Fullerton Asset Management Limited - Management Company	(963)	8,890
Payable to the Central Depository Company of Pakistan Limited -Trustee	112	181
Payable to the Securities and Exchange Commission of Pakistan	1,170	398
Dividend payable	12,196	5,231
Accrued expenses and other liabilities	14	-
	12,182	14,700
	12,515	14,700
Profit received on balances with banks	8,789	1,710
Dividend received	71,299	13,699
Net cash used in operating activities	(618,072)	(955,533)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issue of units	5,022,879	2,199,187
Payments against redemption of units	(4,298,009)	(1,109,833)
Net cash generated from financing activities	724,870	1,089,354
Net increase in cash and cash equivalents during the year / period	106,798	133,821
Cash and cash equivalents at the beginning of the year / period	133,821	-
Cash and cash equivalents at the end of the year / period	240,619	133,821

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC STOCK FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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 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. Due to a fire incident in the month of June 2016 at the registered office of the Management Company, its office has been temporarily shifted to 2nd floor, Ex - NDFC Building, Tariq Road, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).

The Fund 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 categorized 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 Limited (PACRA) has assigned an asset manager rating of AM2++ to the Management Company as at August 4, 2016.

Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as the 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 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. The approved accounting standards comprise of such International Financial Reporting Standards (IFRS) 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 Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the 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 and amendments to approved accounting standards which became effective during the year ended June 30, 2016

The following standard, implementations and amendment to published approved accounting standards are mandatory for the financial year beginning on or after July 01, 2015 and is relevant to the Fund:

IFRS 13 'Fair Value Measurement' establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRS. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 'Financial Instruments: Disclosures'. Notwithstanding the above, the change had no significant impacts on the measurements of the Fund's assets and liabilities except for additional disclosures which are included in note 26 to these financial statements.

There are other amendments to the standards and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2015 but are considered not to be relevant or do not have any significant effect on the Fund's financial statements and are, therefore, not detailed in these financial statements.

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

There are certain amendments to the existing published approved accounting standards, new interpretations and certain new standards that are mandatory for accounting periods beginning on or after July 01, 2016 but are considered not to be relevant or will not have any significant effect on the Fund's financial statements and are, therefore, not disclosed in these financial statements.

2.4 Critical accounting estimates and judgments

The preparation of the 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. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the year of revision and future periods if the revision affects both current and future periods.

The areas involving a degree of judgment or complexity, or areas where estimates and assumption are significant to the financial statements relates to classification, impairment and valuation of investments (note 3.2 and 5).

2.5 Accounting Convention

These financial statements have been prepared under the historical cost convention except for certain investments which have been marked to market and 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 balances with banks and short-term highly liquid investments that are readily convertible to known amount of cash and are subject to an insignificant risk of changes in value with original maturities of three months or less.

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 include 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.

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3.2.2 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset. Regular purchases and sales of financial assets require delivery of securities within the time frame established by the stock exchange regulations.

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 designated by the management as at fair value through profit or loss and available for sale are revalued at their fair value.

Net gains and losses arising from the changes in the fair value and on sale of financial assets carried 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 Unit holder's Fund is shown as part of net income for the period.

- Basis of valuation of equity securities

The investments of the Fund in listed equity securities is valued on the basis of closing quoted market prices available at the stock exchange.

Unquoted equity securities are valued at the lower of cost and break-up value. The break-up value of these securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. A decline in the carrying value is charged to the profit and loss account. A subsequent increase in the carrying value, upto the cost of the investment, is credited to the profit and loss account.

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

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 shown as part of income before taxation.

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.

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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.

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

Current

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 amongst 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.

Deferred

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes. In addition, the Fund also records deferred tax asset on unutilised tax losses to the extent that it is no longer probable that the related tax benefit will be realised. However, the Fund has not recognised any amount in respect of taxation in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders as cash dividend.

3.7 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.

3.8 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 is determined based on the income / (loss) incurred during the year including income / (loss) arising as a result of unrealised appreciation / (diminution) on available for sale securities. 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.

3.9 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.

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3.10 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.

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 period end.

3.12 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.

3.13 Expenses

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

4 BALANCES WITH BANKS	Note	2016	2015
(Rupees in '000)			
Balances with banks in:			
- Current accounts	4.1	18,833	12,946
- Profit and loss sharing accounts	4.2	221,786	120,875
		<u>240,619</u>	<u>133,821</u>

4.1 These include deposits of Rs 0.98 million (2015: 1.480 million) and Rs 3.121 million (2015: 0.642 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 rates ranging from 2.50% to 6.70% (2015: 4.5% to 10.25%) per annum.

5 INVESTMENTS	Note	2016	2015
(Rupees in '000)			
Investments at fair value through profit or loss - held for trading			
- Listed equity securities	5.1	1,875,064	1,060,929
Available for sale			
- Preference shares	5.3	-	877
		<u>1,875,064</u>	<u>1,061,806</u>

5.1 Listed equity securities

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

Name of the investee company	Number of shares/ certificates					Market value as at June 30, 2016	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, 2015	Purchases during the year	Bonus / right shares	Sales during the year	As at June 30, 2016		Net assets	Total investment	
-----Number of shares -----						(Rupees in '000)	----- % -----		
OIL AND GAS MARKETING COMPANIES									
Attock Petroleum Limited	67,600	9,600	-	26,100	51,100	22,358	1.28	1.19	0.06
Pakistan State Oil Company Limited	150,600	417,200	-	332,700	235,100	88,271	5.04	4.71	0.09
Shell (Pakistan) Limited	139,200	92,400	-	81,100	150,500	43,677	2.49	2.33	0.14
Hascol Petroleum Limited	148,640	-	208	147,600	1,248	244	0.01	0.01	-*
Sui Northern Gas Pipelines Limited	500,000	1,300,500	-	1,800,500	-	-	-	-	-
						<u>154,549</u>	<u>8.82</u>	<u>8.24</u>	
OIL AND GAS EXPLORATION COMPANIES									
Pakistan Oilfields Limited	118,200	464,500	-	356,300	226,400	78,670	4.49	4.20	0.10
Pakistan Petroleum Limited	167,400	1,079,200	-	814,500	432,100	66,997	3.82	3.57	0.02
Mari Petroleum Company Limited	4,000	266,550	-	143,000	127,550	115,844	6.61	6.18	0.12
Oil and Gas Development Company Limited	-	293,000	-	-	293,000	40,455	2.31	2.16	0.01
						<u>301,965</u>	<u>17.23</u>	<u>16.10</u>	

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Name of the investee company	Number of shares/ certificates					Market value as at June 30, 2016	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, 2015	Purchases during the year	Bonus / right shares	Sales during the year	As at June 30, 2016		Net assets	Total investment	
-----Number of shares -----						(Rupees in '000)	----- % -----		
REFINERY									
Attock Refinery Limited	69,400	356,700	-	333,700	92,400	25,885	1.48	1.38	0.11
National Refinery Limited	59,700	66,100	-	76,000	49,800	23,675	1.35	1.26	0.06
						49,560	2.83	3	
CHEMICALS									
Ittehad Chemical Limited	408,000	-	121,500	60,000	469,500	12,263	0.70	0.65	0.72
						12,263	0.70	0.65	
FERTILIZERS									
Engro Fertilizers Limited	291,500	2,178,500	-	1,958,000	512,000	33,014	1.88	1.76	0.04
Engro Corporation Limited	342,500	616,900	-	601,000	358,400	119,336	6.81	6.36	0.07
Fatima Fertilizer Company Limited	348,000	565,000	-	913,000	-	-	-	-	-
Dawood Hercules Corporation Limited	71,500	464,400	-	71,500	464,400	69,135	3.95	3.69	0.10
Fauji Fertilizer Company Limited	-	198,400	-	198,400	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	-	714,000	-	90,000	624,000	33,078	1.89	1.76	0.07
						254,564	14.53	13.58	
CEMENT									
D.G. Khan Cement Company Limited	377,500	491,800	-	624,700	244,600	46,594	2.66	2.48	0.06
Kohat Cement Limited	58,300	80,600	-	99,500	39,400	10,320	0.59	0.55	0.03
Lucky Cement Limited	142,600	237,600	-	217,200	163,000	105,707	6.03	5.64	0.05
Maple Leaf Cement Factory Limited	375,500	700,500	-	795,500	280,500	29,596	1.69	1.58	0.05
Pioneer Cement Limited	47,000	612,500	-	315,500	344,000	36,946	2.11	1.97	0.15
Attock Cement (Pakistan) Limited	63,900	258,800	-	15,000	307,700	73,451	4.19	3.92	0.27
Fecto Cement Limited	225,000	412,500	-	381,000	256,500	29,626	1.69	1.58	0.51
Fauji Cement Company Limited	-	3,350,000	-	1,627,000	1,723,000	61,683	3.52	3.29	0.12
						393,922	22.48	21.01	
GENERAL INDUSTRIES									
Ecopack Limited	-	328,500	-	-	328,500	5,782	0.33	0.31	1.43
Synthetic Products Enterprises Limited	-	246,500	-	-	246,500	11,561	0.66	0.62	0.32
						17,343	0.99	0.92	
AUTOMOBILE PARTS & ACCESSORIES									
Thal Limited	19,400	64,400	-	-	83,800	23,717	1.35	1.26	0.07
						23,717	1.35	1.26	
AUTOMOBILES ASSEMBLER									
Baluchistan Wheels Limited	9,000	1,000	-	-	10,000	810	0.05	0.04	0.07
Indus Motor Company Limited	49,150	47,700	-	29,500	67,350	63,278	3.61	3.37	0.09
Pak Suzuki Motor Company Limited	40,300	105,000	-	145,300	-	-	-	-	-
Ghandara Nissan Limited	78,500	76,000	-	154,500	-	-	-	-	-
Sazgar Engineering Works Limited	83,000	76,000	-	-	159,000	4,969	0.28	0.26	0.88
Honda Atlas Cars (Pakistan) Limited	188,900	144,000	-	237,900	95,000	34,114	1.95	1.82	0.09
						103,170	5.89	5.50	
GLASS AND CERAMICS									
Tariq Glass Industries Limited	157,500	544,000	-	24,000	677,500	50,101	2.86	2.67	0.92
						50,101	2.86	2.67	
CABLE AND ELECTRIC GOODS									
Pak Elektron Limited	345,000	1,107,000	175,750	1,175,000	452,750	29,270	1.67	1.56	0.09
						29,270	1.67	1.56	
ENGINEERING									
Mughal Iron and Steel Industries Limited	448,500	421,000	84,825	576,000	378,325	25,420	1.45	1.36	0.30
						25,420	1.45	1.36	
TEXTILE COMPOSITE									
Kohinoor Textile Mills Limited	816,000	96,000	96,225	335,000	673,225	53,878	3.07	2.87	0.24
Nishat Mills Limited	60,000	928,500	-	254,000	734,500	79,253	4.52	4.23	0.21
						133,131	7.60	7.10	
LEATHER & TANNERIES									
Service Industries Limited	-	10,150	-	-	10,150	8,975	0.51	0.48	0.08
						8,975	0.51	0.48	
PHARMACEUTICALS									
Ferozsons Laboratories Limited	15,500	14,450	-	14,500	15,450	15,928	0.91	0.85	0.05
Abbot Laboratories (Pakistan) Limited	6,000	950	-	6,000	950	716	0.04	0.04	-*
The Searle Company Limited	37,000	26,000	12,026	35,800	39,226	21,031	1.20	1.12	0.03
						37,675	2.15	2.01	
TECHNOLOGY AND COMMUNICATION									
Avanceon Limited	386,000	823,500	-	177,500	1,032,000	29,691	1.69	1.58	0.98
Pakistan Telecommunication Company Limited	-	2,607,500	-	2,607,500	-	-	-	-	-
NetSol Technologies Limited	-	208,000	-	-	208,000	10,421	0.59	0.56	0.23
						40,111	2.29	2.14	
POWER GENERATION & DISTRIBUTION									
Hub Power Company Limited	644,500	522,500	-	721,000	446,000	53,547	3.06	2.86	0.04
Kot Addu Power Company Limited	556,000	173,000	-	267,500	461,500	41,189	2.35	2.20	0.05
K-Electric Limited	500,000	3,154,500	-	1,176,000	2,478,500	19,977	1.14	1.07	0.01
Lalpir Power Limited	281,500	-	-	281,500	-	-	-	-	-
Pakgen Power Limited	-	956,000	-	955,500	500	12	0.00	0.00	-*
						114,724	6.55	6.12	
COMMERCIAL BANKS									
Meezan Bank Limited	69,500	240,000	-	-	309,500	13,154	0.75	0.70	0.03
						13,154	0.75	0.70	
BEVERAGES									
Shezan International Limited	-	21,000	-	300	20,700	9,346	0.53	0.50	0.26
						9,346	0.53	0.50	
TRANSPORT									
Pakistan National Shipping Corporation Limited	-	226,800	-	2,800	224,000	20,989	1.20	1.12	0.17
						20,989	1.20	1.12	
FOOD & PERSONAL CARE PRODUCTS									
Al-Shaheer Corporation Limited	-	702,500	169,750	-	872,250	45,540	2.60	2.43	0.71
						45,540	2.60	2.43	
INDUSTRIAL METALS AND MINING									
Crescent Steel & Allied Products Limited	-	477,300	-	166,900	310,400	35,575	2.03	1.90	0.40
						35,575	2.03	1.90	
Total June 30, 2016						1,875,064	107.00	100.00	
Total June 30, 2015						1,060,929	84.79	99.93	

* Nil value due to rounding off difference.

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5.2 Investments include shares with market value of Rs 84.123 million (2015: 72.84 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.

5.3 This represents non-voting, non-cumulative, unlisted redeemable preference shares of Rs 10/- each of Mari Petroleum Company Limited, allotted to the Fund in prior period, which were redeemed by Mari Petroleum Company Limited during the year.

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

	Note	2016 (Rupees in '000)	2015 (Rupees in '000)
Market value of investments			
Less: carrying value of investments	5.1	1,875,064 (1,717,204)	1,060,929 (976,759)
		<u>157,860</u>	<u>84,170</u>

5.5 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 if the fund deposit tax equivalent to 5% 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 constitution 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 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, 2016, 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 company	June 30, 2016		June 30, 2015	
	Bonus Shares			
	Number	Market value Rupees in '000'	Number	Market value Rupees in '000'
Hascol Petroleum Limited	1,150	225	957	110
Mughal Iron and Steel Industries Limited	4,242	285	-	-
Kohinoor Textile Mills Limited	4,812	385	-	-
The Searle Company Limited	488	262	-	-
Al-Shaheer Corporation Limited	8,488	443	-	-
	<u>19,180</u>	<u>1,600</u>	<u>957</u>	<u>110</u>

6 RECEIVABLE AGAINST ISSUE OF UNITS

This represents net receivable against units issued to the unit holders based on their request for transfer of units from other collective investment schemes managed by the Management Company of the Fund. These amounts have been received from the respective collective investment schemes subsequent to the year ended June 30, 2016.

	Note	2016 (Rupees in '000)	2015 (Rupees in '000)
7 DIVIDEND AND PROFIT RECEIVABLE			
Profit receivable on balances with banks		828	461
Dividend receivable		2,953	3,387
Other receivables	7.1	22	-
		<u>3,803</u>	<u>3,848</u>

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8 ADVANCES AND DEPOSITS	Note	2016 (Rupees in '000)	2015
Security deposit with :			
- National Clearing Company of Pakistan Limited		2,530	2,530
- Central Depository Company of Pakistan Limited		<u>103</u>	<u>103</u>
		<u>2,633</u>	<u>2,633</u>
9 PAYABLE TO NBP FULLERTON ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Remuneration of the Management Company	9.1	3,493	2,977
Sindh Sales Tax on the remuneration of the Management Company	9.2	567	518
Federal Excise Duty on the remuneration of the Management Company	9.3	8,209	2,010
Accounting and operational charges	9.4	1,077	-
Sales load payable		2,770	2,698
Other payable		<u>20</u>	<u>2,697</u>
		<u>16,136</u>	<u>10,900</u>

9.1 During the year ended June 30, 2016 an amendment has been introduced in Regulation 61 of the NBFC Regulations, 2008, relating to the chargeability of remuneration of Asset Management Companies. As per this amendment, an Asset Management Company shall be entitled to an accrued remuneration equal to an amount not exceeding 2% of 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 CISs 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.

9.2 The Provincial Government of Sindh has levied Sindh sales tax at the rate of 14% (2015: 15%) on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.

9.3 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 has been applied effective January 10, 2015. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law.

On September 04, 2013, a Constitutional Petition has been 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.

Subsequent to year ended June 30, 2016, the SHC has 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) have been set aside.

With effect from July 01, 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 01, 2016. The provision made with effect from January 10, 2015 to June 30, 2016, aggregating to Rs. 8.029 million (2015: Rs. 2.010 million) (including Rs. 6.199 million for the current year) 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 within the prescribed timeline. Had the provision not been made, the Net Asset Value per unit of the Fund as at June 30, 2016 would have been higher by Re 0.0536 (2015: Re 0.0177) per unit.

9.4 During the year, the SECP vide SRO No 1160 (1) / 2015 dated November 25, 2015 introduced amendments in the NBFC regulations. As a result of these amendments, 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 maximum of 0.1% of the average annual net assets of the scheme or actual whichever is less. Based on these requirements, the Management Company has charged operating expenses amounting to Rs 1.077 million to the Fund from November 25, 2015 to June 30, 2016.

NAFA ISLAMIC STOCK FUND

	Note	2016 (Rupees in '000)	2015
10 PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE			
Trustee remuneration	10.1	257	181
Sindh Sales Tax on trustee remuneration	10.2	<u>36</u>	<u>-</u>
		<u>293</u>	<u>181</u>
10.1	The Trustee is entitled to a monthly remuneration for 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	
	* There will be no minimum fee for the initial one year from the date of launching of the Fund.		
10.2	The Sindh Revenue Board through Circular No. SRB 3-4/TP/01/2015/86554 dated June 13, 2015 has amended the definition of service and has levied Sindh Sales Tax on custodianship services. Accordingly, Sindh Sales Tax of 14% is charged on Trustee fee under section 2(79A) of the Sindh Finance Bill, 2010 with effect from July 01, 2015.		
11 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2016 (Rupees in '000)	2015
Annual fee	11.1	<u>1,568</u>	<u>398</u>
11.1	Under the provision of the NBFC Regulations, a collective investment scheme categorized as equity scheme is required to pay to the SECP an amount equal to 0.095% (2015: 0.095%) per annum of the average daily net assets of the Fund.		
12 PAYABLE AGAINST REDEMPTION OF UNITS			
	This includes net payable of Rs. 336.432 million against units redeemed to the unit holders based on their request for transfer of units from the Fund to other collective investment schemes managed by the Management Company of the Fund. These amounts have been paid to the respective parties subsequent to the year ended June 30, 2016.		
13 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2016 (Rupees in '000)	2015
Auditors' remuneration		310	278
Provision for Workers' Welfare Fund	13.1	2,403	2,403
Payable against purchase of investment		-	2,263
Brokerage payable		872	203
Settlement charges		69	64
Bank charges		5	33
Withholding tax and capital gain tax		15,231	2,472
Haram portion of dividend	13.2	1,323	388
Other payables		<u>295</u>	<u>222</u>
		<u>20,508</u>	<u>8,326</u>
13.1 Provision for Workers' Welfare Fund			
13.1.1	The Finance Act, 2008 had introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it was construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeded Rs 0.5 million in a tax year had been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this connection, a constitutional petition was filed by certain CISs through their trustees in the Honorable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.		
	During the year ended June 30, 2012, the Honourable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008, had declared the said amendments as unlawful and unconstitutional. In March 2013, a larger bench of the Honourable Sindh High Court (SHC) passed an order declaring that the amendments introduced in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 do not suffer from any constitutional or legal infirmity. However, the Honourable High Court of Sindh has not addressed the other amendments made in the WWF Ordinance, 1971 about applicability of WWF to the CISs which is still pending before the Court. In May 2014, the Peshawar High Court (PHC) had also held these amendments to be ultra vires as they lacked the essential mandate to be introduced and passed through the Money Bill under the Constitution. Without prejudice to the above, the Management Company, as a matter of prudence and abundant caution, has made provision for WWF amounting to Rs 2,403 million upto June 30, 2015. Had the same not been made the net asset value per unit of the Fund as at June 30, 2016 would have been higher by Re 0.0157 per unit (June 2015: Re. 0.0212).		

NAFA ISLAMIC STOCK FUND

13.1.2 The Finance Act, 2015 has excluded Mutual Funds and Collective Investment Schemes from the definition of 'Industrial establishment' subject to WWF under the WWF Ordinance, 1971. Accordingly, no further provision of WWF has been made from July 1, 2015. However, provision made till June 30, 2015 has not been reversed as the above law suit is still pending in SHC.

13.2 According to the instructions of the Shariah Advisor, income earned by the Fund from the prohibited sources should be donated to charitable purposes.

During the current period, Non Shariah compliant income amounting to Rs 1.064 million (2015: 0.388 million) was charged as an expense in the books of the Fund. This will be distributed as charity after the approval of Shariah Advisor to Ehsan Trust. The dividend income is recorded net of haram portion.

14 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments outstanding as at June 30, 2016 and June 30, 2015.

15 NUMBER OF UNITS IN ISSUE	2016	2015
	(Rupees in '000)	
Total units in issue at the beginning of the year / period	113,552,481	-
Add: units issued during the year / period	439,764,559	220,182,818
Less: units redeemed during the year / period	(400,137,948)	(106,630,337)
Total units in issue at the end of the year / period	<u>153,179,092</u>	<u>113,552,481</u>
	For the year from July 01, 2016 to June 30, 2016	For the period from January 07, 2015 to June 30, 2015
16 AUDITORS' REMUNERATION		
Annual audit fee and other certification	271	252
Half yearly review fee	135	-
Out of pocket expenses	25	26
	<u>431</u>	<u>278</u>

17 TAXATION

The income of the Fund is exempt from income tax as per clause 99 of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend. The Fund has not recorded a provision for taxation in respect of income relating to the current year as the Management Company has already distributed the required minimum percentage of the Fund's accounting income for the year as reduced by capital gains (whether realised or unrealised) to its unit holders as cash dividend.

18 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Connected person / related parties include NBP Fullerton Asset Management Limited being the Management Company, the Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan and Alexandra Fund Management Pte. Limited being the sponsors, post employment benefit funds of the Management Company, other collective investment schemes managed by the Management Company and the directors and officers of the Management Company. Connected persons also includes any person beneficially owing directly or indirectly 10% or more of the units in the issue / net assets of the Fund.

18.1 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.

18.2 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.

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

NAFA ISLAMIC STOCK FUND

	For the year from July 01, 2016 to June 30, 2016	For the period from January 07, 2015 to June 30, 2015
18.4 Details of the transactions with connected persons during the year / period are as follows:		
	Rupees in '000	
NBP Fullerton Asset Management Limited - Management Company		
Remuneration of the Management Company	38,744	12,560
Sindh sales tax on remuneration of the Management Company	6,292	2,185
Federal excise duty on remuneration of the Management Company	6,199	2,010
Accounting and operational charges to the Management Company	1,077	-
Sales load paid during the period	9,969	4,603
Issue of 330,095 units (2015: 10,394,856 units)	3,765	104,045
Redemption of 7,116,069 units (2015: 10,394,856 units)	83,582	-
Expenses paid by the Management Company on behalf of the Fund		
- Initial deposit on opening of bank accounts	-	44
- Listing fee	-	20
- Security deposit paid to National Clearing Company of Pakistan Limited	-	2,530
Cash distribution for the period	4,303	1,195
NAFA Islamic Principal Preservation Fund		
Issue of 34,563,602 units (2015: 59,577,235 units)	388,670	599,017
Redemption of 48,846,797 units (2015: 21,372,343 units)	521,282	210,808
Cash distribution for the period	25,035	4,386
Employees of the Management Company		
Issue of 6,450,929 units (2015: 3,280,586 units)	72,959	34,075
Redemption of 5,461,332 units (2015: 2,322,073 units)	62,102	24,544
Cash distribution for the period	1,683	95
NBP Fullerton Asset Management Limited - Employee Provident Fund		
Issue of 2,789,064 units (2015: Nil)	32,631	-
Redemption of 1,345,942 units (2015: Nil)	16,483	-
Muhammad Murtaza Ali - Company Secretary / COO		
Issue of Nil (2015: 13,081 units)	-	144
Redemption of Nil (2015: 13,081 units)	-	144
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	2,650	820
Sindh sales tax on remuneration of Trustee	371	-
CDS Charges	605	309
Security deposit	-	103
Taurus Securities Limited (Common Directorship)		
Brokerage expense	380	101
18.5 Amounts outstanding as at year end	2016	2015
	Rupees in '000	
NBP Fullerton Asset Management Limited (Management Company)		
Remuneration payable to the Management Company	3,493	2,977
Sindh sales tax payable on remuneration of Management Company	567	518
Federal Excise Duty payable on remuneration of Management Company	8,209	2,010
Accounting and operational charges	1,077	-
Sales load payable	2,770	2,698
Other Payable		
- Initial deposit on opening of bank accounts	-	44
- Listing fee	20	20
- Security deposit paid to National Clearing Company of Pakistan Limited	-	2,530
- Security deposit paid to Central Depository Company of Pakistan Limited	-	103
Units held: 3,608,882 units (2015: 10,394,856 units)	41,286	114,566
NAFA Islamic Principal Preservation Fund		
Units held: 23,921,697 units (2015: 38,204,892 units)	273,667	421,071
Dividend payable	-	4,386

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	2016	2015
	Rupees in '000	
Employees of the Management Company		
Units held: 1,948,110 units (2015: 958,513 units)	22,287	10,564
NBP Fullerton Asset Management Limited - Employee Provident Fund		
Units held: 1,443,122 units (2015: Nil)	16,509	-
Central Depository Company of Pakistan Limited (Trustee)		
Trustee fee payable	257	181
Sindh Sales Tax payable	36	-
Security deposit	103	103
National Bank of Pakistan (Sponsor)		
Bank Balances	980	1,480
Summit Bank Limited (Common Directorship)		
Bank Balances	3,121	642
Amount receivable against issue of units from:		
NAFA Islamic Asset Allocation Fund	-	93,671
NAFA Islamic Aggressive Income Fund	-	3,985
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	-	3,857
NAFA Income Opportunity Fund	24	733
NAFA Money Market Fund	-	67
NAFA Riba Free Savings Fund	-	462
NAFA Stock Fund	2,740	22,798
NAFA Islamic Asset Allocation Fund	261,074	-
NAFA Islamic Aggressive Income Fund	71,917	-
NAFA Asset Allocation Fund	677	-
NAFA Income Fund	-	537

19 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	28
2	Mr. Sajjad Anwar*	CFA / MBA Finance	16
3	Mr. Muhammad Ali Bhaba	MBA / MS / CFA / FRM	21
4	Mr. Syed Suleman Akhter	MBA / CFA	16
5	Mr. Asim Wahab Khan	MBA / CFA	10
6	Mr. Muhammad Imran	ACCA / CFA	10
7	Mr. Asad Haider	MBA	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 and NAFA Islamic Active Allocation Fund - I.

20 TRANSACTIONS WITH BROKERS / DEALERS

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 (Pvt) Limited	5.18%
4	Global Securities Pakistan Limited	4.79%
5	Concordaia Securities (Pvt) Limited	4.70%
6	KASB Securities Limited	3.86%
7	BMA Capital Management Limited	3.53%
8	Foundation Securities	3.44%
9	Pearl Securities (Pvt.) Limited	3.37%
10	J.S. Global Capital Limited	3.28%

NAFA ISLAMIC STOCK FUND

List of top 10 brokers by percentage of commission charged during the period ended June 30, 2015

S. No.	Particulars	Percentage
1	Taurus Securities Limited	8.12%
2	Elixir Securities Pakistan (Pvt) Limited	6.75%
3	Arif Habib Securities Limited	6.36%
4	J.S. Global Capital Limited	5.64%
5	Invest & Finance Securities (Pvt) Limited	4.96%
6	BMA Capital Management Limited	4.82%
7	Aqeel Karim Dehdi Securities (Pvt) Limited	4.13%
8	Al Habib Capital Markets (Pvt) Limited	4.09%
9	Foundation Securities (Pvt) Limited	4.01%
10	Concordia Securities (Pvt) Limited	4.00%

21 PATTERN OF UNIT HOLDING

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	0.51%
Retirement Funds	29	380,211	21.70%
Others	18	355,336	20.28%
	835	1,752,387	100.00%

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

Category	As at June 30, 2015		
	Number of unit holders	Investment amount	Percentage investment
	(Rupees in '000)		
Associated companies / Directors	4	535,637	42.80%
Individuals*	472	429,413	34.31%
Insurance Companies	3	25,395	2.03%
Public Limited Companies	1	59,342	4.74%
Retirement Funds	7	126,280	10.09%
Others	6	75,438	6.03%
	493	1,251,505	100.00%

* This includes investment amount Rs 10.564 million of related parties / connected persons.

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

The 54th, 55th, 56th, 57th, 58th & 59th Board meetings were held on July 14, 2015, September 30, 2015, October 21, 2015, February 26, 2016, April 29, 2016 and June 28, 2016 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	6	5	1	54th meeting
Mr. Aamir Sattar	6	4	2	56th & 57th meeting
Mr. Abdul Hadi Palekar	6	5	1	58th meeting
Mr. Koh Boon San	6	4	2	54th & 57th meeting
Mr. Nigel Poh Cheng	6	3	3	56th, 58th & 59th meeting
Mr. Kamal Amir Chinoy	6	5	1	57th meeting
Mr. Shehryar Faruque	6	4	2	54th & 59th meeting
Dr. Amjad Waheed	6	6	-	-

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23 FINANCIAL INSTRUMENTS BY CATEGORY

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

Particulars	Loans and receivables	At fair value through profit or loss	Total
Financial Assets			
Balances with banks	240,619	-	240,619
Investments	-	1,874,187	1,874,187
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>1,874,187</u>	<u>2,126,680</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>

----- As at June 30, 2015 -----

Particulars	Available for sale	Loans and receivables	At fair value through profit or loss	Total
Financial Assets				
Balances with banks	-	133,821	-	133,821
Investments	877	-	1,060,929	1,061,806
Receivable against transfer of units	-	97,656	-	97,656
Dividend and profit receivable	-	3,848	-	3,848
Advances and deposits	-	2,633	-	2,633
	<u>877</u>	<u>237,958</u>	<u>1,060,929</u>	<u>1,299,764</u>

----- As at June 30, 2015 -----

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	-	10,900	10,900
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	181	181
Payable against redemption of units	-	28,454	28,454
Accrued expenses and other liabilities	-	3,451	3,451
	<u>-</u>	<u>42,986</u>	<u>42,986</u>

24 FINANCIAL RISK MANAGEMENT

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

24.1 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.

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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, profit rate risk and other price risk.

24.1.1 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.

24.1.2 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 profit at rates ranging from 4.50% to 7.00% (2015: 4.5% to 10.25%) per annum.

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.

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

----- As at June 30, 2016 -----						
Particulars	Yield / Interest rate	Total	Exposed to yield/interest rate risk			Not exposed to Yield / Interest risk
			Upto three months	More than three months and upto one year	More than one year	
	%					
----- (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 transfer of units		5,460	-	-	-	5,460
Dividend and profit receivable		3,803	-	-	-	3,803
Deposits		2,633	-	-	-	2,633
		2,127,579	221,786	-	-	1,905,793

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 (a)

1,771,589	221,786	-	-	1,549,803
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Off-balance sheet financial instruments

-	-	-	-	-
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Off-balance sheet gap (b)

-	-	-	-	-
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Total yield / profit rate sensitivity gap (a+b)

1,771,589	221,786	-	-	1,549,803
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Cumulative yield / profit rate sensitivity gap

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

As at June 30, 2015						
Particulars	Yield / Interest rate	Total	Exposed to yield/interest rate risk			Not exposed to Yield / Interest risk
			Upto three months	More than three months and upto one year	More than one year	
%						
------(Rupees in '000)-----						
On-balance sheet financial instruments						
Financial Assets						
Balances with banks	4.5 - 10.25	133,821	120,875	-	-	12,946
Investments		1,061,806	-	-	-	1,061,806
Receivable against transfer of units		97,656	-	-	-	97,656
Dividend and profit receivable		3,848	-	-	-	3,848
Advances and deposits		2,633	-	-	-	2,633
		1,299,764	120,875	-	-	1,178,889
Financial Liabilities						
Payable to NBP Fullerton Asset Management Limited - Management Company		10,900	-	-	-	10,900
Payable to the Central Depository Company of Pakistan Limited - Trustee		181	-	-	-	181
Payable on redemption of units		28,454	-	-	-	28,454
Accrued expenses and other liabilities		3,451	-	-	-	3,451
		42,986	-	-	-	42,986
On-balance sheet gap (a)		1,256,778	120,875	-	-	1,135,903
Off-balance sheet financial instruments						
		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total yield / profit rate sensitivity gap (a+b)		1,256,778	120,875	-	-	1,135,903
Cumulative yield / profit rate sensitivity gap			120,875	120,875	120,875	

24.1.3 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, 2016, net income for the period would increase / decrease by 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 the assumption that equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved 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 prepared as of June 30, 2016 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KMI 30 Index. This analysis has not been prepared for KMI all shares index as the historical volatility of the said index was not available since the same has been introduced in current period.

24.2 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, investments, receivable against issue of units, dividend and profit receivable. The credit risk on balances with banks 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 exchanges, 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. In addition, the internal risk management policies and investment guidelines (approved by the investment Committee) require the Fund to invest in Shariah compliant equity instruments that have been that have been rated by a well known rating agency. Credit risk on dividends receivable is minimal due to statutory protection.

NAFA ISLAMIC STOCK FUND

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

24.2.1 Credit quality of balances held by the Fund's bank accounts

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

Name of the Bank	Rating Agency	Latest available published rating	Percentage of Bank Balance
Habib Bank Limited	JCR-VIS	A-1+	25.59%
UBL Bank Limited	JCR-VIS	A-1+	0.74%
Burj Bank Limited	JCR-VIS	A-2	0.59%
BankIslami Pakistan Limited	PACRA	A1	64.00%
Silk Bank Limited*	JCR-VIS	A-2	0.20%
Meezan Bank Limited	JCR-VIS	A-1+	0.64%
Sindh Bank Limited*	JCR-VIS	A-1+	-
Summit Bank Limited	JCR-VIS	A-1	1.30%
Bank Alfalah Limited	PACRA	A1+	1.60%
NIB Bank Limited	PACRA	A1+	4.52%
National Bank Limited	JCR-VIS	A-1+	0.41%
Bank Al-Habib Limited	PACRA	A1+	0.14%
Dubai Islami Bank Pakistan Limited	JCR-VIS	A-1	0.28%
Habib Metropolitan Bank Limited*	PACRA	A1+	-

*Nil value due to rounding off difference

24.2.2 Concentration of credit risk

The 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's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

24.2.3 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 the 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 Stock Exchanges.

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 period.

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, 2016-----

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	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>

NAFA ISLAMIC STOCK FUND

-----June 30, 2015-----

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	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	-	-
Accrued expenses and other liabilities	3,431	3,431	-	-
	<u>42,986</u>	<u>42,986</u>	<u>-</u>	<u>-</u>

25 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holder's fund is represented by the net assets attributable to unit holders / redeemable units. These unit holders of the Fund 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 or specific funding requirements on the subscription and redemption of units.

The Fund's objectives when managing unit holders' fund are to safeguard its ability to continue as a going concern so that it can continue to provide returns to unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies, the Fund endeavours 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.

As required under the NBFC Regulations, every open end scheme shall maintain minimum fund size (i.e. net assets of the Fund) of Rs. 100 million at all times during the life of scheme. The Fund has maintained and complied with the requirements of minimum fund size during the year.

26 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or liability 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.

26.1 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, 2016, the Fund held the following financial instruments measured at fair value:

NAFA ISLAMIC STOCK FUND

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

Assets	-----As at June 30, 2015-----			
	Level 1	Level 2	Level 3	Total
	------(Rupees in '000)-----			
Investment in listed equity securities - at fair value through profit or loss	1,060,929	-	-	1,060,929

27 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 23, 2016 by the Board of Directors of the Management Company.

28 GENERAL

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

28.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosures.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC STOCK FUND

PERFORMANCE TABLE

Particulars	For the Period 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)	1,752,387	1,251,505
Net income for the year / period ended (Rs '000)	175,090	117,766
Net Asset Value per unit at the year / period ended (Rs)	11.4401	11.0214
Offer Price per unit	11.8940	11.4625
Redemption Price per unit	11.4401	11.0214
Highest offer price per unit (Rs)	12.2366	11.5485
Lowest offer price per unit (Rs)	9.7911	9.1008
Highest redemption price per unit (Rs)	11.7697	11.1042
Lowest redemption price per unit (Rs)	9.4175	8.7476
Opening Nav of Fiscal Year	10.1340	9.7766
Total return of the fund	12.89%	11.39%
Capital growth	5.43%	8.80%
Income distribution as a % of e x nav	7.46%	2.59%
Income distribution as a % of par value	8.50%	2.53%
Distribution		
Interim distribution per unit	0.8500	0.1160
Final distribution per unit	-	0.1369
Distrubution Dates		
Interim	30-Jun-16	30-Jun-15
Final		14-Jul-15
Average annual return of the fund (launch date January 09, 2015)		
(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	4	4	-	-
(%ages)	100%	100%	-	-



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