

AM1
Rated by PACRA



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

NAFA RIBA FREE SAVINGS FUND

QUARTERLY
REPORT September 30
2017




Your investments & "NAFA" grow together



**FULLERTON FUND
MANAGEMENT**

Joint - Venture Partners

MISSION STATEMENT



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

NAFA RIBA FREE SAVINGS FUND

Contents

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

NAFA RIBA FREE SAVINGS FUND

FUND'S INFORMATION

Management Company

NBP Fullerton Asset Management Limited – Management Company

Board of Directors of the Management Company

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

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

Mr. Shehryar Faruque	Chairman
Mr. Tariq Jamali	Member
Dr. Foo Chiah Shiung (Kelvin Foo)	Member

Human Resource and Remuneration Committee

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

Trustee

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

Bankers to the Fund

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

NAFA RIBA FREE SAVINGS FUND

Auditors

Deloitte Yousuf Adil
Chartered Accountants
Cavish Court,
A-35, Block 7 & 8,
KCHSU, Sharae Faisal
Karachi-75350 Pakistan

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 RIBA FREE SAVINGS FUND

DIRECTORS' REPORT

The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the unaudited financial statements of **NAFA Riba Free Savings Fund (NRFSF)** for the quarter ended September 30, 2017.

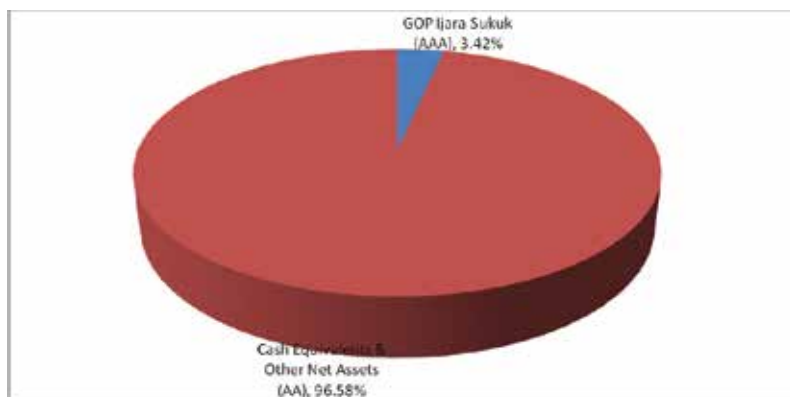
Fund's Performance

The size of NAFA Riba Free Savings Fund has increased from Rs. 2,127 million to Rs. 2,948 million during the quarter, i.e. a notable growth of 39%. During the period under review, the unit price of the Fund has increased from Rs. 10.1882 on June 30, 2017 to Rs. 10.3094 on September 30, 2017; thus posting a return of 4.8% as compared to its Benchmark return of 2.3%. The performance of the Fund is net of management fee and all other expenses.

NRFSF is an Islamic Income Scheme with no direct or indirect exposure to stock market. The stability rating of the Fund by PACRA is A (f), which denotes a strong capacity to maintain relative stability in returns and very low exposure to risks. The Fund aims to consistently provide better returns than profit rates offered by Islamic Banks/Islamic windows of commercial banks, while also providing easy liquidity along with a good quality credit profile. The maturity of any single instrument except GOP Ijarah Sukuks cannot exceed six months.

During the period, State Bank of Pakistan (SBP) maintained the policy rate at 5.75%. SBP cited that macroeconomic environment remains conducive to growth without impacting headline inflation. Average CPI inflation eased to 3.4% in Jul-Sep FY18 compared to 3.9% during the same period last year. Given potential risks to inflation and interest rates from deteriorating Balance of Payment (BoP) position, investors' preference tilted towards short-term government securities as indicated by heavy participation in 03 month T-bills. During the quarter, T-bill yields remained almost unchanged however, PIB yields increased by 45 bps, 56 bps and 13 bps for the 3 year, 5 year and 10 year tenors, respectively. With pickup in private sector investment activity we have seen increased issuance of corporate debt securities. Trading activity in corporate TFCs/Sukuks increased slightly with a cumulative trade value of around Rs. 2.5 billion as compared to Rs. 1.5 billion during 1QFY17 with Banking sector making up the lion's share.

The Fund has earned total income of Rs.35.48 million during the period. After deducting expenses of Rs.6.80 million, the net income is Rs.28.68 million. The below chart presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NRFSF.



NAFA RIBA FREE SAVINGS 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: October 27, 2017
Place: Karachi.

NAFA RIBA FREE SAVINGS FUND

ڈائریکٹرز رپورٹ

این بی پی فلٹرن ایسٹ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NAFA ریفاری سیونگز فنڈ (NRFSF) کے غیر آڈٹ شدہ مالیاتی گوشوارے برائے تختہ سہ ماہی 30 ستمبر 2017 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

فنڈ کی کارکردگی

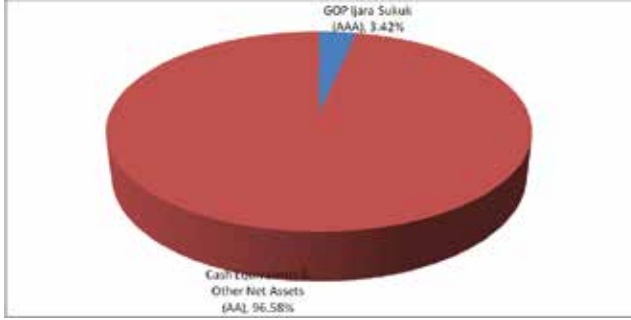
اس سہ ماہی کے دوران، NAFA ریفاری سیونگز فنڈ کا حجم 2,127 روپے سے بڑھ کر 2,948 ملین روپے ہو گیا جو کہ 39 فیصد کی ایک قابل ذکر نمو کو ظاہر کرتا ہے۔ جائزہ مدت کے دوران، فنڈ کے پونٹ کی قیمت 30 جون 2017 کو 10.1882 روپے سے بڑھ کر 30 ستمبر 2017 کو 10.3094 روپے ہو گئی، لہذا 2.31 فیصد نیچے مارک منافع کے مقابلے میں 4.8 منافع ہوا۔ فنڈ کی یہ کارکردگی انتظامیہ کے معاوضہ اور دیگر تمام اخراجات نکالنے کے بعد ہے۔

NRFSF ایک اسلامی آمدنی اسکیم ہے جس کا بالواسطہ یا بلاواسطہ بازار حصص سے کوئی تعلق نہیں ہے۔ PACRA کی جانب سے فنڈ کو مستحکم درجہ بندی ”AA (f)“ دی گئی ہے جس سے واضح طور پر پتا چلتا ہے کہ منافع میں اضافی استحکام کی بہت مضبوط گنجائش ہے اور اس میں خطرات بہت کم ہیں۔ فنڈ کا عزم ہے کہ اسلامی بینکوں/تجارتی بینکوں کی اسلامک ونڈوز کی یہ نسبت تسلسل کے ساتھ منافع کے بہتر نرخ پیش کرے اور آسان روانی کے ساتھ ساتھ اعلیٰ معیاری کریڈٹ پروفاصل فراہم کرے۔ سوائے GOP اجارہ سیکس کے کسی بھی تہا مصنوعات کی میچوریٹی چھ ماہ سے زیادہ نہیں ہو سکتی۔

اس مدت کے دوران، اسٹیٹ بینک آف پاکستان نے اپنے پالیسی نرخ 5.75% پر برقرار رکھے۔ SBP نے بڑے معاشی معاملات کو ترقی کے لئے موزوں قرار دیا اس بات کی پرواہ کئے بغیر کہ افراط زر کے کیا اثرات مرتب ہونگے۔ جولائی سے ستمبر مالی سال 2018 کے دوران درمیانی CPI افراط زر میں قدرے کمی آئی جو کہ 3.4 فیصد رہی جو کہ پچھلے سال اسی مدت کے دوران 3.9 فیصد تھی۔ توازن ادائیگی کی بگڑتی ہوئی صورتحال کے پیش نظر افراط زر اور سودی نرخوں میں متوقع اضافے کی وجہ سے 3 ماہ کی مدت کی قلیل المیعاد حکومتی تمسکات کی طرف سرمایہ داروں کا رجحان رہا جس کی نشاندہی سہ ماہی T-Bills میں بھاری سرمایہ کاری سے ہوتی ہے۔ اس سہ ماہی کے دوران T-Bills پر منافع تقریباً غیر متزلزل رہا تاہم PIB کی تین سالہ، پانچ سالہ اور 10 سالہ مدتی اسکیموں کے منافع میں بالترتیب 45 پی ایس، 56 پی ایس اور 13 پی بی ایس اضافہ ہوا۔ پرائیویٹ سیکٹر میں سرمایہ کاری کی سرگرمیوں میں اضافہ کی وجہ سے کارپوریٹ قرضہ کی تمسکات میں اضافہ دیکھنے میں آیا۔ ٹریڈنگ کی سرگرمیوں کی وجہ سے کارپوریٹ TFCs/سکوک میں معمولی اضافہ ہوا جس کے باعث 2.5 بلین روپے مالیت کے مجموعی سودے ہوئے جبکہ مالی سال 2017 کی پہلی سہ ماہی میں 1.5 بلین تھے۔ مذکورہ بالا سہ ماہی میں بینکنگ سیکٹر کا ایک بہت بڑا حصہ ہے۔

فنڈ کو اس مدت کے دوران 35.48 ملین روپے کی کل آمدنی ہوئی۔ 6.80 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 28.68 ملین روپے ہو گئی۔ مندرجہ ذیل چارٹ NRFSF کے اثاثوں کی تخصیص اور ذیلی اثاثوں کی اوسط اوزانہ کریڈٹ درجہ بندی کو ظاہر کرتا ہے۔

NAFA RIBA FREE SAVINGS FUND



اعتراف

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

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

از طرف بورڈ

این بی پی فلٹرین ایسٹ مینجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

تاریخ: اکتوبر 27، 2017

بمقام کراچی

NAFA RIBA FREE SAVINGS FUND

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

	Note	(Un- Audited) September 30' 2017	Audited June 30, 2017
(Rupees in '000)			
ASSETS			
Balances with banks		2,854,667	2,048,337
Investments	4	100,740	101,990
Profit receivable	5	15,909	10,356
Deposits, prepayments and other receivables		309	1,171
Receivable against issue of units		17,453	-
Total assets		2,989,078	2,161,854
LIABILITIES			
Payable to the Management Company		3,586	2,975
Payable to the Central Depository Company of Pakistan Limited -Trustee		307	242
Payable to the Securities and Exchange Commission of Pakistan		458	1,075
Accrued expenses and other liabilities	6	36,600	30,413
Total Liabilities		40,951	34,705
NET ASSETS		2,948,127	2,127,149
UNITHOLDERS' FUND (AS PER STATEMENT ATTACHED)		2,948,127	2,127,149
CONTINGENCIES AND COMMITMENTS	7	-----Number of units-----	
NUMBER OF UNITS IN ISSUE		285,963,643	208,784,704
NET ASSET VALUE PER UNIT		10.3094	10.1882

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA RIBA FREE SAVINGS FUND

CONDENSED INTERIM INCOME STATEMENT (UN Audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2017

	Note	For the Quarter Ended September 30' 2017 (Rupees in '000)	For the Quarter Ended September 30, 2016 (Rupees in '000)
INCOME			
Profit on bank deposits		35,343	15,866
Income on GOP Ijara Sukuks		1,389	1,375
Unrealised (diminution) / appreciation in the value of investments at fair value 'through profit or loss' - net		(1,250)	290
Total income		35,482	17,531
EXPENSES			
Remuneration of the Management Company		3,375	1,598
Sindh Sale Tax on Management Company's remuneration		439	208
Reimbursement of operational expenses to the Management Company		610	266
Remuneration of the Central Depository Company of Pakistan Ltd. - Trustee		733	441
Sindh Sale Tax on remuneration of trustee		95	57
Annual fee - Securities and Exchange Commission of Pakistan		458	200
Auditors' remuneration		164	230
Annual listing fee		6	14
Fund's rating fee		90	82
Legal and professional charges		14	15
Shariah advisor fee		105	92
Settlement & Bank charges		132	166
Total expenses		6,221	3,369
Net income from operating activities		29,261	14,162
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		-	(534)
Provision for Sindh Workers' Welfare Fund	8	(585)	-
Net income for the period before taxation		28,676	13,628
Taxation	9	-	-
Net income for the period after taxation		28,676	13,628
Earning per unit	10	-	-
Allocation of Net income for the period:			
Income already paid on units redeemed		(3,016)	-
Accounting income available for distribution:			
- Relating to Capital Gains		(1,119)	-
- Excluding Capital Gains		26,779	-
Accounting Income available for Distribution		25,660	13,628

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA RIBA FREE SAVINGS FUND

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

	For the Quarter Ended September 30' 2017	For the Quarter Ended September 30, 2016
	(Rupees in '000)	
Accounting income available for distribution:	25,660	13,628
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>25,660</u>	<u>13,628</u>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA RIBA FREE SAVINGS FUND

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

Note	For the Quarter Ended September 30' 2017 (Rupees in '000)	For the Quarter Ended September 30, 2016 (Rupees in '000)
Net assets at the beginning of the year	2,127,149	1,160,226
Issue of 164,808,073 units (2016: 15,354,267 units)	1,689,017	157,185
Redemption of 87,629,134 units (2016: 30,076,949 units)	(896,715)	(307,438)
	792,302	(150,253)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net	-	534
Total Comprehensive income	25,660	13,628
Income already paid on units redeemed	3,016	-
	28,676	13,628
Net assets at the end of the period	2,948,127	1,024,135
Net Assets value per unit as at beginning of the period	10.1882	10.1693
Net Assets value per unit as at end of the period	10.3094	10.3065
Distribution during for the period:		
Accumulated income brought forward		
- Realised Gain	17,383	13,899
- Unrealised Gain	1,200	790
	18,583	14,689
Accounting income available for distribution:		
-Relating to capital gains	(1,119)	-
-Excluding capital gains	26,779	-
	25,660	13,628
Undistributed income carried forward	44,243	28,317
Undistributed income carried forward comprises of:		
- Realised Gain	45,493	28,027
- Unrealised Gain	(1,250)	290
	44,243	28,317

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA RIBA FREE SAVINGS FUND

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

	For the Quarter Ended September 30' 2017 (Rupees in '000)	For the Quarter Ended September 30, 2016 (Rupees in '000)
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period before taxation	28,676	13,628
Adjustments		
Unrealised (appreciation)/diminution in the value of investments 'at fair value through profit or loss' - net	1,250	(290)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net	-	534
	<u>29,926</u>	<u>13,872</u>
(Increase) / decrease in assets		
Receiveable against issue of units	(17,453)	(35)
Deposits, prepayments and other receivables	862	195
Profit receivable	(5,553)	(1,766)
	<u>(22,144)</u>	<u>(1,606)</u>
Increase / (decrease) in liabilities		
Payable to the Management Company	611	226
Payable to the Trustee	65	(17)
Payable to Securities and Exchange Commission of Pakistan	(617)	(803)
Accrued expenses and other liabilities	6,187	(45,538)
	<u>6,246</u>	<u>(46,132)</u>
Net cash generated/ (used in) from operating activities	<u>14,028</u>	<u>(33,866)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Receipts from issue of units	1,689,017	157,185
Payments on redemption of units	(896,715)	(307,438)
Net cash generated/(used in) financing activities	<u>792,302</u>	<u>(150,253)</u>
Net decrease in cash and cash equivalents during the period	<u>806,330</u>	<u>(184,119)</u>
Cash and cash equivalents at the beginning of the period	2,048,337	1,130,634
Cash and cash equivalents at the end of the period	<u><u>2,854,667</u></u>	<u><u>946,515</u></u>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA RIBA FREE SAVINGS FUND

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2017

1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Riba Free Savings Fund (the Fund) was established under a Trust Deed executed between NBP Fullerton Asset Management Limited (NAFA) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on June 29, 2010 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on July 14, 2010 in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

On January 11, 2013, MCB Financial Services Limited (MCB-FSL) was appointed as the new Trustee of the Fund, after CDC retired on the prior day. The appointment of the new Trustee was made as per clause 21 of the Trust Deed and Regulation 42(3) of the NBFC Regulations. The supplemental Trust Deed of the Fund was signed on November 16, 2012. Thereafter, on September 4, 2013, CDC was re-appointed as the new Trustee of the Fund, after MCB-FSL retired on the prior day and the supplemental Trust Deed was signed on July 29, 2013.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 7th floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi. Due to the fire incident at the registered office of the Management Company in the month of June 2016, 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 classified as an Islamic "income scheme" by the Management Company and is listed on the Pakistan Stock Exchange (formerly Lahore 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 objective of the Fund is to provide preservation of capital and earn a reasonable rate of return along with a high degree of liquidity by investing in Shariah compliant banks and money market / debt securities.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of "AM1" to the Management Company and a stability rating of 'A(f)' to the Fund.

Title of the assets of the Fund is held in the name of CDC as trustee of the Fund.

2 STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the 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, 2007 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulation or directives issued by SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by SECP prevail. The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'.

The directors of the asset management company declare that these condensed interim financial statements give a true and fair view of the Fund.

3 ACCOUNTING POLICIES

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

NAFA RIBA FREE SAVINGS FUND

4 INVESTMENTS

Note	Un-audited As at September 30, 2017	Audited As at June 30, 2017
	(Rupees in '000)	

At fair value through profit or loss' - held for trading
Government of Pakistan Ijara Sukuks

4.1	100,740	101,990
	<u>100,740</u>	<u>101,990</u>

4.1 Fair value through profit or loss - held for trading

All certificates have a face value of Rs.100,000 each.

Name of Investee Company	Issue Date	Number of certificates				Market Value as at September 30, 2017	Investment as percentage of		
		As at July 01, 2017	Purchases during the period	Sales during the period	As at September 30, 2017		Net assets	Market value of total investments	Issue size
Rupees in '000'									
GoP Ijara Sukuk XIV	18-Dec-2015 to 18-Dec-2018	1,000	-	-	1,000	100,740	3.42%	100.00%	4.87%
						<u>100,740</u>			
	Carrying value as at September 30, 2017					<u>101,990</u>			

Carrying value as at September 30, 2017

5 PROFIT RECEIVABLE

	Un-audited As at September 30, 2017	Audited As at June 30, 2017
	(Rupees in '000)	

Profit accrued on savings deposits	14,324	10,160
Profit accrued on GOP Ijara Sukuks & Sukuk Certificate	<u>1,585</u>	<u>196</u>
	<u>15,909</u>	<u>10,356</u>

6 ACCRUED EXPENSES AND OTHER LIABILITIES

Auditors' remuneration	598	434
Provision for Sindh Workers' Welfare Fund	2,195	1,610
Federal Excise Duty on remuneration of the Management Company	10,657	10,657
Settlement charges	31	12
Withholding tax	3,974	4,071
Capital gain tax	3	1,986
Legal and professional charges	29	15
Bank charges	3	12
Payable against redemption of units	18,110	11,081
Printing charges	101	75
Dividend payable	36	37
Others	<u>863</u>	<u>423</u>
	<u>36,600</u>	<u>30,413</u>

7 CONTINGENCIES AND COMMITMENTS

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

NAFA RIBA FREE SAVINGS FUND

8 PROVISION FOR SINDH WORKERS' WELFARE FUND

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

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

Had the provision for SWWF not been recorded in the financial statements of the Fund, the net asset value of the Fund as at September 30, 2017 would have been higher by Re 0.0077 per unit.

9 TAXATION

The income of the Fund is exempt from income tax as per clause 99 of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend. The management intends to distribute 90 percent of the Fund's net accounting income earned by the year end as cash dividend to the unit holders. Accordingly, no provision in respect of taxation has been made in this condensed interim financial information.

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

10 EARNING PER UNIT

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

11 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses incurred during the period divided by Average net assets value for the period) is 1.11% p.a. including 0.26% representing government levies on collective Investment scheme such as Sales tax, Sindh Worker's Welfare Fund and Securities & Exchange Commission of Pakistan fee for the period.

12 TRANSACTIONS WITH CONNECTED PERSONS

- 12.1 Connected persons include NBP Fullerton Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan and Alexandra Fund Management Pte. Limited being the sponsors, other collective investment schemes managed by the Management Company and directors and officers of the Management Company.
- 12.2 The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 12.3 Remuneration to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 12.4 Remuneration payable to the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

NAFA RIBA FREE SAVINGS FUND

	Un-audited For the Quarter ended September 30, 2017	Un-audited For the Quarter ended September 30, 2016
----- (Rupees in '000) -----		
12.5 Details of the transactions with connected persons are as follows:		
NBP Fullerton Asset Management Limited - Management Company		
Remuneration for the period	3,375	1,598
Sindh Sales Tax on Management Company's remuneration	439	208
Reimbursement of operational expenses to the Management Company	610	266
Sale Load for the period	79	29
Central Depository Company of Pakistan Limited - Trustee		
Remuneration for the period	733	441
Sindh Sale Tax on remuneration of trustee	95	57
NBP FULLERTON ASSET MANAGEMENT LTD- EMP. PROVIDENT FUND		
Issue of units 1,209,675 units (30 Sep, 2016: Nil units)	12,373	-
Redemption of 312,977 units (30 Sep, 2016: Nil units)	3,200	-
Employees of the Management Company		
Issue of units 517,922 units (30 Sep, 2016: 5,837 units)	5,303	600
Redemption of 527,602 units (30 Sep, 2016: 18,142 units)	5,409	186
	Un-audited September 30, 2017	Audited June 30, 2017
----- (Rupees in '000) -----		
12.6 Amounts outstanding as at period end		
NBP Fullerton Asset Management Limited (Management Company)		
Remuneration of the Management Company	1,330	1,055
Sindh Sales Tax on remuneration of the Management Company	174	138
Operational expenses	2,043	1,433
Sales load	34	13
Sindh Sales Tax on sales load	5	336
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	272	215
Sindh sales tax on remuneration of the Trustee	35	27
CDS charges	31	12
Security deposit	200	200
National Bank of Pakistan (Parent of the Management Company)		
Bank balance	5189	4,190
Summit Bank Limited (Common Directorship with the Management Company)		
Bank balance	3,311	2,787
*Bank Islami Pakistan Limited (Common Directorship with the Management Company)		
Bank balance	627,414	39,033
Markup accrued	2,836	62
Employees of the Management Company		
Investment held in the Fund 338,059 Units (30 June 2017: 347,738 units)	3,485	3,543

NAFA RIBA FREE SAVINGS FUND

Un-audited September 30, 2017	Audited June 30, 2017
------(Rupees in '000)-----	

NBP Fullerton Asset Management Employee Provident Fund (Provident Fund of the Management Company)

Investment held in the Fund 1,124,096 Units (30, June 2017: 227,398)	11,589	2,317
--	--------	-------

Pakistan Telecommunication Company Limited Employees General Provident Fund (Unit holder of 10% or more of units of the CIS)

Investment held in the Fund 41,925,648 units (30 June 2017: 36,688,200)	432228	373,787
---	--------	---------

Net amount receivable / (payable) against transfer of units from / to:

NAFA Islamic Asset Allocation Fund	-	75
NAFA Islamic Stock Fund	-	(10,800)
NAFA Stock Fund	-	669
NAFA Financial Sector Income Fund	-	-
NAFA Money Market Fund	-	-
NAFA Islamic Active Allocation Plan - III	-	-
NAFA Islamic Energy Fund	-	50

13 DATE OF AUTHORISATION FOR ISSUE

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

14 GENERAL

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

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

Chief Financial Officer

Chief Executive Officer

Director



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

Head Office

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

UAN: 021-111-111-632

Toll Free: 0800-20002

Sms: NAFA INVEST to 9995

Fax: 021-35825335

Email: info@nafafunds.com

Website: www.nafafunds.com

 /nafafunds