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Rated by PACRA



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

NAFA RIBA FREE SAVINGS FUND

ANNUAL REPORT 2017



Your investments & "NAFA" grow together



**FULLERTON FUND
MANAGEMENT**

Joint - Venture Partners

MISSION STATEMENT

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

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

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

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

Human Resource and Remuneration Committee

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

Trustee

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

Bankers to the Fund

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

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Board of Directors



Dr. Amjad Waheed, CFA
Chief Executive Officer



Mr. Mudassir Husain Khan
Chairman



Mr. Kamal Amir Chinoy
Director



Mr. Lui Mang Yin (Martin Lui)
Director



Mr. Tariq Jamali
Director



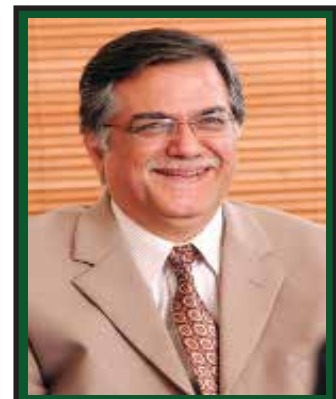
Mr. Shehryar Faruque
Director



Dr. Foo Chiah Shiung (Kelvin Foo)
Director



Mr. Abdul Hadi Palekar
Director



Mr. Humayun Bashir
Director

Senior Management



Dr. Amjad Waheed, CFA
Chief Executive Officer



Mr. Sajjad Anwar, CFA
Chief Investment Officer



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



Mr. Khalid Mehmood
Chief Financial Officer



Mr. Samiuddin Ahmed
Country Head Corporate
Marketing



Mr. Ozair Khan
Chief Technology Officer



Mr. Hassan Raza, CFA
Head of Research



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



Mr. Taha Khan Javed, CFA
Head of Equity



Syed Ali Azhar Hasani
Head of Internal Audit



Mr. Salman Ahmed
Head of Risk Management



Mr. Raheel Rehman, ACA
Senior Manager Compliance



Mr. Shahbaz Umer
Head of Human Resource &
Administration

NAFA RIBA FREE SAVINGS FUND

DIRECTORS' REPORT

The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the Seventh Annual Report of NAFA Riba Free Savings Fund for the year ended June 30, 2017.

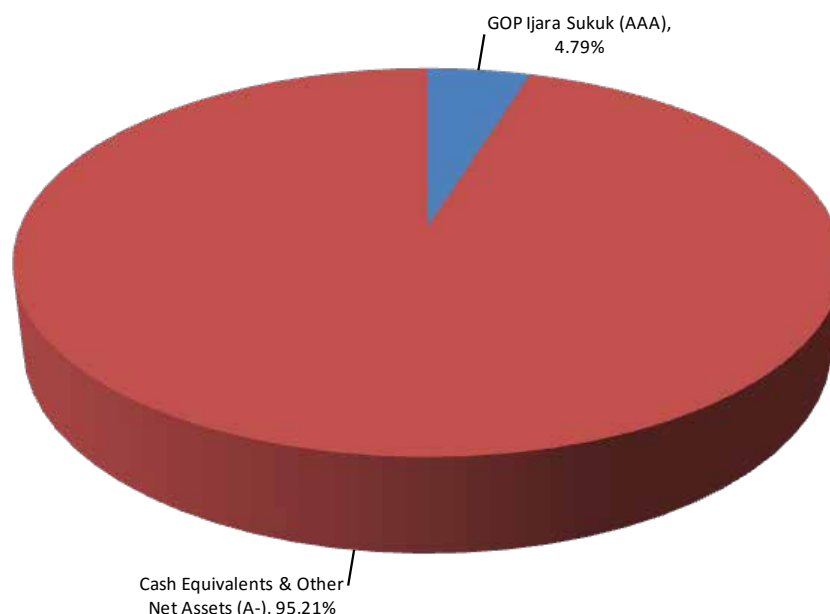
Fund's Performance

The size of NAFA Riba Free Savings Fund has increased from Rs. 1,160 million to Rs. 2,127 million during the period, i.e. a growth of 83%. During the period, the unit price of the Fund has increased from Rs. 9.6235 (Ex - Div) on June 30, 2016 to Rs. 10.1882 on June 30, 2017, thus posting a return of 5.87% as compared to its Benchmark return of 3.12% for the same period. The return 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. GOP Ijarah Sukuks are floating rate Shariah compliant securities with six monthly coupon resets. This minimizes pricing risk.

Helped by the lower food prices, inflation as measured by the CPI averaged 4.2% for FY17. During the year, State Bank of Pakistan (SBP) maintained the policy rate at 5.75%. SBP cited improving economic prospects amid investment activity in the context of CPEC gathering pace; but also highlighted its concerns on surge in imports, which along with a marginal decline in exports and workers' remittances widened the current account deficit. SBP's prudent monetary policy stance translated into low and stable market interest rates; encouraging the private sector to undertake capacity expansions. Sovereign yield curve slightly steepened as the short end of the curve inched up by 5-10 basis points whereas long-term yields increased by 40-60 basis points.

The Fund has earned a total income of Rs.77.94 million during the year. After deducting total expenses of Rs.17.52 million, the net income is Rs.60.42 million. The asset allocation of NAFA Riba Free Savings Fund as on June 30, 2017 is as follows:



NAFA RIBA FREE SAVINGS FUND

Income Distribution

The Board of Directors of the Management Company has approved cash dividend of 5.67% of opening ex-NAV (5.77% of the par value) during 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, Messer Deloitte Yousuf Adil & Co., Chartered Accountants, retire and, being eligible, offer themselves for re-appointment for the year ending June 30, 2018.

Directors' Statement in Compliance with Code of Corporate Governance

1. The financial statements, prepared by the management company, present fairly the state of affairs of the Fund, the result of its operations, cash flows and statement of movement in unit holders' funds.
2. Proper books of account of the Fund have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Fund's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
8. A performance table/ key financial data is given in this annual report.
9. Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements.
10. The Board of Directors of the Management Company held four meetings during the period. The attendance of all directors is disclosed in the note 24 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 23 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 20 to these financial statements.

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Acknowledgement

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

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

On behalf of the Board of
NBP Fullerton Asset Management Limited

Chief Executive

Director

Date: September 15, 2017
Place: Karachi.

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ڈائریکٹرز رپورٹ

این بی پی فلٹرن ایسیٹ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NAFA ریفری سیونگز فنڈ (NRF SF) کی ساتویں سالانہ رپورٹ برائے سال مختتمہ 30 جون 2017ء پیش کرتے ہوئے خوش محسوس کر رہے ہیں۔

فنڈ کی کارکردگی

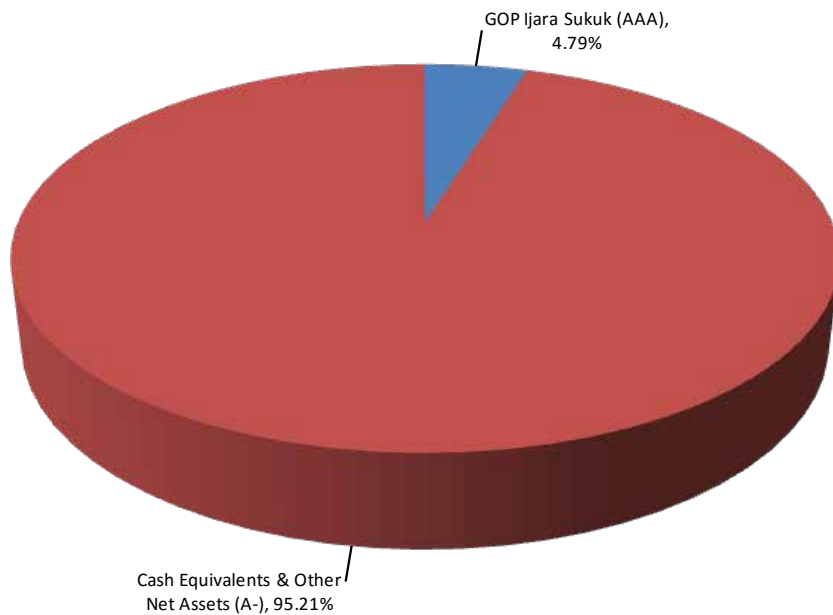
NAFA ریفری سیونگز فنڈ (NRF SF) کا فنڈ سائز اس مدت کے دوران 1,160 ملین روپے سے بڑھ کر 2,127 ملین روپے ہو گیا ہے یعنی تقریباً 83% کا اضافہ۔ اس مدت کے دوران فنڈ کے یونٹ کی قیمت 30 جون 2016 کو 9.6235 روپے (Ex-Div) سے بڑھ کر 30 جون 2017 کو 10.1882 روپے ہو چکی ہے اور اس طرح اپنے بیچ مارک منافع 3.12% کے مقابلے میں فنڈ نے 5.87% اضافہ دکھایا ہے۔ فنڈ کی یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

NRF SF ایک اسلامک انکم اسکیم ہے جس کا اسٹاک مارکیٹ سے کوئی براہ راست یا بالواسطہ تعلق نہیں ہے۔ فنڈ کو PACRA کی طرف سے A(f) مستحکم ریٹنگ دی گئی ہے، جو منافع جات میں متعلقہ استحکام برقرار رکھنے کی زبردست اہلیت اور خطرات کی زد میں آنے کے بہت معمولی امکانات کی نشان دہی کرتی ہے۔ فنڈ کا مقصد اسلامک بینکنگ / کمرشل بینکنگ کی اسلامک ونڈوز کی پیش کردہ منافع کی شرحوں کے مقابلے میں تواتر سے بہتر منافع فراہم کرنا ہے، جب کہ اعلیٰ کوالٹی کے کریڈٹ پروفائل کے ساتھ آسان لیکویڈیٹی بھی مہیا کرنا ہے۔ کسی بھی واحد انسٹرومنٹ کی مپورٹی، ماسوائے حکومت پاکستان کے اجارہ سلوک، 6 ماہ سے تجاوز نہیں کر سکتی۔ حکومت پاکستان کے اجارہ سلوک متغیر شرح شریعہ کمپلائنس سیکورٹیز ہیں، جس کا تصدیق نامہ چھ ماہ سے دوبارہ ترتیب دیا جاتا ہے۔ یہ قیمتوں کے تعین کرنے کے خطرے کو کم کر رہے ہیں۔

ایشیائے خورد و نوش کی قیمتوں میں کمی کے سبب CPI کے مطابق مالی سال 2017 میں افراط زر اوسطاً 4.2% رہا۔ سال کے دوران اسٹیٹ بینک آف پاکستان (SBP) نے پالیسی کی شرح 5.75% برقرار رکھی۔ SBP نے چین پاکستان اقتصادی راہداری (CPEC) کے تناظر میں منصوبوں کیلئے سرمایہ کاری کی کارروائیوں میں تیزی آنے کو معاشی صورتحال میں بہتری کا سبب قرار دیا؛ تاہم درآمدات میں اضافہ پر اپنے تحفظات کا اظہار کیا، جس کے ساتھ برآمدات میں بیرون ملک سے رقوم کی ترسیل میں کمی سے کرنٹ اکاؤنٹ کا خسارہ بڑھ گیا۔ SBP کی دانشمندانہ مانیٹری پالیسی کے نتیجے میں شرح سود میں استحکام اور کمی دیکھنے میں آئی؛ جس سے نجی شعبہ کو اپنی گنجائش بڑھانے میں حوصلہ افزائی ہوئی۔ قلیل حکومتی منافع میں 5-10 بنیادی پوائنٹس کے ساتھ بہتری آئی۔ جب کہ طویل مدت کے منافع میں 60-40 بنیادی پوائنٹس کا اضافہ ہوا۔

فنڈ نے اس سال کے دوران 77.94 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 17.52 ملین روپے اخراجات منہا کرنے کے بعد خالص آمدنی 60.42 ملین روپے ہے۔ NAFA ریفری

سیونگز فنڈ (NRF SF) کی ایسیٹ ایلوکیشن 30 جون 2017 کو بمطابق ذیل ہے:



آمدنی کی تقسیم

مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے اس سال کے دوران میں اوپننگ ex-NAV کے 5.67% (بنیادی قدر کا 5.77%) نقد ڈیویڈنڈ کی منظوری دی ہے۔

NAFA RIBA FREE SAVINGS FUND

ٹیکسیشن

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

آڈیٹرز

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

کوڈ آف کارپوریٹ گورننس کی پیروی میں ڈائریکٹرز اسٹیٹمنٹ

1- منجمنٹ کمپنی کی طرف سے تیار کردہ مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلوز اور یونٹ ہولڈرز فنڈ میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔

2- فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔

3- مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے۔ شماریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔

4- ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی معیاروں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، کی پیروی کی گئی ہے۔

5- انٹرنل کنٹرول کا نظام مستحکم اور موثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔

6- فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔

7- لسٹنگ ریگولیشنز میں تفصیلاً درج کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔

8- پرفارمنس ٹیبل 11 ہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہے۔

9- ٹیکسوں، ڈیوٹیز، محصولات اور چارجز کی مد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔

10- اس مدت کے دوران منجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 24 میں ظاہر کی گئی ہے۔

11- یونٹ ہولڈنگ کا تفصیلی پیٹرن مالیاتی گوشواروں کے نوٹ 23 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 20 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 شکر یہ ادا کرتا ہے۔ یہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان سے بھی ان کی سرپرستی اور رہنمائی کے لیے پُر خلوص اظہار تشکر کرتا ہے۔

بورڈ اپنے اسٹاف اور آرٹھٹی کی طرف سے محنت، لگن اور عزم کے مظاہرے پر اپنا خراج تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

NBP فلرٹن ایسیٹ منجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

بتاریخ

15 ستمبر 2017ء

مقام: کراچی

NAFA RIBA FREE SAVINGS FUND

TRUSTEE REPORT TO THE UNIT HOLDERS NAFA RIBA FREE SAVINGS 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 Riba Free Savings Fund (the Fund) are of the opinion that NBP Fullerton Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2017 in accordance with the provisions of the following:

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

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

Karachi, September 26, 2017

NAFA RIBA FREE SAVINGS FUND

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE NAFA RIBA FREE SAVINGS FUND FOR THE YEAR ENDED JUNE 30, 2017

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

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

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

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

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

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

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

NAFA RIBA FREE SAVINGS FUND

6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Fund. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive have been taken by the Board. There is no other executive-director of the Company besides Chief Executive Officer (CEO).
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The directors are conversant of the relevant laws applicable to the Company, its policies and provisions of memorandum and articles of association and are aware of their duties and responsibilities. As of 30 June 2017, four directors of the Company had acquired the director's training certificate as required under the CCG. The Company plans to arrange a Director's Training Program in future, for the remaining directors.
10. The Board has approved the appointment of Head of Internal Audit of the Company with remuneration and terms and conditions of employment. There has been no new appointment of the Company Secretary and Chief Financial Officer (CFO) during the year.
11. The Directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the units of the Fund other than that disclosed in note 20 to the financial statements "Transactions with Connected Persons".
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises of three members, of whom all are non-executive directors and the chairman of the committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Fund and as required by the CCG. The committee has formed the terms of reference for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises of three members. All the members are non-executive directors and the chairman of the committee is an independent director.

NAFA RIBA FREE SAVINGS FUND

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

For and behalf of the Board

September 15, 2017
Karachi

Dr. Amjad Waheed
Chief Executive Officer

NAFA RIBA FREE SAVINGS FUND

FUND MANAGER REPORT

NAFA Riba Free Savings Fund (NRF SF) is an Open-end - Shariah Compliant Income Scheme.

Investment Objective of the Fund

The objective of NAFA Riba Free Savings Fund is to provide preservation of capital and earn a reasonable rate of return along with a high degree of liquidity by investing in short-term Shariah compliant banks and money market/debt securities.

Benchmark

6-month average deposit rates of three A rated Islamic Banks/Islamic windows of conventional banks.

Fund Performance Review

This is the seventh Annual report since the launch of the Fund on August 20, 2010. The Fund size increase significantly by 83% during FY17 and stands at Rs 2,127 million as on June 30, 2017. The Fund has posted a return of 8.0% since its inception versus the benchmark return of 6.4%. During FY17, the Fund posted a return of 5.87% as compared to the benchmark return of 3.12%. This translates into an outperformance of 2.75% p.a. This outperformance is net of management fee and all other expenses. Thus the Fund has achieved its investment objectives.

NRF SF is an Islamic Income Scheme with no direct or indirect exposure to stock market. The Fund was awarded A(f) stability rating by PACRA. 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. GOP Ijarah Sukuks are floating rate Shariah compliant securities with six monthly coupon resets. This minimizes pricing risk.

The trading activity in Corporate Sukuks remained skewed towards high quality debt issues with trade value of Rs 3.4 billion in FY17. Scarcity of primary issuance versus elevated demand kept the yields on the high credit quality corporate bonds depressed. Similarly the yield on GoP Ijara Sukuk further dropped amid demand outstripping the supply by a large margin. All Sukuks in the Fund are floating rate linked to KIBOR with three to six month coupon resetting period.

During the year, State Bank of Pakistan (SBP) held six (06) monetary policies and maintained the policy rate at 5.75%. SBP's prudent monetary policy stance translated into low and stable market interest rates; encouraged the private sector to undertake capacity expansions. Amid comfortable liquidity conditions, SBP kept the weighted average overnight repo rate close to the policy rate. SBP successfully concluded 03-Year Fixed Rental Rate GOP Ijara Sukuk (GIS-FRR) auction during the year for an amount of Rs. 71 billion and realized in line with the maturity amount at a yield of 5.24%.

Asset Allocation of Fund (% of NAV)

Particulars	30-Jun-17	30-Jun-16
Cash (Cash Equivalents) & Other Assets	95.21%	91.31%
GOP Ijara Sukuk	4.79%	8.69%
Total	100.00%	100.00%

NAFA RIBA FREE SAVINGS FUND

Distribution for the Financial Year 2017

Interim Period/Quarter	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
Interim	5.77%	10.7461	10.1693

Unit Holding Pattern of NAFA Riba Free Savings Fund as on June 30, 2017

Size of Unit Holding (Units)	# of Unit Holders
1-1000	249
1001-5000	144
5001-10000	58
10001-50000	177
50001-100000	76
100001-500000	99
500001-1000000	17
1000001-5000000	20
5000001-10000000	6
10000001-100000000	4
	850

During the period under question:

During the year, the provision for Workers' Welfare Fund held by the fund till June 30, 2015 has been reversed on January 12, 2017. Further, the provision in respect of Sindh Workers' Welfare Fund has been made on a prudent basis with effect from May 21, 2015. For further details, refer note 16 to the financial statements.

There has been no significant change in the state of affairs of the Fund, other than stated above. NAFA Riba Free Savings Fund does not have any soft commission arrangement with any broker in the industry.

Sindh Workers' Welfare Fund (SWWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs. 1.610 million. If the same were not made the NAV per unit/FY17 return of scheme would be higher by Rs.0.0077/0.08%. For details investors are advised to read note 16 of the Financial Statement of the Scheme for the year ended June 30, 2017.

NAFA RIBA FREE SAVINGS FUND

STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

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

For and behalf of the board

Date: September 15, 2017
Karachi.

Dr. Amjad Waheed, CFA
Chief Executive Officer

NAFA RIBA FREE SAVINGS FUND

Report of the Shari'ah Supervisory Board – NAFA Riba Free Savings Fund

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

Alhamdulillah, the period from July 1, 2016 to June 30, 2017 was the seventh year of the operations of NAFA Riba Free Savings Fund (NRFSF). This report is being issued in accordance with clause 5.D.1 of the Trust Deed of the Fund. The scope of the report is to express an opinion on the Shari'ah Compliance of the Fund's activity.

In the capacity of Shari'ah Supervisory Board, we have prescribed criteria and procedure to be followed in ensuring Shari'ah Compliance in every investment.

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 with the Shari'ah policies & 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 of the management company's personnel and review of various documents prepared by the management company to comply with the prescribed criteria.

In light of the above, we hereby certify that:

- i. We have reviewed and approved the modes of investments of NRFSF in light of Shari'ah guidelines.
- ii. All the provisions of the scheme and investments made on account of NRFSF by NAFA are Shari'ah Compliant and are in accordance with the criteria established.
- iii. On the basis of information provided by the management, nothing has come to our attention that cause us to believe that all the operations of NRFSF for the year ended June 30, 2017 are not in compliance with Shari'ah principles.

May Allah bless us with best Tawfeeq to accomplish His 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

Shariah Supervisory Board

Dr. Imran Ashraf Usmani

Chairman

Shariah Supervisory Board

NAFA RIBA FREE SAVINGS FUND

INDEPENDENT ASSURANCE REPORT TO THE UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

We have performed an independent assurance engagement of **NAFA Riba Free Savings Fund** (the Fund), to express an opinion on the annexed Statement of Compliance with the Shariah Principles (the Statement) for the year ended June 30, 2017. Our engagement was carried out as required under clause 5.D.1 of the Trust Deed of the Fund.

Management Company's responsibility

Management Company (NBP Fullerton Asset Management Limited) of the Fund is responsible for the preparation of the Statement (the subject matter) and for compliance with the Shariah Principles specified in the Trust Deed and Offering Document of the Fund. This responsibility includes designing, implementing and maintaining internal control to ensure that operations of the Fund and the investments made by the Fund are in compliance with the Shariah Principles.

Responsibility of an independent assurance provider

Our responsibility is to express our conclusion on the Statement based on our independent assurance engagement, performed in accordance with the International Standards on Assurance Engagement (ISAE 3000) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information'. This standard requires that we comply with ethical requirements, including independence requirements, and plan and perform the engagement to obtain reasonable assurance whether the Statement reflects the status of the Fund's compliance with the Shariah Principles specified in the Trust Deed and Offering Document of the Fund.

The procedures selected depend on our judgment, including the assessment of the risks of material non-compliances with the Shariah Principles whether due to fraud or error. In making those risk assessments, we have considered internal controls relevant to the Fund's compliance with the principles in order to design procedures that are appropriate in the circumstances, for gathering sufficient appropriate evidence to determine that the Fund was not materially non-compliant with the principles. Our engagement was not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

The procedures performed included:

- Checking compliance of specific Shariah Principles relating to maintaining of bank accounts and for making investments of the Fund; and
- Checking that the Shariah Advisor has certified that the operations of the Fund and investments made by the Fund during the year ended June 30, 2017 are in compliance with the Shariah Principles.

Conclusion

In our opinion, the Statement, in all material respects, presents fairly the status of the Fund's compliance with the Shariah Principles for the year ended June 30, 2017.

Deloitte Yousuf Adil
Chartered Accountants
Dated: September 22, 2017
Place: Karachi

NAFA RIBA FREE SAVINGS 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 the NBP Fullerton Asset Management Limited, the Management Company of **NAFA Riba Free Savings Fund** (the Fund) for the year ended June 30, 2017, to comply with the requirement of the Pakistan Stock Exchange Limited, where the Fund is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company. 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 of Director'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 related party transactions of the Fund 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 price 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 Fund's compliance, in all material respects, with the best practices contained in the Code as applicable to the Fund for the year ended June 30, 2017.

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

Paragraph reference	Description
21	As per the Code, there should be announcement of 'closed period' prior to the announcement of interim / final results and any business decisions, however a 'closed period' was not announced before 60th and 61st board meeting.
23	No register is maintained enlisting persons employed under contract or otherwise who have access to inside information.
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.

Deloitte Yousuf Adil
Chartered Accountants
Date: September 22, 2017
Place: Karachi

NAFA RIBA FREE SAVINGS FUND

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

Report on the Financial Statements

We have audited the accompanying financial statements of **NAFA Riba Free Savings Fund** (the Fund), which comprise the statement of assets and liabilities as at June 30, 2017, and the related income statement, statement of comprehensive income, cash flow statement, distribution statement and statement of movements in unit holders' funds for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management Company's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 auditor's 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 Fund'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 Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management Company, 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 financial position of the Fund as at June 30, 2017, and of its financial performance, its cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Deloitte Yousuf Adil
Chartered Accountants

Engagement Partner:
Naresh Kumar

Date: September 22, 2017
Place: Karachi

NAFA RIBA FREE SAVINGS FUND

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2017

	Note	2017	2016
		-----Rupees in '000-----	
ASSETS			
Balance with banks	4	2,048,337	1,130,634
Investments	5	101,990	100,790
Mark-up accrued	6	10,356	6,219
Deposit, prepayment and other receivables	7	1,171	517
Total assets		2,161,854	1,238,160
LIABILITIES			
Payable to NBP Fullerton Asset Management Limited - Management Company	8	2,975	1,851
Payable to Central Depository Company of Pakistan Limited - Trustee	9	242	178
Payable to the Securities and Exchange Commission of Pakistan	10	1,075	1,003
Accrued expenses and other liabilities	11	30,413	74,902
Total liabilities		34,705	77,934
NET ASSETS		2,127,149	1,160,226
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		2,127,149	1,160,226
Contingencies and commitments	12		
		(Number of units)	
Number of units in issue	13	208,784,704	114,090,522
		(Rupees)	
Net asset value per unit	14	10.1882	10.1693

The annexed notes from 1 to 30 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA RIBA FREE SAVINGS FUND

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 -----Rupees in '000-----	2016
INCOME			
Return / mark-up on;			
-bank balances		81,102	84,916
-government securities		5,453	7,640
Net loss on sale of investments		-	(1,011)
Net unrealised gain on re-measurement of investments at fair value through profit or loss - held for trading	5.2	1,200	790
Total income		<u>87,755</u>	<u>92,335</u>
EXPENSES			
Remuneration of NBP Fullerton Asset Management Limited - Management Company	8.1	8,305	11,773
Sindh Sales Tax on remuneration of the Management Company	8.2	1,080	1,912
Federal Excise Duty on remuneration of the Management Company	11.1	-	1,884
Reimbursement of operational expenses to the Management Company	8.3	1,433	839
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	2,060	1,974
Sindh Sales Tax on remuneration of the Trustee	9.2	268	276
Annual fee to the Securities and Exchange Commission of Pakistan	10.1	1,075	1,003
Amortisation of preliminary expenses and floatation costs		-	45
Settlement and bank charges		290	176
Auditors' remuneration	15	512	650
Fund rating fee		340	314
Legal and professional charges		40	7
Annual listing fee		55	40
Printing charges		24	136
Shariah advisor fee		430	179
Total expenses		<u>15,912</u>	<u>21,208</u>
Net income from operating activities		<u>71,843</u>	<u>71,127</u>
Net element of loss and capital losses included in prices of units issued less those in units redeemed		(19,891)	(52,301)
Reversal of provision for Workers' Welfare Fund	16	10,079	-
Provision for Sindh Workers' Welfare Fund		(1,610)	-
Net income for the year before taxation		<u>60,421</u>	<u>18,826</u>
Taxation	17	-	-
Net income for the year after taxation		<u>60,421</u>	<u>18,826</u>
Earnings per unit	18		

The annexed notes from 1 to 30 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA RIBA FREE SAVINGS FUND

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

	2017	2016
	-----Rupees in '000-----	
Net income for the year after taxation	60,421	18,826
Other comprehensive income	-	-
Total comprehensive income for the year	<u>60,421</u>	<u>18,826</u>

The annexed notes from 1 to 30 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA RIBA FREE SAVINGS FUND

DISTRIBUTION STATEMENT FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016
	-----Rupees in '000-----	
Undistributed income brought forward comprising of:		
- realised income	13,899	16,751
- unrealised income / (loss)	790	(2,616)
	14,689	14,135
Net income for the year	60,421	18,826
Final distribution for the year ended June 30, 2017:		
- cash distribution @ Rs. 0.5768 per unit declared on June 21, 2017 (2016: Rs. 0.5570 per unit declared on June 30, 2016)	(56,527)	(18,272)
Undistributed income carried forward	<u>18,583</u>	<u>14,689</u>
Undistributed income carried forward comprising of:		
- realised income	17,383	13,899
- unrealised income	1,200	790
	<u>18,583</u>	<u>14,689</u>

The annexed notes from 1 to 30 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA RIBA FREE SAVINGS FUND

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

	2017	2016
	-----Rupees in '000-----	
Net assets at the beginning of the year	1,160,226	799,218
Issuance of 614,201,407 units (2016: 503,287,581 units)	6,454,009	5,247,613
Redemption of 519,507,225 units (2016: 467,827,851 units)	(5,510,871)	(4,939,460)
	943,138	308,153
Net element of loss and capital losses included in prices of units issued less those in units redeemed	19,891	52,301
Total comprehensive income for the year	60,421	18,826
Distributions during the year		
Final distribution for the year ended June 30, 2017:		
- cash distribution @ Rs. 0.5768 per unit declared on June 21, 2017 (2016: Rs. 0.5570 per unit declared on June 30, 2016)	(56,527)	(18,272)
Net assets at the end of the year	2,127,149	1,160,226
	----- Rupees -----	
Net asset value per unit at the beginning of the year	10.1693	10.1642
Net asset value per unit at the end of the year	10.1882	10.1693

The annexed notes from 1 to 30 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA RIBA FREE SAVINGS FUND

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
		-----Rupees in '000-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before taxation		60,421	18,826
Adjustments:			
Return / mark-up on;			
- bank balances		(81,102)	(84,916)
- government securities		(5,453)	(7,640)
Net unrealised gain on re-measurement of investments at fair value through profit or loss - held for trading		(1,200)	(790)
Amortisation of preliminary expenses and floatation costs		-	45
Net element of loss and capital losses included in prices of units issued less those in units redeemed		19,891	52,301
Reversal of provision for Workers' Welfare Fund		(10,079)	-
Provision for Sindh Workers' Welfare Fund		1,610	-
		<u>(76,333)</u>	<u>(41,000)</u>
		(15,912)	(22,174)
(Increase) / decrease in assets			
Investments - net		-	38,011
Deposits, prepayments and other receivables		(14)	(13)
		(14)	37,998
Increase / (decrease) in liabilities			
Payable to the Management Company		1,124	(464)
Payable to the Trustee		64	(2)
Payable to the Securities and Exchange Commission of Pakistan		72	(107)
Accrued expenses and other liabilities		(1,578)	5,722
		(318)	5,149
Mark-up on bank balances received		76,967	83,853
Mark-up on government securities received		5,451	10,449
		<u>66,174</u>	<u>115,275</u>
Net cash generated from operating activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash generated from investing activities		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Amounts received on issuance of units		6,453,369	5,267,031
Amounts paid on redemption of units		(5,545,350)	(5,667,711)
Distributions paid		(56,490)	(51,662)
Net cash generated from / (used in) financing activities		851,529	(452,342)
		<u>917,703</u>	<u>(337,067)</u>
Net increase / (decrease) in cash and cash equivalents during the year			
Cash and cash equivalents at the beginning of the year		1,130,634	1,467,701
Cash and cash equivalents at the end of the year	4	<u>2,048,337</u>	<u>1,130,634</u>

The annexed notes from 1 to 30 form an integral part of these 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 FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 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 as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on June 29, 2010 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on June 18, 2010 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules).

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 the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (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 NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 7th floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi.

The 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 Limited. 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 has assigned stability rating of 'A(f)' to the Fund.

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

During the year, the Companies Act, 2017 was enacted on May 30, 2017 and came into force at once. Subsequently, SECP has notified through Circular No. 17 of July 20, 2017 that companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

2.2 Basis of Measurement

These financial statements have been prepared under the historical cost convention, except for investments which are stated at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Fund.

2.4 Adoption of new standards, amendments and interpretations to the published approved accounting standards:

2.4.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2017

The following standards, amendments and interpretations are effective for the year ended June 30, 2017. These standards, interpretations and the amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosure.

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	Effective from accounting period beginning on or after:
- Amendments to IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures' - Investment Entities: Applying the consolidation exception	January 01, 2016
- Amendments to IFRS 11 'Joint Arrangements' - Accounting for acquisitions of interests in joint operations	January 01, 2016
- Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure initiative	January 01, 2016
- Amendments to IAS 16 'Property Plant and Equipment' and IAS 38 'Intangible Assets' - Clarification of acceptable methods of depreciation and amortization	January 01, 2016
- Amendments to IAS 16 'Property Plant and Equipment' and IAS 41 'Agriculture' - Measurement of bearer plants	January 01, 2016
- Amendments to IAS 27 'Separate Financial Statements' - Equity method in separate financial statements	January 01, 2016

Certain annual improvements have also been made to a number of IFRSs.

2.4.2 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosure.

	Effective from accounting period beginning on or after:
- Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions	January 01, 2018
- Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.
- Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative	January 01, 2017
- Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses	January 01, 2017
- Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property	January 01, 2018. Earlier application is permitted.
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018. Earlier application is permitted.
- IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 01, 2019

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Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers
- IFRS 16 – Leases
- IFRS 17 – Insurance Contracts

2.5 Amendment in the NBFC Regulations subsequent to the year-end

Subsequent to the year end on August 03, 2017, the SECP has made certain amendments in the NBFC Regulations, 2008 via SRO 756 (I)/2017. The definition of element of income has been inserted via said amendment which defines element of income as difference between net assets value on the issuance or redemption date, as the case may be, of units and the net asset value at the beginning of the relevant accounting period. The said amendment also excludes element of income from accounting income for the purpose of distribution under regulation 63 of the NBFC Regulations. The said SRO also contains amendments relating to consequential changes in the income statement and statement of movement in unitholders' fund. The Management Company is in the process of assessing the impact of the said changes with the view that these changes will be effective for the period following the date of the said SRO.

2.6 Critical accounting judgments and estimates

The preparation of financial statements in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise its judgment in the process of applying Fund's accounting policies. Estimates, judgments and assumptions are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from those estimates.

In the process of applying Fund's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

- a) classification of financial assets (note 3.2.1)
- b) impairment of financial assets (note 3.2.5)
- c) provisions (note 3.7)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements as set out below.

3.1 Cash and cash equivalents

Cash comprises current and saving accounts with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to insignificant change in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

3.2 Financial assets

3.2.1 Classification

The management of the Fund determines appropriate classification of investments at the time of purchase and classifies these investments at fair value through profit or loss - held-for-trading, loans and receivables or available-for-sale.

a) Investments at fair value through profit or loss - held for trading

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in market prices, interest rate movements or are financial assets included in a portfolio in which a pattern of short term profit making exists.

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 (i) loans and receivables, (ii) held to maturity investments or (iii) financial assets at fair value through profit and loss.

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3.2.2 Regular way contracts

All regular purchases / sales of financial assets are recognized on the trade date i.e. the date that the Fund commits to purchase / sell the assets.

3.2.3 Initial recognition and measurement

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

3.2.4 Subsequent measurement

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

1) Debt securities (other than government securities)

The investment of the Fund in debt securities is valued on the basis of rates determined by the Mutual Fund Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its circular no. 1 of 2009 dated January 6, 2009 and circular no. 33 of 2012 dated October 24, 2012. In the determination of the rates MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

2) Government securities

The investment of the Fund in government securities is valued on the basis of rates announced by the Financial Markets Association of Pakistan.

Net gains and losses arising from changes in the fair value of financial assets carried 'at fair value through profit or loss - held for trading' are taken to the 'income statement'.

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

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 also recognised in the 'income statement' when financial assets carried at amortised cost are derecognised or impaired, and through the amortisation process.

3.2.5 Impairment of financial assets

The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever, the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the 'income statement'.

a) Debt securities

Provision for non-performing debt securities is made on the basis of time based criteria as prescribed under circular no. 33 of 2012 dated October 24, 2012 issued by the SECP. Impairment losses recognised on debt securities can be reversed through the 'income statement'.

As allowed under circular no. 13 of 2009 dated May 4, 2009 issued by the SECP, the management may also make provision against debt securities over and above the minimum provision requirement prescribed in the aforesaid circular, in accordance with the provisioning policy approved by the Board of Directors and disseminated by the Management Company on its website.

b) Loans and receivables

For financial assets classified as 'loans and receivables', 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 amount of the provision is the difference between the assets carrying value and present value of estimated future cash outflows, discounted at the original effective interest rate.

3.2.6 Derecognition

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

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3.2.7 Offsetting of financial assets and financial 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.

3.3 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.

3.4 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

3.5 Issuance 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 date. 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, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

3.6 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' is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed is determined based on the income earned and on unrealised appreciation/diminution arising during an accounting year on available for sale securities. The element of income / (loss) and capital gains / (losses) included in the prices of units issued less those redeemed is apportioned between the income statement and the distribution statement in proportion of the relative change in net assets for the year of available for sale investments and other net assets.

3.7 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 obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

3.8 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.
- Unrealised gains / (losses) arising on revaluation of investments classified as financial assets 'at fair value through profit or loss - held for trading' are included in the 'income statement' in the period in which they arise.
- Markup / return on government securities, sukuk certificates, bank balances and term deposits are recognized on a time proportion basis using the effective interest method.

3.9 Taxation

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

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

3.10 Proposed distributions

Distributions declared subsequent to the year end are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared.

3.11 Earnings per unit

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

	Note	2017 -----Rupees in '000-----	2016
4 BALANCES WITH BANK			
Current accounts		29,165	17,282
Savings accounts	4.1	2,019,172	1,113,352
		<u>2,048,337</u>	<u>1,130,634</u>

4.1 These savings accounts carry markup at rates ranging from 2.40% to 6.75% per annum (2016: 4.50% to 7.90% per annum).

4.2 This includes impact of cheques amounting to Rs. 22 million issued on account of redemption of units and cheques amounting to Rs. 209 million received on account of issuance of units as at year end.

	Note	2017 -----Rupees in '000-----	2016
5 INVESTMENTS			
Financial assets at fair value through profit or loss - held for trading			
Government securities - GoP ijarah sukuk	5.1	101,990	100,790
		<u>101,990</u>	<u>100,790</u>

5.1 Government securities - GoP ijarah sukuk

Description	Period	Number of certificates				Market Value as at June 30, 2017	Investment as percentage of		
		As at July 01-2016	Purchases during the period	Sold / matured during the year	As at June 30, 2017		Net assets	Market value of total investments	Issue size

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

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

GoP ijara sukuk XVI 18-Dec-2015 to 18-Dec-2018	1,000	-	-	1,000	101,990	4.79%	100%	0.09%
					<u>101,990</u>	<u>4.79%</u>	<u>100%</u>	<u>0.09%</u>

Carrying value before mark to market as at June 30, 2017

100,790

5.2 GoP ijara sukuk held by the Fund carry mark-up rate of 5.51% (2016: 5.46%) per annum.

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	Note	2017 -----Rupees in '000-----	2016
5.2 Net unrealised gain on re-measurement of investments at fair value through profit or loss - held for trading			
Market value of investments	5.1	101,990	100,790
Less: carrying value of investments before mark to market	5.1	(100,790)	(100,000)
		<u>1,200</u>	<u>790</u>
6 MARK-UP ACCRUED	Note	2017 -----Rupees in '000-----	2016
Mark-up accrued on bank balances		10,160	6,025
Mark-up accrued on government securities		196	194
		<u>10,356</u>	<u>6,219</u>
7 DEPOSIT, PREPAYMENT AND OTHER RECEIVABLES			
Receivable against issuance of units	7.1	794	154
Security deposit with Central Depository Company of Pakistan Limited		200	200
Prepayment		177	163
		<u>1,171</u>	<u>517</u>

7.1 This represents amounts receivable from other collective investment schemes being managed by the Management Company of the Fund. These amounts are receivable in respect of units issued to various unit holders based on their request for transfer of units from other collective investment schemes to the Fund.

	Note	2017 -----Rupees in '000-----	2016
8 PAYABLE TO NBP FULLERTON ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Remuneration of the Management Company	8.1	1,055	554
Sindh Sales Tax on remuneration of the Management Company	8.2	138	91
Operational expenses	8.3	1,433	839
Sales load		13	28
Sindh Sales Tax and Federal Excise Duty on sales load		336	339
		<u>2,975</u>	<u>1,851</u>

8.1 Under the provisions of the Non-Banking Finance Companies and Notifies Entities Regulations, 2008 (the NBFC Regulations), the Management Company of the Fund was entitled to a remuneration during the first five years of a Fund, of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such assets provided that Management Company may charge performance based or fixed fee or the combination of both which shall not exceed the limit prescribed in the NBFC Regulations and such fee structure shall be disclosed in the offering document.

On November 25, 2015 SECP has made certain amendments in the NBFC Regulations through S.R.O 1160(1)/2015. As per the provisions of amended NBFC Regulations, the applicable rate has been changed from 2% to 1.5%.

The Management Company has charged management remuneration at the rate of 1.25% per annum until December 6, 2015. Thereafter from December 7, 2015, the Management Company has revised their policy for charging management remuneration as per the table given below:

Management remuneration (as % of net income *)	Minimum management remuneration (as % of average net asset value)	Maximum management remuneration (as % of average net asset value)
10.00%	0.50%	1.25%

* Net income = Gross income - all expenses of the Fund excluding Management remuneration and related Sales Tax and Federal Excise Duty thereon.

Management remuneration is paid on a monthly basis in arrears.

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8.2 This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (2016: 14%) on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.

8.3 This represents reimbursement of certain expenses to the Management Company. As per regulation 60(3)(s) of the amended NBFC Regulations, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the scheme, maximum up to 0.1% of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged 0.1% of the average annual net assets, being the lower amount, to the Fund.

9 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2017 -----Rupees in '000-----	2016
Remuneration of the Trustee	9.1	215	156
Sindh Sales Tax on remuneration of the Trustee	9.2	27	22
		242	178

9.1 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 net assets of the Fund. The remuneration is payable to the Trustee monthly in arrears.

Tariff structure applicable to the Fund as at June 30, 2017 is as follows:

Net asset value	Tariff per annum
Upto Rs. 1,000 million	0.17% per annum of net value
On amount exceeding Rs. 1,000 million to Rs. 5,000 million	Rs. 1.7 million plus 0.085% per annum of net asset value exceeding Rs. 1,000 million
On amount exceeding Rs. 5,000 million	Rs. 5.1 million plus 0.07% per annum of net asset value exceeding Rs. 5,000 million

9.2 This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (2016: 14%) on remuneration of the Trustee through the Sindh Sales Tax on Services Act, 2011.

10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

10.1 Under the provisions of the NBFC Regulations, 2008, a collective investment scheme categorised as "income scheme" is required to pay as annual fee to the Securities and Exchange Commission of Pakistan, an amount equal to 0.075 percent of the average annual net assets of the Fund. The fee is paid annually in arrears.

11 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2017 -----Rupees in '000-----	2016
Auditors' remuneration		434	479
Provision for Workers' Welfare Fund	16	-	10,079
Provision for Sindh Workers' Welfare Fund		1,610	-
Federal Excise Duty on remuneration of the Management Company	11.1&11.2	10,657	10,657
Settlement charges		12	63
Withholding tax		4,071	2,350
Capital gain tax		1,986	5,360
Legal and professional charges		15	10
Bank charges		12	37
Payable against redemption of units	11.3	11,081	45,560
Printing charges		75	125
Dividend payable		37	-
Others		423	182
		30,413	74,902

11.1 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 from June 13, 2013. 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, hence, a petition was collectively filed by the Mutual Funds Association of Pakistan with the Sindh High Court (SHC).

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While disposing the above petition through, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from July 01, 2011. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for the decision.

Further, the Finance Act 2016, also introduced an amendment to the Federal Excise Act, 2005 whereby FED was withdrawn on services of different industries including Non-Banking Financial Institutions, which are already subject to provisional sales tax.

However, since the appeal is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, is carrying provision for FED aggregating to Rs. 10.657 million as at June 30, 2017.

Had the provision not been made, the net asset value per unit as at June 30, 2017 would have been higher by Rs.0.0510 per unit (2016: Rs. 0.0934 per unit).

11.2 The amount of FED accrued on remuneration of the Management Company will be paid via Management Company to the Taxation authority, if required.

11.3 This includes amounts payable to other collective investment schemes Rs.10.8 million as at June 30, 2017 (2016: Rs. 45.56 million) being managed by the Management Company of the Fund. These amounts are payable in respect of units redeemed by various unit holders based on their request for transfer of units from the Fund to the other collective investment schemes.

12 CONTINGENCIES AND COMMITMENTS

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

13 NUMBER OF UNITS IN ISSUE

	2017	2016
	-----Number of units-----	
Total units in issue at the beginning of the year	114,090,522	78,630,792
Add: units issued during the year	614,201,407	503,287,581
Less: units redeemed during the year	(519,507,225)	(467,827,851)
Total units in issue at the end of the year	208,784,704	114,090,522

14 NET ASSET VALUE PER UNIT

The net asset value per unit as disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

	2017	2016
	-----Rupees in '000-----	
15 AUDITORS' REMUNERATION		
Annual audit fee	365	365
Half yearly review fee	128	128
Out of pocket expenses	19	157
	512	650

16 WORKERS' WELFARE FUND AND SINDH WORKERS' WELFARE FUND

The Finance Act, 2008 introduced amendments to the Workers' Welfare Fund Ordinance, 1971 whereby the de-definition of industrial establishment was extended. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Peshawar High Court. The Honorable Supreme Court of Pakistan vide its judgment dated November 10, 2016, has upheld the view of Lahore High Court and decided that Workers' Welfare Fund (WWF) is not a tax and hence the amendments introduced through Finance Act, 2008 are ultra-vires to the Constitution. The Federal Board of Revenue has led Civil Review Petitions in respect of above judgment with the prayer that the judgment dated November 10, 2016 passed in the Civil Appeal may kindly be reviewed in the interest of justice.

Furthermore, the Sindh Revenue Board (SRB) had written to few mutual funds in January 2016 to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after December 31, 2013. MUFAP reviewed the issue and based on an opinion decided that SWWF is not applicable on mutual funds as they are not financial institutions as required by SWWF Act, 2014. The MUFAP wrote to the SRB that mutual funds are not establishments and are pass through vehicles hence, they do not have any worker and no SWWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, therefore SWWF is applicable on mutual funds. The MUFAP has taken up this matter before the Sindh Finance Ministry to exclude mutual funds from SWWF.

In view of the above developments regarding the applicability of WWF and SWWF on mutual funds, MUFAP has recommended the following to all its members on January 12, 2017:

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- the entire provision against WWF held by the mutual funds till June 30, 2015, to be reversed on January 12, 2017; and
- the provision in respect of SWWF should be made on a prudent basis on January 12, 2017 with effect from the date of enactment of the Sindh Workers' Welfare Fund Act, 2014 (i.e. starting from May 21, 2015).

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on January 12, 2017 and the SECP vide its letter dated February 1, 2017 has advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the mutual funds.

As a result of the above recommendations of the MUFAP, the Fund on January 12, 2017, reversed the provision of WWF and recognized provision for SWWF from May 21, 2015.

Had the provision of SWWF not been made, the net asset value per unit as at June 30, 2017 would have been higher by Rs.0.0077 per unit.

17 TAXATION

The Fund's income is exempt from income tax as per clause 99 of Part I of the Second Schedule of 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 (excluding distribution made by issuance of bonus units). Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 the Fund is required to distribute ninety percent of accounting income other than capital gains whether realised or unrealised to the unit holders. The Fund has distributed such accounting income for the year ended June 30, 2017 to its unit holders. Accordingly, no provision in respect of taxation has been made in these financial statements.

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

18 EARNINGS PER UNIT

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

19 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses incurred during the year divided by average net asset value for the year) is 1.22% per annum including 0.28% representing government levies on Collective Investment Schemes such as sales tax, provision for Sindh Worker's Welfare Fund and Securities and Exchange Commission of Pakistan fee for the year.

20 TRANSACTIONS WITH CONNECTED PERSONS AND RELATED PARTIES

- 20.1 Connected persons and related parties include NBP Fullerton Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan being the Parent of the Management Company and Alexandra Fund Management Pte. Limited being the sponsor of the Management Company. It also includes associated companies of Management Company due to common directorship, post-employment benefit funds of the Management Company, its parent and sponsor. It also includes subsidiaries and associated companies of the Parent of the Management Company and other collective investment schemes (CIS) managed by the Management Company, directors and key management personnel of the Management Company and any person or company beneficially owning directly or indirectly 10% or more of the units in issue / net assets of the Fund.
- 20.2 The transactions with connected persons and related parties are carried out in the normal course of business, at contracted rates and terms determined in accordance with the market norms.
- 20.3 Remuneration of the Management Company is determined in accordance with the provisions of the NBFC Regulations.
- 20.4 Remuneration of the Trustee is determined in accordance with the provisions of the Trust Deed.

NAFA RIBA FREE SAVINGS FUND

	2017	2016
	-----Rupees in '000-----	
20.5 Details of transactions with connected persons and related parties are as follows:		
NBP Fullerton Asset Management Limited (Management Company)		
Remuneration of the Management Company	8,305	11,773
Sindh Sales Tax on remuneration of the Management Company	1,080	1,912
Reimbursement of operational expenses to the Management Company	1,433	839
Sales load	279	610
Sindh Sales Tax and Federal Excise Duty on sales load	36	197
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	2,060	1,974
Sindh Sales Tax on remuneration of the Trustee	268	276
CDS charges	12	18
Employees of the Management Company		
Units issued / transferred in 3,878,948 units (2016: 1,591,598 units)	41,034	16,548
Units redeemed / transferred out 3,689,712 units (2016: 1,608,339,units)	39,273	16,792
Dividend re-invest 1,834 units (2016: Nil)	19	-
Distribution during the year	-	30
Pakistan Mobile Communication Limited - Provident Fund (Portfolio managed by the Management company)		
Units redeemed / transferred out 423,929 units (2016: Nil)	4,430	-
Pakistan Telecommunication Company Limited Employees General Provident Fund (Unit holder of 10% or more of units of the CIS)		
Units issued / transferred in 106,783,450 units (2016: Nil)	1,109,429	-
Units redeemed / transferred out 70,095,249 units (2016: Nil)	742,372	-
National Fullerton Asset Management Employee Provident Fund (Provident Fund of the Management Company)		
Units issued / transferred in 442,674 units (2016: Nil)	4,564	-
Units redeemed / transferred out 215,275 units (2016: Nil)	2,313	-
*Bank Islami Pakistan Limited (Common Directorship with the Management Company)		
Markup on bank balances	5,249	-
*Comparative transactions with these parties have not been disclosed as these parties were not related parties in last year.		
20.6 Details of amounts outstanding as at year end with connected persons and related parties are as follows:		
NBP Fullerton Asset Management Limited (Management Company)		
Remuneration of the Management Company	1,055	554
Sindh Sales Tax on remuneration of the Management Company	138	91
Operational expenses	1,433	839
Sales load	13	28
Sindh Sales Tax and Federal Excise Duty on sales load	336	339
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	215	156
Sindh sales tax on remuneration of the Trustee	27	22
CDS charges	12	63
Security deposit	200	200

NAFA RIBA FREE SAVINGS FUND

	2017	2016
National Bank of Pakistan (Parent of the Management Company)	-----Rupees in '000-----	
Bank balance	4,190	2,582
Summit Bank Limited (Common Directorship with the Management Company)		
Bank balance	2,787	2,220
*Bank Islami Pakistan Limited (Common Directorship with the Management Company)		
Bank balance	39,033	-
Markup accrued	62	-
Employees of the Management Company		
Investment held in the Fund 347,738 Units (2016: 156,668 units)	3,543	1,594
National Fullerton Asset Management Employee Provident Fund (Provident Fund of the Management Company)		
Investment held in the Fund 227,398 Units (2016: Nil)	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 36,688,200 units (2016: Nil)	373,787	-
Net amount receivable / (payable) against transfer of units from / to:		
NAFA Islamic Asset Allocation Fund	75	(10,465)
NAFA Islamic Stock Fund	(10,800)	(32,874)
NAFA Stock Fund	669	(842)
NAFA Financial Sector Income Fund	-	154
NAFA Money Market Fund	-	(1,344)
NAFA Islamic Active Allocation Plan - III	-	(34)
NAFA Islamic Energy Fund	50	-

*Comparative balances with these parties have not been disclosed as these parties were not related parties in last year.

21 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

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

21.1 Mr. Muhammad Ali Bhabha is the manager of the Fund. Other Funds being managed by the Fund manager are as follows:

- NAFA Financial Sector Income Fund
- NAFA Government Securities Liquid Fund
- NAFA Money Market Fund
- NAFA Savings Plus Fund
- NAFA Government Securities Savings Fund
- NAFA Income Opportunity Fund
- NAFA Income Fund
- NAFA Islamic Income Fund
- NAFA Active Allocation Riba Free Savings Fund

22 TRANSACTIONS WITH BROKERS / DEALERS

There has been no brokerage expense during the year ended June 30, 2017 and June 30, 2016.

NAFA RIBA FREE SAVINGS FUND

23 PATTERN OF UNIT HOLDING

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

Category	Number of unit holders	Investment amount	Percentage of investment
(Rupees in '000)			
Individuals	799	563,254	26.48%
Insurance companies	3	76,203	3.58%
Retirement funds	24	1,003,506	47.18%
Others	24	484,186	22.76%
	850	2,127,149	100.00%

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

Category	Number of unit holders	Investment amount	Percentage of investment
(Rupees in '000)			
Individuals	773	613,847	52.91%
Insurance companies	3	64,480	5.56%
Retirement funds	16	163,709	14.11%
Others	16	318,190	27.42%
	808	1,160,226	100.00%

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

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

Name of the Director	Number of meetings			Meeting not attended
	Held	Attended	Leave granted	
Mr. Nausherwan Adil	4	4	-	-
Mr. Aamir Sattar	4	4	-	-
Mr. Abdul Hadi Palekar	4	3	1	61st
Mr. Koh Boon San [Note 24.1]	2*	2	-	-
Mr. Lui Mang Yin (Martin Lui)	4	4	-	-
Dr. Foo Chiah Shiung (Kelvin Foo) [Note 24.2]	2*	1	1	63rd
Mr. Kamal Amir Chinoy	4	4	-	-
Mr. Shehryar Faruque	4	3	1	62nd
Saiyed Hashim Ishaque [Note 24.3]	3*	3	-	-
Mr. Humayun Bashir [Note 24.4]	1*	1	-	-
Dr. Amjad Waheed	4	4	-	-

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

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

24.3 Mr. Saiyed Hashim Ishaque was appointed as director on Board with effect from August 05, 2016 and resigned in Extra Ordinary General Meeting held on March 17, 2017.

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

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

NAFA RIBA FREE SAVINGS FUND

25 FINANCIAL INSTRUMENTS BY CATEGORY

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

Particulars	Loans and receivables	At fair value through profit or loss	Available for sale	Total
-------------	-----------------------	--------------------------------------	--------------------	-------

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

Financial assets

Balance with banks	2,048,337	-	-	2,048,337
Investments	-	101,990	-	101,990
Mark-up accrued	10,356	-	-	10,356
Deposit and other receivables	994	-	-	994
	<u>2,059,687</u>	<u>101,990</u>	<u>-</u>	<u>2,161,677</u>

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

Particulars	At fair value through profit or loss	At amortised cost	Total
-------------	--------------------------------------	-------------------	-------

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

Financial Liabilities

Payable to the Management Company	-	2,975	2,975
Payable to the Trustee	-	242	242
Accrued expenses and other liabilities	-	22,746	22,746
Net assets attributable to redeemable units	-	2,127,149	2,127,149
	<u>-</u>	<u>2,153,112</u>	<u>2,153,112</u>

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

Particulars	Loans and receivables	At fair value through profit or loss	Available for sale	Total
-------------	-----------------------	--------------------------------------	--------------------	-------

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

Financial assets

Balance with banks	1,130,634	-	-	1,130,634
Investments	-	100,790	-	100,790
Mark-up accrued	6,219	-	-	6,219
Deposit and other receivables	354	-	-	354
	<u>1,137,207</u>	<u>100,790</u>	<u>-</u>	<u>1,237,997</u>

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

Particulars	At fair value through profit or loss	At amortised cost	Total
-------------	--------------------------------------	-------------------	-------

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

Financial Liabilities

Payable to the Management Company	-	1,851	1,851
Payable to the Trustee	-	178	178
Accrued expenses and other liabilities	-	57,113	57,113
Net assets attributable to redeemable units	-	1,160,226	1,160,226
	<u>-</u>	<u>1,219,368</u>	<u>1,219,368</u>

NAFA RIBA FREE SAVINGS FUND

26 FINANCIAL RISK MANAGEMENT

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

26.1 Market risk

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

The Management Company manages the market risk by monitoring exposure on marketable securities by following regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk: currency risk, interest rate risk and price risk.

26.1.1 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. The Fund, at present is not exposed to currency risk as its operations are geographically restricted to Pakistan and all transactions are carried out in Pakistani Rupees.

26.1.2 Interest rate risk

Interest 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 interest rates.

a) Sensitivity analysis for variable rate instruments

As at June 30, 2017, the Fund holds KIBOR based interest bearing sukuks and balance in savings accounts exposing the Fund to interest rate risk. In case of 100 basis points increase / decrease in KIBOR and bank profit rates with all other variables held constant, the net assets of the Fund would have been higher / lower by approximately Rs. 21.1 million (2016: Rs. 12.1 million).

The composition of the Fund's investment portfolio and rates announced by Financial Market Association of Pakistan is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2017 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2017, the Fund does not hold any fixed rate instruments that may expose the fund to fair value interest rate risk.

Interest rate sensitivity position for on balance sheet financial instruments based on the earlier of contractual repricing or maturity date and for off balance sheet instruments based on settlement date is as follows:

NAFA RIBA FREE SAVINGS FUND

As at June 30, 2017

Effective interest rate	Total	Exposed to Yield/Interest rate risk			Not exposed to yield/Interest rate 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

Balance with banks	2.40 - 6.75	2,048,337	2,019,172	-	-	29,165
Investments	5.51	101,990	-	101,990	-	-
Mark-up accrued		10,356	-	-	-	10,356
Deposit and other receivables		994	-	-	-	994
		<u>2,161,677</u>	<u>2,019,172</u>	<u>101,990</u>	<u>-</u>	<u>40,515</u>

Financial liabilities

Payable to the Management Company		2,975	-	-	-	2,975
Payable to the Trustee		242	-	-	-	242
Accrued expenses and other liabilities		22,746	-	-	-	22,746
Net assets attributable to redeemable units		2,127,149	-	-	-	2,127,149
		<u>2,153,112</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,153,112</u>
On-balance sheet gap		<u>8,565</u>	<u>2,019,172</u>	<u>101,990</u>	<u>-</u>	<u>(2,112,597)</u>

Off-balance sheet financial instruments

Off-balance sheet gap

	-	-	-	-	-	-
	-	-	-	-	-	-

As at June 30, 2016

Effective interest rate	Total	Exposed to Yield/Interest rate risk			Not exposed to yield/Interest rate 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

Balance with banks	4.50 - 7.90	1,130,634	1,113,352	-	-	17,282
Investments	5.46	100,790	-	-	100,790	-
Mark-up accrued		6,219	-	-	-	6,219
Deposit and other receivables		354	-	-	-	354
		<u>1,237,997</u>	<u>1,113,352</u>	<u>-</u>	<u>100,790</u>	<u>23,855</u>

Financial liabilities

Payable to the Management Company		1,851	-	-	-	1,851
Payable to the Trustee		178	-	-	-	178
Accrued expenses and other liabilities		57,113	-	-	-	57,113
Net assets attributable to redeemable units		1,160,226	-	-	-	1,160,226
		<u>1,219,368</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,219,368</u>
On-balance sheet gap		<u>18,629</u>	<u>1,113,352</u>	<u>-</u>	<u>100,790</u>	<u>(1,195,513)</u>

Off-balance sheet financial instruments

Off-balance sheet gap

	-	-	-	-	-	-
	-	-	-	-	-	-

a

NAFA RIBA FREE SAVINGS FUND

26.1.3 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 interest 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 instruments traded in the market. Presently, the Fund is not exposed to equity price risk as the Fund does not hold any equity securities as at June 30, 2017.

26.2 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 bank balances, mark-up accrued receivable on bank balances and other receivables. The credit risk on liquid funds is limited because the counter parties are financial institutions with reasonably high credit ratings. In addition, the internal risk management policies and investment guidelines (approved by the investment Committee) require the Fund to invest in debt securities that have been rated by a well known rating agency. The risk of default is considered minimal due to inherent systematic measures taken therein. The Fund does not face any credit risk with respect to investment in government securities as these represent the interest of the Government of Pakistan. Therefore, the Fund does not expect to incur material credit losses on its financial assets.

The Fund's significant credit risk arises mainly on account of its placements with banks. The credit rating profile of balances with banks is as follow:

Bank balances by rating category	2017
AAA	52.8457%
AA+	0.4507%
AA	0.0002%
AA-	1.4978%
A+	1.9663%
A-	43.2393%

The maximum exposure to credit risk before any credit enhancement as at June 30, 2017 is as follows :

	June 30, 2017		June 30, 2016	
	Financial assets	Maximum Exposure	Financial assets	Maximum Exposure
----- Rupees in '000 -----				
Balance with banks	2,048,337	2,048,337	1,130,634	1,130,634
Investments	101,990	-	100,790	-
Mark-up accrued	10,356	10,160	6,219	6,025
Deposit and other receivables	994	994	354	354

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund'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.

26.3 Liquidity risk

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

The Fund is exposed 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. Its policy is therefore to invest the majority of its assets in government securities that can be readily disposed / profit and loss savings accounts and are considered readily realisable.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the 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 significant redemptions during the year.

The table below analyses 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.

NAFA RIBA FREE SAVINGS FUND

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

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

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

Financial liabilities

Payable to the Management Company	2,975	2,975	-	-
Payable to the Trustee	242	242	-	-
Accrued expenses and other liabilities	22,746	22,746	-	-
Net assets attributable to redeemable units	2,127,149	2,127,149	-	-
	<u>2,153,112</u>	<u>2,153,112</u>	<u>-</u>	<u>-</u>

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

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

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

Financial liabilities

Payable to the Management Company	1,851	1,851	-	-
Payable to the Trustee	178	178	-	-
Accrued expenses and other liabilities	57,113	57,113	-	-
Net assets attributable to redeemable units	1,160,226	1,160,226	-	-
	<u>1,219,368</u>	<u>1,219,368</u>	<u>-</u>	<u>-</u>

27 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is 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.

Fair value hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the fund's financial assets which are carried at fair value.

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

	Level 1	Level 2	Level 3	Total
--	---------	---------	---------	-------

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

ASSETS

At fair value through profit or loss - held for trading

Government securities - GoP ijarah sukuks	-	101,990	-	101,990
---	---	---------	---	---------

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

	Level 1	Level 2	Level 3	Total
--	---------	---------	---------	-------

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

ASSETS

At fair value through profit or loss - held for trading

Government securities - GoP ijarah sukuks	-	100,790	-	100,790
---	---	---------	---	---------

There were no transfers between above levels during the year.

NAFA RIBA FREE SAVINGS FUND

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.

The Fund has not disclosed the fair values of all other financial assets and liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

28 UNIT HOLDERS' FUND RISK MANAGEMENT

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

The Fund has no restrictions on the issuance and redemption of units. There is no specific capital requirement which is applicable on the Fund.

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 under management.

In accordance with the risk management policies stated in note 26, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption requests which would be augmented by short-term borrowings or disposal of investments where necessary.

29 DATE OF AUTHORISATION FOR ISSUE

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

30 GENERAL

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

30.2 Corresponding figures have been rearranged and reclassified to reflect more appropriate presentation of events and transactions for the purpose of comparison, which are as follows:

Statement	Rupees in '000	Reclassified	
		From	To
Statement of assets and liabilities	10,657	Payable to NBP Fullerton Asset Management Limited - Management Company	Accrued expenses and other liabilities

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA RIBA FREE SAVINGS FUND

PERFORMANCE TABLE

Particulars	for the Year ended June 30, 2017	for the Year ended June 30, 2016	for the Year ended June 30, 2015	for the Year ended June 30, 2014	for the Year ended June 30, 2013	for the Year ended June 30, 2012
Net assets (Rs. '000')	2,127,149	1,160,226	799,218	1,657,030	3,028,447	872,005
Net Income (Rs. '000')	60,421	18,826	62,036	238,802	101,979	64,420
Net Asset Value per units (Rs.)	10.1882	10.1693	10.1642	10.1045	10.0897	10.0738
Offer price per unit	10.2458	10.2365	10.2320	10.1725	10.1401	10.0738
Redemption price per unit	10.1882	10.1693	10.1642	10.1045	10.0897	10.0738
Ex - Highest offer price per unit (Rs.)	10.2458	10.2365	10.2320	10.1725	10.1401	10.0738
Ex - Lowest offer price per unit (Rs.)	9.6871	9.7058	9.5350	9.4357	9.3295	8.8294
Ex - Highest redemption price per unit (Rs.)	10.1882	10.1693	10.1642	10.1045	10.0897	10.0738
Ex - Lowest redemption price per unit (Rs.)	9.6249	9.6397	9.4718	9.3726	9.2831	8.8294
Fiscal Year Opening Ex Nav	9.6235	9.6361	9.4676	9.3719	9.2806	9.0896
Total return of the fund	5.87%	5.53%	7.36%	7.82%	8.72%	10.83%
Capital growth	-0.13%	0.05%	0.14%	-0.15%	-0.21%	-0.71%
Income distribution as a % of ex nav	5.99%	5.48%	7.22%	7.97%	8.93%	11.54%
Income distribution as a % of par value	5.77%	5.57%	6.83%	7.47%	8.29%	10.49%
Distribution						
Interim distribution per unit	0.5768	0.5570	0.6831	0.747	0.829	1.0489
Final distribution per unit	-	-	-	-	-	-
Distribution dates						
Interim	21-Jun-2017	30-Jun-2016	30-Jun-2015			
Final						
Average annual return (launch date 21-08-2010)						
(Since inception to June 30, 2017)	8.01%					
(Since inception to June 30, 2016)		8.38%				
(Since inception to June 30, 2015)			9%			
(Since inception to June 30, 2014)				9.41%		
(Since inception to June 30, 2013)					9.97%	
(Since inception to June 30, 2012)						10.64%
Portfolio Composition (Please see Fund Manager Report)						
Weighted average portfolio duration	8 Days	78 days	15 days	33 days	31 days	83 days








"Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up."



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-  Risk profiler*
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