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

NAFA STOCK FUND

**HALF YEARLY
REPORT
December
31 2016**




Your investments & "NAFA" grow together



**FULLERTON FUND
MANAGEMENT**

Joint - Venture Partners

MISSION STATEMENT



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

NAFA STOCK FUND

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NAFA STOCK FUND

FUND'S INFORMATION

Management Company

NBP Fullerton Asset Management Limited – Management Company

Board of Directors of the Management Company

Mr. Nausherwan Adil	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Aamir Sattar	Director
Mr. Abdul Hadi Palekar	Director
Mr. Foo Chiah Shiung (Kelvin Foo)	Director
Mr. Lui Mang Yin (Martin Lui)	Director
Mr. Kamal Amir Chinoy	Director
Mr. Shehryar Faruque	Director
Mr. Saiyed Hashim Ishaque	Director

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

Mr. Shehryar Faruque	Chairman
Mr. Foo Chiah Shiung (Kelvin Foo)	Member
Mr. Aamir Sattar	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

Allied Bank Limited
Askari Bank Limited
Summit Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
National Bank of Pakistan
NIB Bank Limited
Silk Bank Limited
Soneri Bank Limited
The Bank of Punjab
United Bank Limited
Dubai Islamic Bank Pakistan Limited
Sindh Bank Limited
JS Bank Limited
Zarai Taraqati Bank Limited
Bankislami Pakistan Limited
Al Baraka Islamic Bank Limited

NAFA STOCK FUND

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No.02
Beaumont Road,
Karachi - 75530, 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 STOCK FUND

DIRECTORS' REPORT

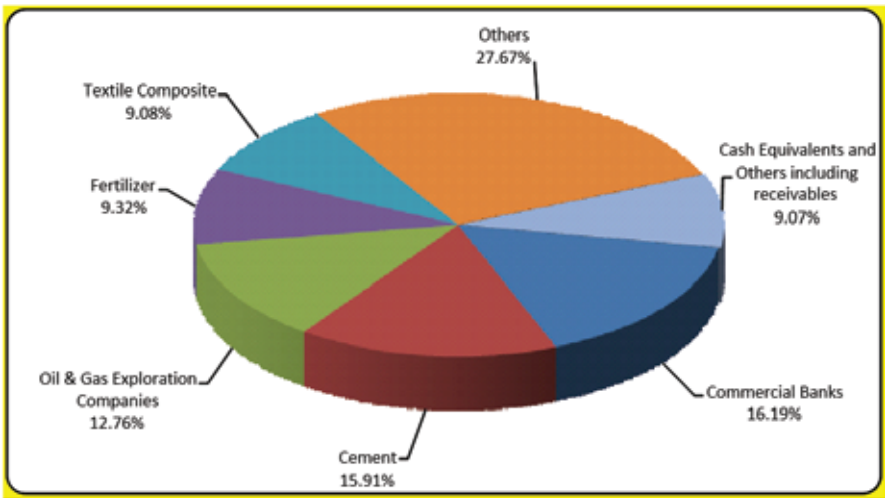
The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the reviewed financial statements of **NAFA Stock Fund (NSF)** for the half year ended December 31, 2016.

Fund's Performance

The Fund size of NAFA Stock Fund has increased from Rs.7,939 million to Rs.15,079 million during the period, i.e. an increase of 90%. During the period, the unit price of NAFA Stock Fund (NSF) has increased from Rs. 13.2076 on June 30, 2016 to Rs. 17.5095 on December 31, 2016, thus showing an increase of 32.57%. The Benchmark for the same period increased by 22.81%. Thus, the Fund has outperformed its Benchmark by 9.76% during the period under review. Since inception the NAV of the Fund has increased from Rs.2.9682 (Ex-Div) on January 19, 2007 to Rs.17.5095 on December 31, 2016, thus showing an increase of 489.90%. During the said period, the Benchmark increased by 131.73%, translating into outperformance of 358.17%. This performance is net of management fee and all other expenses.

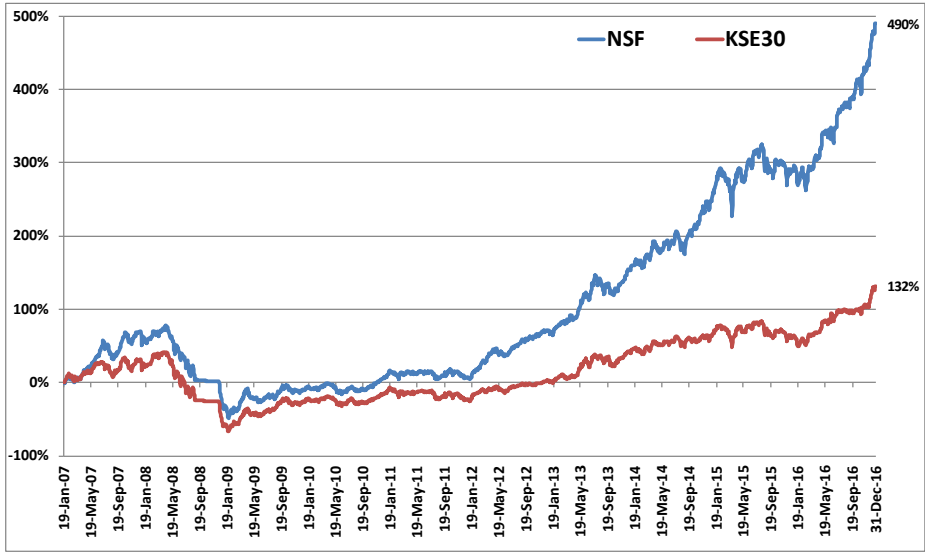
During 1HFY17, riding on the positive momentum built on the Pakistan Stock Exchange (PSX) reclassification into MSCI Emerging Market and driven primarily by the price-to-earnings (PE) re-rating, the stock market delivered a handsome return of about 27%. Positives on the macroeconomic front such as improved economic growth outlook coupled with benign inflation reading and anchored near-term expectations; and stable exchange rate helped the market achieve historic highs. Domestic liquidity unleashed amid low interest rates that helped counter heavy foreign selling of USD298mn. Automobile Assembler, Engineering, Oil & Gas Marketing Companies, and Textile Composite sectors performed better than the market whereas, Power Generation & Distribution Companies and Fertilizer sectors lagged behind. Going forward, expected domestic and foreign liquidity flows amid low interest rates, expected amnesty scheme, and MSCI upgrade theme are likely to keep the market strong while, rising global policy uncertainty pose downside risk.

The Fund has earned total income of Rs.3,853.64million during the period. After accounting for expenses of Rs. 148.88 million, the net income is Rs. 3,704.77 million. The asset allocation of the Fund as on December 31, 2016 is as follows:



NAFA STOCK FUND

NSF Performance versus Benchmark (Since Inception)



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: February 28, 2017
Place: Karachi.

NAFA STOCK FUND

ڈائریکٹرز رپورٹ

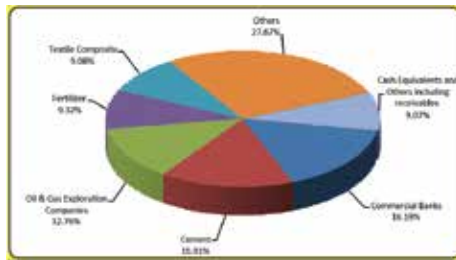
NBP فلٹرن ایسیٹ منجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بصد مسرت 31 دسمبر 2016ء کو ختم ہونے والی ششماہی کے لیے NAFA اسٹاک فنڈ (NSF) کے جانچ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

فنڈ کی پرفارمنس

اس مدت کے دوران NAFA اسٹاک فنڈ (NSF) کا فنڈ سائز 7,939 ملین روپے سے بڑھ کر 15,079 ملین روپے ہو گیا ہے، یعنی 90% اضافہ۔ اس مدت میں NSF کے یونٹ کی قیمت 30 جون 2016 کو 13.2076 روپے سے بڑھ کر 31 دسمبر 2016 کو 17.5095 روپے تک پہنچ چکی ہے، لہذا 32.57% کا اضافہ ہوا۔ اسی مدت کے دوران بیچ مارک بڑھ کر 22.81% ہو گیا۔ اس طرح فنڈ نے زیر غور مدت کے دوران اپنے بیچ مارک سے 9.76% بہتر کارکردگی دکھائی۔ اپنے قیام سے لے کر اب تک اس فنڈ کا NAV 19 جنوری 2007 کو 2.9682 روپے (Ex-Div) سے بڑھ کر 31 دسمبر 2016ء کو 17.5095 روپے ہو گیا، یعنی 489.90% کا اضافہ۔ مذکورہ بالہ مدت کے دوران بیچ مارک نے 131.73% سے بڑھ کر 358.17% ہونے پر بہتر کارکردگی کا مظاہرہ کیا۔ فنڈ کی یہ کارکردگی منجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

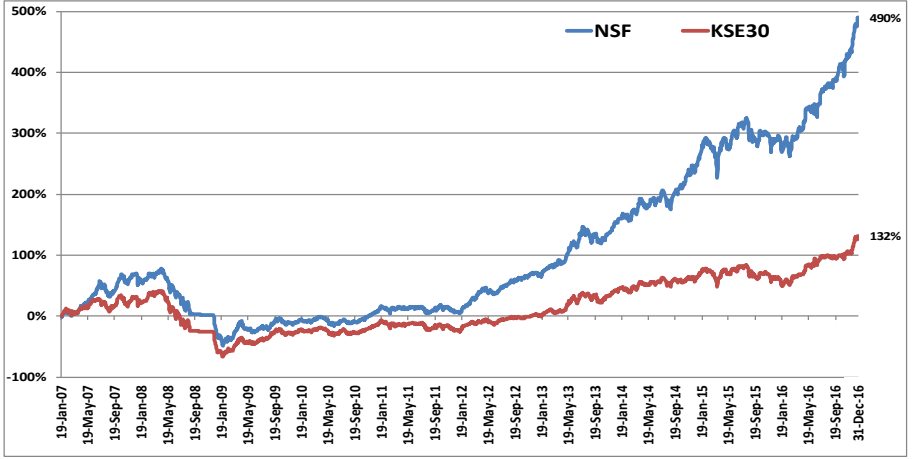
مالی سال 2017 کی پہلی ششماہی کے دوران مثبت رجحان کے ساتھ MSCI ایئر جیگ مارکیٹ میں پاکستان اسٹاک ایکسچینج (PSX) کی از سر نو تشکیل ہوئی اور اس میں نرخ آمدن تناسب کی دوبارہ درجہ بندی بنیادی طور پر کارفرما تھی، اسٹاک مارکیٹ نے تقریباً 27% کا شاندار منافع فراہم کیا۔ کلیاتی معاشیات کے مثبت پہلو جیسے ترقی کے بہتر امکانات، افراط زر میں کمی، مستقبل قریب میں بہتری کی توقعات اور مستحکم شرح مبادلہ مارکیٹ کو تاریخی اونچائی حاصل کرنے میں معاون ثابت ہوئی۔ گھریلو لیکویڈیٹی کم شرح سود کا باعث بنا جس کی بدولت USD 298mn کی بھاری غیر ملکی فروخت کے اثر کو زائل کرنے میں مدد ملی۔ آٹوموبیل اسمبلر ز، انجنیئرنگ، آئل اور گیس کی مارکیٹنگ کمپنیاں اور ٹیکسٹائل کمپوزٹ سیکٹرز نے مارکیٹ کے مقابلے میں بہتر کارکردگی کا مظاہرہ کیا جب کہ پاور جنریشن، ڈسٹری بیوشن کمپنیاں اور فریٹ لائزر سیکٹرز کی کارکردگی نسبتاً اتر رہی۔ آگے بڑھتے ہوئے، متوقع ملکی اور غیر ملکی لیکویڈیٹی کا بہاؤ، کم شرح سود کی متوقع رعایتی اسکیموں اور MSCI کی اسٹاک مارکیٹ کو مضبوط کرنے کا باعث ہے، جبکہ بڑھتی ہوئی عالمی منصوبہ سازی کی غیر یقینی صورتحال خطرے کے منفی پہلو کو ظاہر کرتی ہے۔

فنڈ نے اس مدت کے دوران 3,853.64 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 148.88 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 3,704.77 ملین روپے ہے۔ 31 دسمبر 2016ء کو فنڈ کی ایسیٹ ایلوکییشن درج ذیل ہے:



NAFA STOCK FUND

NSF کی کارکردگی بمقابلہ بیچ مارک (قیام سے اب تک)



اظہارِ تشکر

بورڈ اس موقع کا فائدہ اٹھاتے ہوئے منجمنٹ کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر یونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان سے بھی ان کی سرپرستی اور رہنمائی کے لیے پُر خلوص اظہارِ تشکر کرتا ہے۔ بورڈ اپنے اسٹاف اور ٹرسٹی کی طرف سے محنت، لگن اور عزم کے مظاہرے پر اپنا خراجِ تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز
NBP فلرٹن ایسٹ منجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

بتاریخ

28 فروری 2017ء

مقام: کراچی

NAFA STOCK FUND

TRUSTEE REPORT TO THE UNIT HOLDERS

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

We, Central Depository Company of Pakistan Limited, being the Trustee of NAFA Stock Fund (the Fund) are of the opinion that NBP Fullerton Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2016 in accordance with the provisions of the following:

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

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

Karachi: February 27, 2017

NAFA STOCK FUND

Report on review of Condensed Interim Financial Information to the Unit Holders

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **NAFA Stock Fund** ("the Fund") as at 31 December 2016 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the accounts for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.

Other matter

The figures for the three months period ended 31 December 2016 in the condensed interim financial information have not been reviewed and we do not express a conclusion on them.

The interim financial information of the Fund for the six months period ended 31 December 2015 and financial statements for the year ended 30 June 2016 were reviewed and audited by another firm of auditors whose reports dated 29 February 2016 and 30 September 2016 expressed an unmodified conclusion and opinion thereon respectively.

Date: February 28, 2017

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Nadeem

NAFA STOCK FUND

Condensed Interim Statement of Assets and Liabilities As at 31 December 2016

	Note	31 December 2016 Unaudited	30 June 2016 Audited
(Rupees in '000)			
Assets			
Bank balances	6	1,493,776	836,997
Investments	7	13,711,845	7,237,065
Dividend and profit receivable		23,611	10,609
Receivable against conversion of units		-	34,356
Advance, deposit and prepayment		7,218	2,928
Total assets		15,236,450	8,121,955
Liabilities			
Payable to NBP Fullerton Asset Management Limited - Management Company	8	72,945	56,625
Payable to Central Depository Company of Pakistan Limited - Trustee	9	1,464	807
Payable to Securities and Exchange Commission of Pakistan		5,216	5,692
Payable against purchase of investments - net		13,877	3,868
Payable against conversion of units		-	29,060
Accrued expenses and other liabilities	10	63,803	75,359
Dividend payable		-	11,664
Total liabilities		157,305	183,075
Net assets		15,079,145	7,938,880
Unit holders' fund (as per statement attached)		15,079,145	7,938,880
Contingency and commitment	11		
(Number of units)			
Number of units in issue		861,199,216	601,083,871
(Rupees)			
Net assets value per unit		17.5095	13.2076

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA STOCK FUND

Condensed Interim Income Statement (Unaudited) For the six and three months period ended 31 December 2016

Note	Six months period ended		Three months period ended	
	2016	2015	2016	2015
------(Rupees in '000)-----				
Income				
Dividend income	293,818	152,031	194,465	91,965
Gain / (loss) on sale of investments - net	295,937	(24,534)	195,446	(33,555)
Profit on bank deposits	33,261	18,904	19,615	8,805
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	7.3	2,725,332	(272,478)	1,865,106
Total income / (loss)	3,348,348	(126,077)	2,274,632	151,170
Expenses				
Remuneration of NBP Fullerton Asset Management Limited - Management Company	8.1	109,809	54,720	62,894
Sindh Sales Tax on remuneration of the Management Company	8.2	14,275	8,887	8,176
Federal Excise Duty on remuneration of Management Company	8.3	-	8,755	-
Remuneration to Central Depository Company of Pakistan Limited - Trustee		5,995	3,239	3,397
Sindh Sales Tax on remuneration of Trustee	9.1	779	453	441
Annual fee - Securities and Exchange Commission of Pakistan		5,216	2,599	2,988
Allocation of expenses related to registrar services, accounting, operation and valuation services	8.4	5,490	577	3,144
Auditors' remuneration		306	328	168
Securities transaction cost		5,879	5,762	3,732
Settlement and bank charges		995	766	719
Listing fee		27	20	17
Professional charges		12	-	12
Mutual fund rating fee		-	85	-
Printing and other charges		94	50	47
Total expenses		148,877	86,241	85,735
Net income / (loss) from operating activities		3,199,471	(212,318)	2,188,897
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		505,294	76,159	436,992
Provision for Workers' Welfare Fund	10.1	-	-	-
Net income / (loss) for the period before taxation		3,704,765	(136,159)	2,625,889
Taxation	12	-	-	-
Net income / (loss) for the period		3,704,765	(136,159)	2,625,889

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA STOCK FUND

Condensed Interim Statement of Comprehensive Income (Unaudited) For the six and three months period ended 31 December 2016

	<u>Six months period ended</u>		<u>Three months period ended</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	------(Rupees in '000)-----			
Net income / (loss) for the period	3,704,765	(136,159)	2,625,889	103,604
Other comprehensive income for the period	-	-	-	-
Total comprehensive income / (loss) for the period	<u><u>3,704,765</u></u>	<u><u>(136,159)</u></u>	<u><u>2,625,889</u></u>	<u><u>103,604</u></u>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA STOCK FUND

Condensed Interim Distribution Statement (Unaudited) For the six and three months period ended 31 December 2016

	<u>Six months period ended</u>	<u>Three months period ended</u>		
	2016	2015	2016	2015
	------(Rupees in '000)-----			
Undistributed income brought forward comprising of:				
- Realised income	680,637	621,523	1,435,014	1,018,529
- Unrealised income / (loss)	<u>535,727</u>	<u>493,834</u>	<u>860,226</u>	<u>(356,433)</u>
	1,216,364	1,115,357	2,295,240	662,096
 Final distribution for the year ended 30 June 2016: Nil (30 June 2015: 6.842%)	-	(213,498)	-	-
 Net income / (loss) for the period	3,704,765	(136,159)	2,625,889	103,604
 Undistributed income carried forward	<u>4,921,129</u>	<u>765,700</u>	<u>4,921,129</u>	<u>765,700</u>
 Undistributed income carried forward comprising :				
- Realised income	2,195,797	1,038,178	2,195,797	1,038,178
- Unrealised income / (loss)	<u>2,725,332</u>	<u>(272,478)</u>	<u>2,725,332</u>	<u>(272,478)</u>
	<u>4,921,129</u>	<u>765,700</u>	<u>4,921,129</u>	<u>765,700</u>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA STOCK FUND

Condensed Interim Statement of Movement in Unit Holders' Fund (Unaudited) For the six and three months period ended 31 December 2016

	Six months period ended		Three months period ended	
	2016	2015	2016	2015
	------(Rupees in '000)-----			
Net assets at beginning of the period [Rs. 13.2076 per unit (2015: Rs. 13.3685 per unit)]	7,938,880	4,113,851	10,190,321	5,114,016
Issue of 492,325,845 units (2015: 317,133,827 units)	7,559,861	4,129,064	5,535,441	1,401,381
Redemption of 232,210,500 units (2015: 144,981,273 units)	(3,619,067)	(1,866,286)	(2,835,514)	(670,245)
	3,940,794	2,262,778	2,699,927	731,136
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net	(505,294)	(76,159)	(436,992)	2,057
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	2,725,332	(272,478)	1,865,106	83,955
Gain / (loss) on sale of investments - net	295,937	(24,534)	195,446	(33,555)
Other net income for period	683,496	160,853	565,337	53,204
Total comprehensive income / (loss) for the period	3,704,765	(136,159)	2,625,889	103,604
Final distribution for the year ended 30 June 2016: Nil (30 June 2015: 6.842%)	-	(213,498)	-	-
Net assets as at the end of the period [Rs. 17.5095 per unit (2015: Rs. 12.4007 per unit)]	15,079,145	5,950,813	15,079,145	5,950,813

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA STOCK FUND

Condensed Interim Cash Flow Statement (Unaudited) For the six and three months period ended 31 December 2016

	Note	Six months period ended		Three months period ended	
		2016	2015	2016	2015
------(Rupees in '000)-----					
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income / (loss) for the period before taxation		3,704,765	(136,159)	2,625,889	103,604
Adjustments					
Net unrealised (appreciation) / diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		(2,725,332)	272,478	(1,865,106)	(83,955)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net		(505,294)	(76,159)	(436,992)	2,057
		<u>474,139</u>	<u>60,160</u>	<u>323,791</u>	<u>21,706</u>
(Increase) / decrease in assets					
Investments - net		(3,749,448)	(2,040,138)	(2,528,205)	(820,853)
Dividend and profit receivable		(13,002)	5,480	77,410	44,061
Receivable against sale of investments		-	-	-	30,266
Advances, deposit and prepayment		(4,290)	140,752	(38,301)	(24)
		<u>(3,766,740)</u>	<u>(1,893,906)</u>	<u>(2,489,096)</u>	<u>(746,550)</u>
Increase / (decrease) in liabilities					
Payable to NBP Fullerton Asset Management Limited - Management Company		16,320	16,431	8,431	6,244
Payable to Central Depository Company of Pakistan Limited - Trustee		657	242	453	65
Payable to Securities and Exchange Commission of Pakistan		(476)	(156)	2,988	1,379
Payable against purchase of investments - net		10,009	-	(21,137)	-
Accrued expenses and other liabilities		(11,556)	(6,556)	17,242	1,062
		<u>14,954</u>	<u>9,961</u>	<u>7,977</u>	<u>8,750</u>
Net cash (used in) operating activities		<u>(3,277,647)</u>	<u>(1,823,785)</u>	<u>(2,157,328)</u>	<u>(716,094)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Amounts received on issue of units		7,594,217	4,129,064	5,569,797	1,401,381
Payments against redemption of units		(3,648,127)	(1,873,314)	(2,864,574)	(677,273)
Distribution paid		(11,664)	(213,498)	-	-
Net cash flow from financing activities		<u>3,934,426</u>	<u>2,042,252</u>	<u>2,705,223</u>	<u>724,108</u>
Net increase in cash and cash equivalents during the period		<u>656,779</u>	<u>218,467</u>	<u>547,895</u>	<u>8,014</u>
Cash and cash equivalents at beginning of the period		836,997	394,840	945,881	605,293
Cash and cash equivalents at end of the period	6	<u><u>1,493,776</u></u>	<u><u>613,307</u></u>	<u><u>1,493,776</u></u>	<u><u>613,307</u></u>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA STOCK FUND

Notes to and forming part of the Condensed Interim Financial Information For the six and three months period ended 31 December 2016

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 The NAFA Stock Fund (the Fund) was established under a Trust Deed executed between NBP Fullerton Asset Management Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on 06 December 2006 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 20 December 2006 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).
- 1.2 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 Management Company is also the member of (MUFAP).
- 1.3 The Fund is an open-ended mutual fund and is listed on the Pakistan Stock Exchange. The units of the Fund are offered for public subscription on a continuous basis. These units are transferable and can be redeemed by surrendering them to the Fund. The Fund is categorized as an Equity Scheme as per the criteria for categorisation of open end collective investment scheme as specified by Securities and Exchange Commission of Pakistan (SECP) and other allied matters.
- 1.4 The core objective of the Fund, is to provide investors with long term capital growth from an actively managed portfolio invested primarily in listed companies in Pakistan.
- 1.5 The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of "AM2++" to the Management Company.
- 1.6 Title of the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

This condensed interim financial information of the fund for the six months period ended 31 December 2016 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (The NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of the IFRS, the requirements of the NBFC Rules, the NBFC Regulations or the directives issued by the SECP shall prevail.

- 2.1.1 This condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the annual financial statements of the Fund as at and for the year ended 30 June 2016. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Fund's financial position and performance since the last financial statements.
- 2.1.2 This condensed interim financial information is being submitted to the unit holders as required under Regulation 38 (2) (f) of the Non-Banking Finance Companies and notified Entities Regulations, 2008 (NBFC Regulations).

2.2 Functional and presentation currency

This condensed interim financial information is presented in Pak Rupees, which is the Fund's functional and presentation currency. All financial information presented in Pak Rupees has been rounded off to the nearest thousand of rupees except otherwise stated.

NAFA STOCK FUND

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended 30 June 2016.

4 USE OF JUDGEMENTS AND ESTIMATES

The preparation of condensed interim financial information requires management to make judgments, estimates and assumption that affect the application of accounting policies and reported amount of assets and liabilities, income and expenses. Actual result may differ from these estimates.

The significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2016.

5 FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended 30 June 2016.

6 BANK BALANCES	Note	31 December	30 June
		2016	2016
		Unaudited	Audited
		(Rupees in '000)	
In current accounts		22,334	16,057
In savings accounts	6.1 & 6.2	1,471,442	820,940
		<u>1,493,776</u>	<u>836,997</u>

6.1 These carry a rate of return ranging from 3.75% to 6.77% (30 June 2016: 5.50% to 7.45%) per annum.

6.2 This includes an amount of Rs. 153.228 million on account of redemption of units and Rs. 75.531 million on account of issuance of units relating to various funds under management against switching of units at close of financial period which have been cleared subsequently.

7 INVESTMENTS	Note	31 December	30 June
		2016	2016
		Unaudited	Audited
		(Rupees in '000)	
Financial assets at fair value through profit or loss - held for trading			
- Listed equity securities	7.1	13,710,878	7,236,098
- Unlisted equity securities	7.2	967	967
		<u>13,711,845</u>	<u>7,237,065</u>

NAFA STOCK FUND

7.1 Investment in listed equity securities

All shares have a nominal face value of Rs.10 each except for the shares of Thal Limited which have a face value of Rs.5.

Name of the investee company	As at July 01, 2016	Purchases during the period	Bonus issue during the year	Right shares purchased/subscribed during the year	Sales during the period	As at 31 December 2016	Market value / carrying value as at 31 December 2016	Market value as a percentage of net assets	Market value as a percentage of investments	Market value as a Percentage of paid-up capital of the investee company
(Number of shares)							Rupees in '000		-----%-----	
Oil And Gas										
Attock Petroleum Limited	123,850	35,000	-	-	-	158,850	108,752	0.72	0.79	0.19
Attock Refinery Limited	341,700	-	-	-	146,800	194,900	82,891	0.55	0.60	0.23
Hascol Petroleum Limited (refer note 7.1.2)	3,042	-	-	-	-	3,042	1,027	0.01	0.01	-
Mari Petroleum Company Limited	350,100	80,600	-	-	-	430,700	592,174	3.93	4.32	0.39
Oil and Gas Development Company Limited	1,929,881	1,016,200	-	-	216,000	2,730,081	451,419	2.99	3.29	0.06
Pakistan Oilfields Limited	774,930	133,800	-	-	113,000	795,730	425,413	2.82	3.10	0.34
Pakistan Petroleum Limited	1,790,025	851,800	-	-	226,000	2,415,825	454,610	3.01	3.32	0.12
Pakistan State Oil Company Limited	1,128,667	476,200	-	-	131,500	1,473,367	639,751	4.24	4.67	0.54
Shell Pakistan Limited	352,000	248,700	-	-	-	600,700	310,742	2.06	2.27	0.56
	6,794,195	2,842,300	-	-	833,300	8,803,195	3,066,779	20.33	22.37	
Chemicals										
Dawood Hercules Corporation Limited	360,800	229,600	-	-	-	590,400	85,213	0.57	0.62	0.12
Engro Corporation Limited	1,531,585	1,027,300	-	-	104,000	2,454,885	775,965	5.15	5.66	0.47
Engro Fertilizers Limited	2,074,500	4,661,500	-	-	477,000	6,259,000	425,487	2.82	3.10	0.47
Fauji Fertilizer Bin Qasim Company Limited	822,500	1,488,000	-	-	-	2,310,500	118,321	0.78	0.86	0.25
	4,789,385	7,406,400	-	-	581,000	11,614,785	1,404,986	9.32	10.24	
Construction And Materials										
Akzo Nobel Pakistan Limited	6,300	-	-	-	-	6,300	1,474	0.01	0.01	0.01
Attock Cement (Pakistan) Limited	922,901	159,600	-	-	-	1,082,501	364,002	2.41	2.65	0.95
D.G. Khan Cement Company Limited	1,609,100	1,288,300	-	-	288,500	2,608,900	578,471	3.84	4.22	0.60
Fauji Cement Company Limited	4,576,500	860,000	-	-	-	5,436,500	245,078	1.63	1.79	0.39
Fecto Cement Company Limited	449,000	-	-	-	-	449,000	53,480	0.35	0.39	0.90
Kohat Cement Company Limited	-	717,300	-	-	30,000	687,300	200,444	1.33	1.46	0.44
Lucky Cement Company Limited	417,733	206,950	-	-	46,650	578,033	500,727	3.32	3.65	0.18
Maple Leaf Cement Factory Limited	272,500	603,000	-	-	-	875,500	111,696	0.74	0.81	0.17
Pioneer Cement Limited	1,046,000	1,088,600	-	-	-	2,134,600	303,305	2.01	2.21	0.94
Thatta Cement Company Limited	1,250,000	-	-	-	200,000	1,050,000	41,349	0.27	0.30	1.05
	10,550,034	4,923,750	-	-	565,150	14,908,634	2,400,026	15.91	17.49	
General Industrials										
Cherat Packaging Limited.	180,974	-	-	-	52,900	128,074	43,287	0.29	0.32	0.43
Thal Limited*	397,889	-	-	-	89,400	308,489	156,876	1.04	1.14	0.38
Tri-Pack Films Limited	59,224	-	-	-	59,200	24	7	-	-	-
	638,087	-	-	-	201,500	436,587	200,170	1.33	1.46	
Automobile And Parts										
Baluchistan Wheels Limited	87,000	-	-	-	-	87,000	11,325	0.08	0.08	0.65
Indus Motor Company Limited	214,170	39,800	-	-	24,000	229,970	371,294	2.46	2.71	0.29
	301,170	39,800	-	-	24,000	316,970	382,619	2.54	2.79	
Pharma And Bio Tech										
Abbot Laboratories (Pakistan) Limited	36,900	-	-	-	30,000	6,900	6,604	0.04	0.05	0.01
GlaxoSmithKline (Pakistan) Limited	52,000	-	-	-	50,000	2,000	467	-	-	-
The Searle Company Limited (refer note 7.1.2)	270	27,200	38	-	-	27,508	17,984	0.12	0.13	0.02
	89,170	27,200	38	-	80,000	36,408	25,055	0.16	0.18	
Forestry (Paper And Board)										
Century Paper and Board Mills Limited	-	2,066,500	-	-	-	2,066,500	128,226	0.85	0.94	1.41
	-	2,066,500	-	-	-	2,066,500	128,226	0.85	0.94	
Industrial Metals And Mining										
International Industries Limited	3,088,000	536,500	-	-	2,381,500	1,243,000	253,236	1.68	1.85	1.04
International Steel Limited	8,049,500	11,000	-	-	5,641,500	2,419,000	236,409	1.57	1.72	0.56
TPL Properties Limited	-	2,000,000	-	-	-	2,000,000	20,880	0.14	0.15	0.96
	11,137,500	2,547,500	-	-	8,023,000	5,662,000	510,525	3.39	3.72	
Engineering										
K.S.B Pumps Limited	6,000	-	-	-	-	6,000	2,450	0.02	0.02	0.05
Miflat Tractors	-	379,350	-	-	-	379,350	343,183	2.28	2.50	0.86
Mughal Iron and Steel Industries Limited (refer note 7.1.2)	1,318,250	-	-	-	247,000	1,071,250	94,441	0.63	0.69	0.85
	1,324,250	379,350	-	-	247,000	1,456,600	440,074	2.93	3.21	
Personal Goods										
Azzgard Nine Limited (Non-voting)	806,400	-	-	-	-	806,400	5,645	0.04	0.04	14.60
Gul Ahmed Textile Mills Limited	-	3,489,500	-	-	-	3,489,500	178,558	1.18	1.30	1.17
Kohinoor Textile Mills Limited (refer note 7.1.2)	2,894,500	756,500	-	-	-	3,651,000	424,246	2.81	3.09	1.29
Nishat Chunian Limited	446,300	3,496,500	-	-	-	3,942,800	246,149	1.63	1.80	1.64
Nishat Mills Limited	3,030,400	397,000	-	-	205,000	3,222,400	490,675	3.25	3.58	0.92
Sapphire Fibres Limited	82,300	-	-	-	55,650	26,650	24,651	0.16	0.18	0.14
	7,259,900	8,139,500	-	-	260,650	15,138,750	1,369,924	9.07	9.99	

NAFA STOCK FUND

Name of the investee company	As at July 01, 2016	Purchases during the period	Bonus issue during the year	Right shares purchased/ subscribed during the year	Sales during the period	As at 31 December 2016	Market value / carrying value as at 31 December 2016	Market value as a percentage of net assets	Market value as a percentage of investments	Market value as a Percentage of paid-up capital of the investee company
----- (Number of shares) ----- Rupees in '000 ----- % -----										
Food & Personal Care Products										
Al-Shaheer Corporation Limited (refer note 7.1.2)	1,256,750	585,500	235,538	-	-	2,077,788	119,265	0.79	0.87	1.46
Engro Foods Limited	-	855,000	-	-	427,500	427,500	82,054	0.54	0.60	0.06
Shezan International Limited	36,700	-	-	-	-	36,700	18,419	0.12	0.13	0.46
	1,293,450	1,440,500	235,538	-	427,500	2,541,988	219,738	1.45	1.60	
Fixed Line Telecommunication										
Pakistan Telecommunication Company Limited	3,280,000	1,622,000	-	-	1,727,000	3,175,000	54,547	0.36	0.40	0.08
Electricity										
Kot Addu Power Company Limited	2,241,500	393,000	-	-	400,000	2,234,500	176,079	1.17	1.28	0.25
Saif Power Limited	998,500	-	-	-	41,000	957,500	34,049	0.23	0.25	0.25
The Hub Power Company Limited	1,076,166	737,500	-	-	20,000	1,793,666	221,482	1.47	1.62	0.16
	4,316,166	1,130,500	-	-	461,000	4,985,666	431,610	2.87	3.15	
Commercial Banks										
Allied Bank Limited	1,342,401	2,453,000	-	-	-	3,795,401	452,450	3.00	3.30	0.33
Bank Al-Falah Limited	3,838,500	-	-	-	943,500	2,895,000	109,894	0.73	0.80	0.18
Bank Al-Habib Limited	3,652,650	1,553,000	-	-	-	5,205,650	307,081	2.04	2.24	0.47
Faysal Bank Limited (refer note 7.1.2)	38,075	-	-	-	-	38,075	829	0.01	0.01	-
Habib Bank Limited	1,195,263	896,800	-	-	-	2,092,063	571,656	3.79	4.17	0.14
MCB Bank Limited	574,700	1,636,400	-	-	-	2,211,100	525,844	3.49	3.83	0.20
Meezan Bank Limited	252	-	-	-	-	252	17	-	-	-
Silkbank Limited	4,250,000	-	-	-	-	4,250,000	7,863	0.05	0.06	0.05
United Bank Limited	1,280,440	811,000	-	-	142,500	1,948,940	465,602	3.09	3.40	0.16
	16,172,281	7,350,200	-	-	1,086,000	22,436,481	2,441,236	16.20	17.81	
Insurance										
Pakistan Reinsurance Company Limited	-	2,211,000	-	-	-	2,211,000	91,956	0.61	0.67	0.74
Equity Investment Instruments										
Sindh Modaraba	1,337,000	-	-	-	-	1,337,000	13,664	0.09	0.10	2.97
Technology Hardware And Equipment										
Avanceon Limited	1,663,000	-	-	-	114,000	1,549,000	53,983	0.36	0.39	1.47
System Limited	869,500	549,500	-	-	-	1,419,000	120,047	0.80	0.88	1.28
	2,532,500	549,500	-	-	114,000	2,968,000	174,030	1.16	1.27	
Household Goods										
Tariq Glass Industries Limited	1,787,000	-	-	-	-	1,787,000	179,504	1.19	1.31	2.43
Industrial Transportation										
Pakistan National Shipping Corporation Limited	519,100	-	-	-	5,000	514,100	82,966	0.55	0.61	0.39
Cable And Electric Goods										
Pak Elektron Limited	958,625	806,500	-	-	457,000	1,308,125	93,243	0.62	0.68	0.26
Total - 31 December 2016	75,079,813	43,482,500	235,576	-	15,093,100	103,704,789	13,710,878	90.93	99.99	

Carrying value before fair value adjustment as at 31 December 2016

10,985,546

7.1.1 Investments include shares with market value of Rs. 209.467 million (30 June 2016: Rs. 103.65 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular number 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan.

7.1.2 The Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the company declaring bonus shares which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Funds Association of Pakistan, has led a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the mutual funds based on the premise of exemption given to mutual funds under clause 47B and 99 of Second Schedule of Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case. Accordingly, the investee company(s) has withheld the shares equivalent to 5% of bonus announcement amounting to Rs. 6.043 million (30 June 2016: 3.63 million) and not deposited in CDC account of department of Income Tax.

NAFA STOCK FUND

7.2 Investment in unlisted equity securities

Name of the investee company	As at July 01, 2016	Purchases during the period	Bonus issue during the year	Right shares purchased/subscribed during the year	Sales during the period	As at 31 December 2016	Market value / carrying value as at 31 December 2016	Market value as a percentage of net assets	Market value as a percentage of investments	Market value as a Percentage of paid-up capital of the investee company
GlaxoSmithKline Consumer Healthcare Pakistan Limited*	15,600	-	-	-	-	15,600	967	0.01	0.01	0.32
Carrying value before fair value adjustment as at 31 December 2016							967			

* This represents shares that have been issued to the Fund as a result of de-merger of consumer healthcare business of GlaxoSmithKline (GSK) Pakistan Limited as the Fund has investment in the shares of GlaxoSmithKline (GSK) Pakistan Limited.

	Note	31 December 2016	31 December 2015
7.3 Net unrealised gain / (loss) in the value of investments at 'fair value through profit or loss'	----Unaudited----		
		(Rupees in '000)	
Market value of investments		13,711,845	5,421,005
Less: carrying value of investments		(10,986,513)	(5,693,483)
		<u>2,725,332</u>	<u>(272,478)</u>

8 PAYABLE TO NBP FULLERTON ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	31 December 2016	31 December 2015
		Unaudited	Audited
		(Rupees in '000)	
Management remuneration	8.1	24,221	12,512
Sindh sales tax	8.2	3,149	2,032
Federal Excise Duty	8.3	32,183	32,183
Sales and transfer load		7,902	6,065
Allocation of expenses related to registrar services, accounting, operation and valuation services	8.4	5,490	3,833
		<u>72,945</u>	<u>56,625</u>

- 8.1 Under the revised Non-Banking Finance Companies & Notified Entities Regulations 2008, notified on 25 November 2015, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding two percent of average annual net assets. Accordingly, the Management Company has charged its remuneration at the rate of two percent of the average annual net assets of the Fund.
- 8.2 The Sindh Provincial Government levied Sindh Sales Tax at the rate of 13% on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011, effective from 1 July 2016 (30 June 2016: 14%)
- 8.3 As per the requirement of Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective 13 June 2013. The Management Company is of the view that since the remuneration is already subject to provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law.

The Honorable Sindh High Court (SHC) through its recent order dated 2 June 2016, in CPD-3184 of 2014 (and others) filed by various taxpayers, has interalia declared that Federal Excise Act 2005 (FED Act) is on services, other than shipping agents and related services, is ultra vires to the Constitution from 01 July 2011. However, the declaration made by the Honorable Court, as directed, will have affect in the manner prescribed in the judgment. The Sind High Court in its decision dated 16 July 2016 in respect of constitutional petition filed by management companies of mutual funds maintained the previous order on the FED.

NAFA STOCK FUND

Sindh Revenue Board and Federal Board of Revenue have filed appeals before Honorable Supreme Court against the Sindh High Court's decision dated 2 June 2016. Therefore, as a matter of abundant caution, without prejudice to the above, the Management Company has made a provision with effect from 13 June 2013, aggregating to Rs. 32.713 million out of which Rs. 0.530 million have been paid to the Management Company. Had the provision not been made, the Net Assets Value (NAV) per unit of the Fund as at 31 December 2016 would have been higher by Rs. 0.0380 per unit (30 June 2016: Rs. 0.0544 per unit). However, after the exclusion of the mutual funds from federal statute on FED from 1 July 2016, the Fund has discontinued making the provision in this regard.

- 8.4 Securities and Exchange Commission of Pakistan through its SRO 1160(I)/2015 dated November 25, 2015 has revised the Non-Banking Finance Companies and Notified Entities Regulations, 2008. In the revised regulations a new clause 60(s) has been introduced allowing the management company to charge "fees and expenses related to registrar services, accounting, operation and valuation services related to CIS maximum up to 0.1% of average annual net assets of the Scheme or actual whichever is less" from the mutual funds managed by it. The allocation of expenses relating to registrar services, accounting, operations and valuation services at 0.1% of average net annual assets of the Fund has been charged with effect from 25 November 2015.

9	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	31 December 2016	30 June 2016
			Unaudited	Audited
			(Rupees in '000)	
	Remuneration payable to the Trustee		1,296	708
	Sindh Sales Tax on remuneration of the Trustee	9.1	168	99
			1,464	807

- 9.1 The Sindh Provincial Government levied Sindh Sales Tax at the rate of 13% on the remuneration of the Trustee through Sindh Sales Tax on Services Act, 2011, effective from 1 July 2016 (30 June 2016: 14%).

10	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	31 December 2016	30 June 2016
			Unaudited	Audited
			(Rupees in '000)	
	Provision for Workers' Welfare Fund	10.1	47,575	47,575
	Auditors' remuneration		372	432
	Withholding tax		1,818	20,706
	Capital gain tax		10,519	3,108
	Brokerage Payable		2,312	2,410
	Settlement charges		64	91
	Bank charges		64	20
	Others		1,079	1,017
			63,803	75,359

- 10.1 The Finance Act, 2008 introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Peshawar High Court. The Honourable Supreme Court of Pakistan vide its judgment dated 10 November 2016, has upheld the view of Lahore High Court and decided that 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 filed Civil Review Petitions in respect of above judgment with the prayer that the judgment dated 10 November 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 31 December 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. MUFAP wrote to 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. MUFAP has taken up this matter before the Sindh Finance Ministry to exclude mutual funds from SWWF.

NAFA STOCK FUND

In view of the above developments regarding the applicability of WWF and SWWF on CISs / mutual funds and considering the legal opinion obtained on these matters, MUFAP has recommended the following to all its members on 12 January 2017:

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

Accordingly, the provision for SWWF is being made on a daily basis going forward.

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 and the SECP vide its letter dated 1 February 2017 has advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs/ mutual funds. Accordingly, reversal of provision for WWF amounted to Rs. 47.575 million upto 31 December 2016 and recording of provision for SWWF of Rs. 93.411 million upto 31 December 2016 have been made on 12 January 2017. The net effect of these adjustments as at 31 December 2016 amounted to Rs. 45.836 million.

Had above adjustments been made on 31 December 2016 the net assets value per unit of the Fund would have been lower by Rs. 0.0532.

11 CONTINGENCY AND COMMITMENT

There was no contingency and commitment outstanding as at 31 December 2016 (30 June 2016: Nil).

12 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Provided that for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains / loss to the unit holders. The Fund has not recorded any tax liability in respect of income relating to the current period as the Management Company intends to distribute in cash at least 90 percent of the Fund's accounting income for the year ending 30 June 2017 as reduced by capital gains (whether realized or unrealised) to its unit holders in the form of cash.

13 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses incurred during the period divided by Average net assets value for the period) is 2.71% p.a. including 0.37% representing government levies on Collective Investment scheme such as Sales tax, Worker's Welfare Fund and Securities & Exchange Commission of Pakistan fee for the period.

14 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

- 14.1 Connected persons include NBP Fullerton Asset Management Limited being the Management Company (NAFA), Central Depository Company of Pakistan Limited (CDC) being the Trustee, National Bank of Pakistan (NBP) and its connected persons, and Alexandra Fund Management Pte. Limited being the sponsors, NAFA Pension Fund, NAFA Provident Fund Trust being the associates of the Management Company, other collective investment schemes managed by the Management Company and directors and officers of the Management Company, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund and unit holders holding 10 percent or more units of the Fund.
- 14.2 The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 14.3 Remuneration of the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.
- 14.4 The details of significant transactions carried out by the Fund with connected persons and balances with them at period / year end are as follows:

NAFA STOCK FUND

14.5 Transactions during the period:

	(Unaudited)			
	Six months period ended		Three months period ended	
	2016	2015	2016	2015
	----- (Rupees in '000) -----			
NBP Fullerton Asset Management Limited				
- Management Company				
Remuneration of the Management Company	109,809	54,720	62,894	29,033
Sindh Sales Tax on remuneration of the Management Company	14,275	8,887	8,176	4,715
Front-end load	5,316	11,479	5,316	3,919
Allocated expenses	5,490	577	3,144	-
Federal Excise Duty on remuneration of Management Company	-	8,755	-	4,645
Employees of the Management Company				
Units issued / transferred in: 698,381 units (2015: 1,032,534 units)	10,829	13,137	7,949	4,178
Units redeemed / transferred out: 1,215,091 units (2015: 947,125 units)	17,936	12,260	10,056	5,525
Chief Executive Officer				
Units issued / transferred in: 27,963 units (2015: 441,913 units)	400	5,670	-	5,625
Units redeemed / transferred out: 3,785 units (2015: 120,858 units)	61	1,500	61	1,500
Central Depository Company of Pakistan Limited - Trustee				
Remuneration	5,995	3,239	3,397	1,703
Sales tax on remuneration	779	453	441	238
CDS charges	305	268	121	74
NAFA Provident Fund Trust - Provident Fund				
Units issued / transferred in: Nil units (2015: 42,151 units)	-	560	-	-
Units redeemed / transferred out: 177,911 units (2015: Nil units)	3,000	-	3,000	-
NBP Employees Pension Fund				
Units issued / transferred in: Nil units (2015: 2,633,779 units)	-	34,979	-	-
Taurus Securities Limited				
Brokerage	375	291	275	137
International Industries Limited				
536,500 shares purchased (2015: 1,279,000 shares)	67,523	88,514	67,523	65,915
2,381,500 shares sold (2015: Nil shares)	285,005	-	285,005	-
Dividend income	6,400	3,004	6,400	-
International Steels Limited				
11,000 shares purchased (2015: 2,188,500 shares)	396	58,840	396	58,840
5,641,500 shares sold (2015: Nil shares)	291,641	-	291,641	-
Dividend income	5,027	-	5,027	-
Summit Bank Limited				
Bank profit	1	1	1	1
BYCO Petroleum Pakistan Limited - Employee Provident Fund (entity managed by NAFA)				
Units issued / transferred in 323,730 units (2015: 4,839,686 units)	4,446	63,425	-	13,252
Units redeemed / transferred out 3,932,819 units (2015: 2,824,404 units)	57,959	34,886	57,959	11,200
BYCO Oil Pakistan Limited - Employee Provident Fund (entity managed by NAFA)				
Units issued / transferred in 101,443 units (2015: 1,408,557 units)	1,395	18,169	-	11,485
Units redeemed / transferred out 775,113 units (2015: 481,587 units)	11,423	5,946	11,423	5,946

NAFA STOCK FUND

(Unaudited)

	Six months period ended		Three months period ended	
	2016	2015	2016	2015
	----- (Rupees in '000) -----			

Jubilee Life Insurance Company Limited (Common Directorship with the Management Company)

Units redeemed / transferred out in 6,177,729 units (2015: Nil units)

88,437 - 88,437 -

Company Secretary / Chief Operating Officer of the Management Company

Units issued / transferred in 821 units (2015: 489 units)

12 6 - -

Chief Financial Officer of the Management Company

Units issued / transferred in 69,162 units (2015: Nil units)

1,000 - 1,000 -

Cherat Packaging Limited

Shares purchased: Nil (2015: 193,600 shares)

- 48,510 - 44,258

Shares sold: 52,900 shares (2015: Nil shares)

19,926 - 19,926 -

Dividend income

1,037 186 1,037 186

Right issue: Nil shares (2015: 15,482 shares)

- 2,167 - 2,167

Mr. Kamal. A. Chinoy - Director

Units issued / transferred in Nil units (2015: 37,529 units)

- 498 - -

Mr. Aamir Sattar - Director

Units issued / transferred in 147,245 units (2015: Nil units)

2,500 - 2,500 -

31 December

2016

30 June

2016

Unaudited

Audited

14.6 Amounts outstanding as at period / year end:

----- (Rupees in '000) -----

NBP Fullerton Asset Management Limited (Management Company)

Remuneration of the Management Company

24,221 12,512

Sindh Sales Tax on remuneration of the Management Company

3,149 2,032

Federal Excise Duty on remuneration of the Management Company

32,183 32,183

Operational expenses

5,490 3,833

Sales load

7,902 6,065

National Bank of Pakistan Limited (Parent of the Management Company)

Bank balance

6,387 2,564

Summit Bank Limited (Common Directorship with the Management Company)

Bank balance

16,010 13,551

Employees of the Management Company

Investment held in the Fund: 284,603 units (2016: 801,313 units)

4,983 10,583

Central Depository Company of Pakistan Limited (Trustee)

Remuneration of the Trustee

1,296 708

Sindh Sales Tax on remuneration of the Trustee

168 99

CDS charges

96 91

Security deposit

100 100

NAFA Employee Provident Fund (Provident Fund of the Management Company)

Investment held in the Fund: 1,059,886 units (2016: 1,237,797 units)

18,558 16,348

NBP Employees Pension Fund (Pension Fund of the parent of the Management Company)

Investment held in the Fund: 57,520,024 units (2016: 57,520,024 units)

1,007,147 759,701

Chief Executive Officer of the Management Company

Investment in the Fund: 99,684 units (2016: 75,505 units)

1,745 997

NAFA STOCK FUND

	31 December 2016 Unaudited	30 June 2016 Audited
	----- (Rupees in '000) -----	
Company Secretary / Chief Operating Officer of the Management Company Investment in the Fund: 11,201 units (2016: 12,022 units)	196	159
Chief Financial Officer of the Management Company Investment in the Fund: 69,162 units (2016: Nil units)	1,211	-
Mr. Kamal A Chinoy (Director of the Management Company) Investment in the Fund: 923,352 units (2016: 923,352 units)	16,167	12,195
Mr. Amir Sattar (Director of the Management Company) Investment in the Fund: 147,245 units (2016: Nil units)	2,578	-
BYCO Oil Pakistan Limited - Employee Provident Fund (Portfolio managed by the Management Company) Investment in the Fund: 173,492 units (2016: 847,161 units)	3,038	11,189
BYCO Petroleum Pakistan Limited - Employee Provident Fund (Portfolio managed by the Management Company) Investment in the Fund: 879,422 units (2016: 4,488,511 units)	15,398	59,282
The Karachi Electric Provident Fund (Portfolio managed by the Management Company) Dividend Payable	-	11,096
Jubilee Life Insurance Company Limited (Common Directorship with the Management Company) Investment in the Fund: Nil units (2016: 6,177,728 units)	-	81,593
International Industries Limited (Common Directorship with the Management Company) Ordinary shares held 1,243,000 (2016: 3,088,000 shares)	253,236	249,727
International Steels Limited (Common Directorship with the Management Company) Ordinary shares held 2,419,000 (2016: 8,049,500 shares)	236,409	286,723
Cherat Packaging Pakistan Limited (Common Directorship with the Management Company) Ordinary shares held 128,074 (2016: 180,974 shares)	43,287	61,851
Sindh General Provident Investment Fund (unit Holding more than 10%) Investment in the Fund: 37,258,660 units (2016: 37,258,660 units)	652,380	492,097
Taurus Securities Limited (Subsidiary of the parent of the Management Company) Brokerage payable	177	229
Net amount receivable / (payable) against transfer of units from / to:		
- NAFA Income Opportunity Fund	-	8,501
- NAFA Islamic Energy Fund	-	14,205
- NAFA Asset Allocation Fund	-	8,069
- NAFA Islamic Stock Fund	-	2,739
- NAFA Islamic Aggressive Income Fund	-	(24,560)
- NAFA Government Securities Liquid Fund	-	(714)
- NAFA Riba Free Savings Fund	-	842
- NAFA Islamic Asset Allocation Fund	-	(2,662)
- NAFA Money Market Fund	-	(1,069)

NAFA STOCK FUND

15 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.

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 fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market price used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- 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 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

		31 December 2016						
		Unaudited						
		Carrying amount			Fair value			
At fair value through profit and loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
----- (Rupees in '000) -----								
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
- Listed equity securities	13,710,878	-	13,710,878	13,710,878	-	-	13,710,878	
- Unlisted equity securities	967	-	967	-	-	967	967	
	<u>13,711,845</u>	-	<u>13,711,845</u>	<u>13,710,878</u>	-	<u>967</u>	<u>13,711,845</u>	
Financial assets not measured at fair value 15.1								
Bank balances	-	1,493,776	1,493,776	-	-	-	-	
Dividend and profit receivable	-	23,611	23,611	-	-	-	-	
Advance and deposit	-	7,191	7,191	-	-	-	-	
	-	<u>1,524,578</u>	<u>1,524,578</u>	-	-	-	-	
Financial liabilities not measured at fair value 15.1								
Payable to NBP Fullerton Asset Management Limited - Management Company	-	-	72,945	72,945	-	-	-	
Payable to Central Depository Company of Pakistan	-	-	1,464	1,464	-	-	-	
Payable against purchase of investments - net	-	-	13,877	13,877	-	-	-	
Accrued expenses and other liabilities	-	-	3,891	3,891	-	-	-	
	-	-	<u>92,177</u>	<u>92,177</u>	-	-	-	

NAFA STOCK FUND

30 June 2016

Audited

At fair value through profit and loss	Carrying amount			Total	Fair value			Total
	Loans and receivables	Other financial liabilities			Level 1	Level 2	Level 3	

(Rupees in '000)

On-balance sheet financial instruments

Financial assets measured at fair value

Investments

- Listed equity securities	7,236,098	-	-	7,236,098	7,236,098	-	-	7,236,098
- Unlisted equity securities	967	-	-	967	-	-	967	967
	<u>7,237,065</u>	<u>-</u>	<u>-</u>	<u>7,237,065</u>	<u>7,236,098</u>	<u>-</u>	<u>967</u>	<u>7,237,065</u>

Financial assets not measured at fair value

Bank balances	-	836,997	-	836,997	-	-	-	-
Dividend and profit receivable	-	10,609	-	10,609	-	-	-	-
Receivable against conversion of units	-	34,356	-	34,356	-	-	-	-
Advance, deposit and other receivable	-	2,928	-	2,928	-	-	-	-
	<u>-</u>	<u>884,890</u>	<u>-</u>	<u>884,890</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Financial liabilities not measured at fair value

Payable to NBP Fullerton Asset Management Limited - Management Company	-	-	56,625	56,625	-	-	-	-
Payable to Central Depository Company of Pakistan	-	-	807	807	-	-	-	-
Payable against purchase of investments - net	-	-	3,868	3,868	-	-	-	-
Payable against conversion of units	-	-	29,060	29,060	-	-	-	-
Accrued expenses and other liabilities	-	-	3,970	3,970	-	-	-	-
Dividend payable	-	-	11,664	11,664	-	-	-	-
	<u>-</u>	<u>-</u>	<u>105,994</u>	<u>105,994</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

16 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on February 28, 2017 by the Board of Directors of the Management Company.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director



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

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