



NBP Fullerton
Asset Management Ltd.

A Subsidiary of
National Bank of Pakistan

NAFA INCOME FUND

QUARTERLY REPORT

MARCH 31

2015




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 INCOME FUND

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FUND'S INFORMATION

Management Company

NBP Fullerton Asset Management Limited – Management Company

Board of Directors of the Management Company

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

Company Secretary & CFO of the Management Company

Mr. Muhammad Murtaza Ali

Audit & Risk Committee

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

Human Resource Committee

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

Trustee

MCB Financial Service Limited
3rd Floor, Adamjee House,
I.I. Chundrigar Road Karachi - 74000

Bankers to the Fund

Allied Bank Limited
Bank Alfalah Limited
Faysal Bank Limited
Bank of Punjab
National Bank of Pakistan
NIB Bank Limited
Habib Bank Limited
Burj Bank Limited
Sindh Bank Limited
Silk Bank Limited
Dubai Islamic Bank Pakistan Limited
United Bank Limited

NAFA INCOME FUND

Auditors

M. Yousuf Adil Saleem & Co.
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:

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Scheme No. 5, Clifton Karachi.
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(Toll Free): 0800-20001,
Fax: (021) 35825329
Website: www.nafafunds.com

Lahore Office:

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Muslim Town, Lahore.
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Fax: 92-42-35861095

Islamabad Office:

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Industrial Area, I-9/3 Islamabad.
UAN: 051-111-111-632
Phone: 051-2514987
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Peshawar Office:

1st Floor, Haji Tehmas Centre,
Near KFC, Tehkal Payan
University Road, Peshawar.
Phone: 92-91-5711784, 5711782
Fax: 92-91-5211780

Multan Office:

NBP City Branch, Hussain-a-Gahi, Multan.
Phone No: 061-4502204
Fax No: 061-4502203

NAFA INCOME FUND

DIRECTORS' REPORT

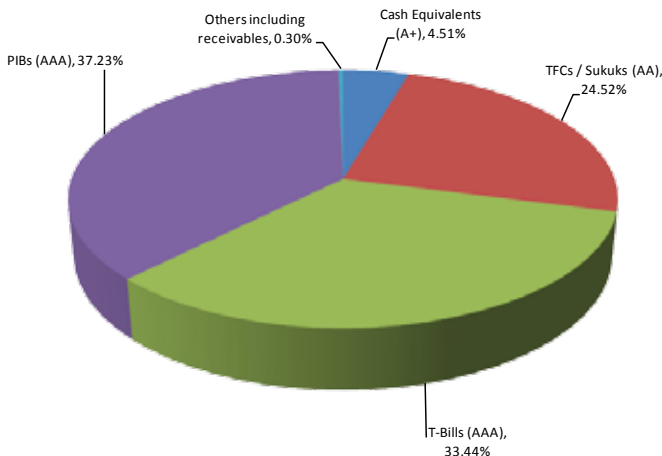
The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the unaudited financial statements of **NAFA Income Fund (NIF)** for the period ended March 31, 2015.

Fund's Performance

The size of NAFA Income Fund increased from Rs. 501 million to Rs. 560 million during the period, i.e. an increase of 11.8%. During the nine month period, the unit price of NAFA Income Fund increased from Rs. 9.3391 on June 30, 2014 to Rs. 10.3531 on March 31, 2015, thus showing an annualized return of 14.46% as compared to its Benchmark (6-Month KIBOR) return of 9.58%. During the third quarter, the Fund size increased by 4.1%. During the quarter, the unit price of the Fund has increased from Rs. 10.0199 on December 31, 2014 to Rs. 10.3531 on March 31, 2015, thus showing an annualized return of 13.49% as compared to its Benchmark return of 8.63% for the same period. The performance of the Fund is net of management fee and all other expenses.

On the corporate debt sphere, trading activity in TFCs remains skewed towards the high quality issues, especially those belonging to the financial sector. Search for yields and dearth of primary issuance versus elevated demand kept the yield on the high credit quality corporate bonds depressed. Furthermore, helped by the economic rebound, and declining interest rates, we have seen recoveries from many non-performing corporate bonds. During the period under review, the State Bank of Pakistan reduced the policy rate by 200 bps to 8.0% mainly due to sharp decline in inflation, build-up of FX reserves, largely contained fiscal deficit, and improved external account position. Sovereign securities responded to the beginning of loose monetary policy period with yields on the PIBs and T-bills declining sharply. All TFCs/Sukuks in the Fund are floating rate linked to KIBOR with three to six month coupon resetting period.

The Fund has earned total income of Rs.60.60 million during the period. After deducting expenses of Rs.6.16 million, the net income is Rs.54.44 million. The below chart presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NIF.



NAFA INCOME FUND

Acknowledgement

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

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

On behalf of the Board of
NBP Fullerton Asset Management Limited

Chief Executive

Director

Date: April 21, 2015
Place: Karachi.

NAFA INCOME FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2015

	Note	Un-audited March 31, 2015	Audited June 30, 2014
------(Rupees in '000)-----			
ASSETS			
Balances with banks		25,981	144,582
Investments	4	533,152	350,635
Advances, deposits, prepayments and other receivables		309	431
Profit receivable		7,555	9,961
Total assets		566,997	505,609
LIABILITIES			
Payable to the Management Company		2,303	1,206
Payable to the Trustee		47	41
Payable to the Securities and Exchange Commission of Pakistan		297	380
Accrued expenses and other liabilities		4,263	3,193
Total liabilities		6,910	4,820
NET ASSETS		560,087	500,789
Unit holders' fund (As per statement attached)		560,087	500,789
CONTINGENCIES AND COMMITMENTS			
	6		
-----Number of units-----			
Number of units in issue		54,098,661	53,622,892
-----Rupees-----			
Net asset value per unit		10.3531	9.3391

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA INCOME FUND

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2015

	Nine months ended		Quarter ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Note ------(Rupees in '000)-----				
INCOME				
Profit on bank deposits and term deposits	8,499	18,871	2,156	6,554
Gain on sale of investments - net	601	808	221	898
Income from term finance certificates and sukuk bonds	20,334	19,388	3,567	6,690
Income from money market Placement	-	783	-	226
Income from government securities	16,053	1,387	7,051	765
Income from commercial paper	1,727	-	1,727	-
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	13,386	870	4,017	(2,152)
Total income	60,600	42,107	18,739	12,981
EXPENSES				
Remuneration of the Management Company	3,960	6,516	1,354	1,473
Sindh Sale Tax on remuneration of the Management Company	689	1,220	235	273
FED on remuneration of the Management Company	634	1,042	217	235
Remuneration of the Trustee	396	378	135	126
Annual fee - Securities and Exchange Commission of Pakistan	297	284	102	95
Annual listing fee	29	23	9	8
Securities transaction cost	19	25	5	4
Settlement charges and bank charges	245	230	93	67
Auditors' remuneration	382	365	82	85
(Reversal) / Impairment loss on term finance certificates and sukuk bonds	(1,824)	2,536	(1,824)	-
Fund rating fee	183	121	50	-
Printing and related costs	-	24	-	24
Other expenses	38	54	13	15
Total expenses	5,048	12,818	471	2,405
Net income from operating activities	55,552	29,289	18,268	10,576
Provision for workers' welfare fund	(1,111)	(586)	(365)	(212)
Net income for the period before taxation	54,441	28,703	17,903	10,364
Taxation	-	-	-	-
Net income for the period after taxation	54,441	28,703	17,903	10,364
Earnings per unit				

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA INCOME FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2015

	<u>Nine months ended</u>		<u>Quarter ended</u>	
	<u>March 31,</u>	<u>March 31,</u>	<u>March 31,</u>	<u>March 31,</u>
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	------(Rupees in '000)-----			
Net income for the period after taxation	54,441	28,703	17,903	10,364
Other comprehensive income for the period				
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'available for sale'	-	-	-	-
Total comprehensive income for the period	<u>54,441</u>	<u>28,703</u>	<u>17,903</u>	<u>10,364</u>

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA INCOME FUND

CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2015

	<u>Nine months ended</u>		<u>Quarter ended</u>	
	<u>March 31,</u>	<u>March 31,</u>	<u>March 31,</u>	<u>March 31,</u>
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	------(Rupees in '000)-----			
Undistributed income brought forward	(27,303)	(11,399)	9,247	(20,260)
Final distribution for the year ended June 30, 2014: Nil (June 30, 2013: 5.379%)				
- Bonus units	-	(27,093)	-	-
- Cash distribution	-	(169)	-	-
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	415	12	403	(50)
Net income for the period after taxation	54,441	28,703	17,903	10,364
Undistributed income carried forward	<u>27,553</u>	<u>(9,946)</u>	<u>27,553</u>	<u>(9,946)</u>

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA INCOME FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2015

	Nine months ended		Quarter ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	----- (Rupees in '000) -----			
Net assets at the beginning of the period	500,789	489,840	537,934	508,930
Issue of 1,037,219 units (2014: 3,626,443, units including 2,961,846 units)	10,374	6,243	5,732	10
Redemption of 561,450 units (2014: 680,991 units)	(5,517)	(6,440)	(1,482)	(1,127)
Final distribution for the year ended June 30, 2014: Nil (June 30, 2013: 5.379%)	4,857	(197)	4,250	(1,117)
- Bonus distribution	-	27,093	-	-
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed				
- amount representing (income) / loss that form part of unit holders' fund - transferred to distribution statement	(415) (415)	(12) (12)	(403) (403)	50 50
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets available for sale'	-	-	-	-
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	13,386	870	4,017	(2,152)
Capital Gain on sale of Investment	601	808	221	898
Other operating income / (loss)	40,454	27,025	13,665	11,618
Net income for the period	54,441	28,703	17,903	10,364
Distribution:				
Final distribution for the year ended June 30, 2014: Nil (June 30, 2013: 5.379%)				
- Bonus distribution	-	(27,093)	-	-
- Cash distribution	-	(169)	-	-
Other comprehensive income				
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	415	12	403	(50)
Net assets as at the end of the period	560,087	518,177	560,087	518,177

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA INCOME FUND

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2015

	Nine months ended		Quarter ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	------(Rupees in '000)-----			
CASH FLOW FROM OPERATING ACTIVITIES				
Net income for the period before taxation	54,441	28,703	17,903	10,364
Adjustments				
Net unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(13,386)	(870)	(4,017)	2,152
(Gain) on sale of investments - net	(601)	(808)	(221)	(898)
(Reversal) / Impairment loss on term finance certificates and sukuk bonds	(1,824)	2,536	(1,824)	-
	<u>38,630</u>	<u>29,561</u>	<u>11,841</u>	<u>11,618</u>
(Increase) / decrease in assets				
Investments	(166,706)	(115,165)	(140,274)	(229,842)
Advances, deposits, prepayments and other receivables	122	113	9	6
Profit receivable	2,406	(6,351)	5,146	(7,494)
	(164,178)	(121,403)	(135,119)	(237,330)
Increase / (decrease) in liabilities				
Payable to the Management Company	1,097	424	240	(328)
Payable to the Trustee	6	4	2	1
Payable to Securities and Exchange Commission of Pakistan	(83)	(57)	101	95
Accrued expenses and other liabilities	1,070	629	388	286
	<u>2,090</u>	<u>1,000</u>	<u>731</u>	<u>54</u>
Net cash inflow from operating activities	<u>(123,458)</u>	<u>(90,842)</u>	<u>(122,547)</u>	<u>(225,658)</u>
CASH FLOW FROM FINANCING ACTIVITIES				
Receipts from issue of units	10,374	6,243	5,732	10
Payment on redemption of units	(5,517)	(6,440)	(5,517)	(6,271)
Distribution paid	-	(169)	4,035	5,144
Net cash outflow on financing activities	4,857	(366)	4,250	(1,117)
Net decrease in cash and cash equivalents during the period	<u>(118,601)</u>	<u>(91,208)</u>	<u>(118,297)</u>	<u>(226,775)</u>
Cash and cash equivalents at the beginning of the period	144,582	182,806	144,278	318,373
Cash and cash equivalents as at the end of the period	<u>25,981</u>	<u>91,598</u>	<u>25,981</u>	<u>91,598</u>

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA INCOME FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2015

1 LEGAL STATUS AND NATURE OF BUSINESS

The NAFA Income Fund (the Fund) was established under a Trust Deed executed between NBP Fullerton Asset Management [formerly National Fullerton Asset Management Limited (NAFA)] as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on January 03, 2008 and was authorised by the Securities and Exchange Commission of Pakistan (SECP) on January 29, 2008 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

The Central Depository Company of Pakistan Limited (CDC) retired as the Trustee of the Fund and MCB Financial Services Limited (MCBFSL) was appointed as the new Trustee with effect from November 22, 2011. The SECP approved the appointment of MCBFSL as the Trustee in place of CDC and further approved the amendments to the Trust Deed vide its letter number SCD/AMCWING/VS/NIF/458/2011 dated November 15, 2011. Accordingly, the Trust Deed of the Fund was revised through a supplemental Deed executed between the Management Company, CDC and MCBFSL.

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 and Principal office of the Management Company is situated at 7th Floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).

The Fund is an open-ended mutual fund and is listed on the Lahore Stock Exchange. 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 Board of Directors have approved that the Fund should be categorised as "Income Scheme" as per the categories defined by the Securities and Exchange Commission of Pakistan.

The core objective of the Fund is to earn a competitive rate of return while preserving capital to the extent possible by investing in liquid assets. The Fund comprises of investments of various time horizons with a significant amount invested in short term investments for the purpose of maintaining liquidity.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM2+' to the Management Company and a stability rating of 'A-(f)' to the Fund.

Title of the assets of the Fund is held in the name of MCB Financial Services Limited (MCBFSL) as the trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of International Accounting Standard (IAS) 34: 'Interim Financial Reporting', the Trust Deed, Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules), Non Banking Finance Companies and Notified Entities Regulations 2008 (NBFC Regulations) and the directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IAS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

The disclosures made in this condensed interim financial information have been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published financial statements of the Fund for the year ended June 30, 2014.

In compliance with schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2015.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual published financial statements of the Fund for the year ended June 30, 2014.

NAFA INCOME FUND

	Note	(Un-Audited) March 31, 2015	(Audited) June 30, 2014
-----Rupees in '000-----			
4 INVESTMENTS			
At fair value through profit or loss - held for trading			
Term finance certificates - listed	4.1.1	73,373	108,200
Term finance certificates - unlisted	4.1.2	14,428	14,066
Sukuks	4.2	49,546	51,475
Government securities	4.3	395,805	138,621
		533,152	312,362
Available for sale			
Term finance certificates - listed	4.4	-	-
Sukuks	4.5	-	-
		-	-
Loans and receivables			
Investment in commercial paper		-	38,273
		533,152	350,635
		533,152	350,635

4.1 Term Finance Certificates - at fair value through profit or loss - held for trading

4.1.1 Term Finance Certificates - listed

All term finance certificates have a face value of Rs. 5,000 each

Name of the investee company	Number of Certificates				Market value as at March 31, 2015	Investment as a percentage of		
	As at July 1, 2014	Purchases during the period	Sale during the period	As at March 31, 2015		Net assets	Market value of total investments	Issue size
					Rupees in '000	-----%-----		
Allied Bank Limited	2,000	-	-	2,000	9,761	1.74%	1.83%	1.33
Bank Alfalah Limited	2,000	-	-	2,000	10,330	1.84%	1.94%	0.21
Faysal Bank Limited	5,000	-	-	5,000	25,053	4.47%	4.70%	0.87
Saudi Pak Leasing Company Limited (4.1.1.1)	15,000	-	-	15,000	-	-	-	2.87
Engro Fertilizer Limited(30-11-07)	6,404	-	6,404	-	-	-	-	-
Engro Fertilizer Limited(17-12-09)	600	-	-	600	2,110	0.38%	0.40%	0.13
Jahangir Siddiqui and Company Ltd.(08-04-14)	5,000	-	-	5,000	23,687	4.23%	4.44%	2.50
Jahangir Siddiqui and Company Ltd.(30-10-12)	1,000	-	-	1,000	2,432	0.43%	0.46%	0.87
Hascol Petroleum Limited	-	9,000	9,000	-	-	-	-	-
Total as at March 31, 2015					73,373	13.09%	13.76%	
Carrying Value as at March 31, 2015					116,110			
Accumulated impairment					41,321			

4.1.1.1 This represents investment in listed term finance certificates with original term of five years. On October 13, 2011 the investee company defaulted on its obligation on account of principal and profit payment. The investee company rescheduled its term on December 26, 2011 with a new maturity in March 2017. In prior year, the investee company again defaulted on its obligation on account of principal and profit payment and accordingly has been classified as non performing asset (NPA) by MUFAP since April 31, 2014. The amount of provision as per circular no. 1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of said circular.

NAFA INCOME FUND

4.1.2 Term Finance Certificates - unlisted

All term finance certificates have a face value of Rs. 5,000 each

Name of the investee company	As at July 1, 2014	Purchases during the period	Sale during the period	As at March 31, 2015	Market value as at March 31, 2015	Investment as a percentage of		Issue size
						Net assets	Market value of total investments	
						Rupees in '000	-----%	
Engro Fertilizers Limited	2,900	-	-	2,900	14,428	2.58%	2.71%	0.36
Agritech Limited II (note: 4.1.3)	30,000	-	-	30,000	-	-	-	-
Agritech Limited V (note: 4.1.4)	4,436	-	-	4,436	-	-	-	-
Total as at March 31, 2015					<u>14,428</u>	<u>2.58%</u>	<u>2.71%</u>	
Carrying Value as at March 31, 2015						<u>186,122</u>		
Accumulated impairment						<u>172,056</u>		

4.1.3 This represents investment in privately placed unlisted term finance certificates with a term of seven years. On July 14, 2010 the investee company defaulted on its obligation on account of principal and profit payment and accordingly has been classified as NPA by MUFAP since August 2, 2010. The amount of provision as per circular no. 1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circular.

4.1.4 This represents investment in privately placed term finance certificates (PPTFC) of Agritech V received against due markup of Agritech I. The management has classified these PPTFC's as non-performing. the investee company defaulted on its obligation on account of principal and profit payment and accordingly has been classified as NPA by MUFAP since January 17, 2012 . The amount of provision as per circular no. 1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circular.

4.1.5 The term finance certificates held by the Fund are generally secured against hypothecation of stocks and receivables and mortgage of fixed assets of the issuer.

4.2 Sukuks - at fair value through profit or loss - held for trading

All sukuks have a face value of Rs. 5,000 each

Name of the investee company	Number of bonds			As at March 31, 2015	Market value as at March 31, 2015	Investment as a percentage of		Issue size
	As at July 1, 2014	Purchases during the period	Sales/ matured during the period			Net assets	Market value of total investments	
						Rupees in '000	-----%	
New Allied Electronics Industries (Private) Limited (note 4.2.1)	10,000	-	-	10,000	-	-	-	-
K Electric AZM Sukuk	10,000	-	200	9,800	49,546	8.85%	9.29%	1.30
Total as at March 31, 2015					<u>49,546</u>	<u>8.85%</u>	<u>9.29%</u>	
Carrying Value as at March 31, 2015						<u>99,500</u>		
Accumulated impairment						<u>49,054</u>		

4.2.1 This represents investment in privately placed sukuks with a term of five years. The investee company had defaulted on its obligation on account of principal and profit payment and accordingly has been classified as NPA by MUFAP since January 9, 2009. The amount of provision as per circular 1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circular.

NAFA INCOME FUND

4.3 Government Securities - at fair value through profit or loss - held for trading

Issue date	Face value					Market Value as at March 31, 2015	Investment as a percentage of	
	Tenor	As at July 1, 2014	Purchases during the period	Sales / matured during the period	As at March 31, 2015		Net assets	Market value of total investments
						Rupees in '000	-----%-----	
Market Treasury Bills								
November 13, 2014	03 Months	-	100,000	100,000	-	-	-	-
January 8, 2015	03 Months	-	125,000	125,000	-	-	-	-
January 22, 2015	12 Months	-	15,000	15,000	-	-	-	-
March 5, 2015	12 Months	-	55,000	-	55,000	51,233	9.15%	9.61%
March 19, 2015	03 Months	-	125,000	-	125,000	123,039	21.97%	23.08%
March 19, 2015	12 Months	-	14,000	-	14,000	13,004	2.32%	2.44%
Pakistan Investment Bond								
August 18, 2011	3 Years	500	-	500	-	-	-	-
July 18, 2013	3 Years	140,000	-	140,000	-	-	-	-
July 17, 2014	3 Years	-	222,500	50,000	172,500	183,681	32.80%	34.45%
July 17, 2014	5 Years	-	22,500	-	22,500	24,848	4.44%	4.66%
Total as at March 31, 2015						395,805	70.67%	74.24%
Carrying Value as at March 31, 2015						380,465		

4.4 Term Finance Certificates - available for sale (listed)

All term finance certificates have a face value of Rs. 5,000 each

Name of the investee company	Number of certificates / bonds				Market value as at March 31, 2015	Investment as a percentage of			
	As at July 1, 2014	Purchases during the period	Sales/ matured during the period	As at March 31, 2015		Net assets	Market value of total investments	Issue size	
						Rupees in '000	-----%-----		
Worldcall Telecom Limited (note 4.4.1)	14,000	-	-	14,000	-	-	-	3.00	
Total as at March 31, 2015						-	-	-	
Carrying Value as at March 31, 2015						28,158			
Accumulated impairment						28,158			

4.4.1 This represents investment in listed term finance certificates of Worldcall Telecom Limited. On April 07, 2012, the investee company defaulted on its obligation on account of principal and profit payment. The amount of provision required as per SECP circular no. 1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circular.

4.4.2 The term finance certificates held by the Fund are generally secured against hypothecation of stocks and receivables and mortgage of fixed assets of the issuer.

4.5 Sukuks - available for sale

Name of the investee company	Number of certificates / bonds				Market value as at March 31, 2015	Investment as a percentage of			
	As at July 1, 2014	Purchases during the period	Sales/ matured during the period	As at March 31, 2015		Net assets	Market value of total investments	Issue size	
						Rupees in '000	-----%-----		
Eden Housing Limited (note 4.5.1)	20,000	-	-	20,000	-	-	-	13.70	
Carrying Value as at March 31, 2015						19,688			
Accumulated impairment						19,688			

- 4.5.1 This represents investment in privately placed sukuk bonds with a term of five years. On May 6, 2011, the issuer defaulted its scheduled principal and profit payment and therefore it was classified as 'Non Performing Asset' (NPA) by MUFAP. The amount of provision required as per SECP circular no. 1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circular.
- 4.5.2 The sukus held by the Fund are generally secured against hypothecation of stocks and receivables and mortgage of fixed assets of the issuer.

5 PROVISION FOR WORKERS' WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

During the year ended 30 June 2011, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However, on 14 December 2010, the Ministry filed its response against the constitutional petition requesting the Court to dismiss the petition. According to the legal counsel who is handling the case there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in Court.

During the year 2012, the Honorable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, declared the said amendments as unlawful and unconstitutional. In March 2013, a larger bench of the Sindh High Court (SHC) in various Constitutional Petitions declared that amendments introduced in the WWF Ordinance, 1971 through Finance Act 2006 and 2008 respectively do not suffer from any constitutional or legal infirmity. However, the Honourable High Court of Sindh has not addressed the other amendments made in WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before the court. The decisions of SHC (in against) and LHC (in favour) are pending before Supreme Court. However, the Management Company, as a matter of abundant caution, has decided to continue to maintain the provision for WWF amounting to Rs.3.671 million (including Rs.1.111 million for the current period). Had the same not been made the net assets value per unit of the Fund would have been higher by Rs.0.0679 per unit.

6 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at March 31, 2015 and June 30, 2014.

7 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 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. 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 unrealized capital gains / loss to the unit holders. The management company intends to distribute not less than 90% of the annual accounting income to comply with the above stated clause and regulation. Accordingly, no tax provision has been made in this condensed interim financial information for the period ended 31 March, 2015.

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.

8 DETAILS OF NON-COMPLIANT INVESTMENT WITH THE INVESTMENT CRITERIA AS SPECIFIED BY THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

The Securities and Exchange Commission of Pakistan vide circular no. 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the circular. The Board has approved the category of the Fund as 'Income Scheme'.

The Clause (IV) of the categorisation criteria requires that not more than 15% of the net assets shall be invested in non traded securities including reverse repos, bank deposits, certificates of investments (COI), certificates of musharakas (COM) and anything over 6 months maturity which is not a marketable security. Clause (v) of the categorisation criteria requires that the ratings of any security in the portfolio of the Fund shall not be lower than investment grade. However, as at March 31, 2015, the Fund is in non-compliance with the above-mentioned requirements in respect of the following:

NAFA INCOME FUND

Type of Investment	Name of Non-Compliant Investment	Value of investment before provision	Provision held, if any	Value of investment after provision	Percentage of net assets	Percentage of gross assets
-----Rupees in '000-----						
Investment in Debt securities	Agritech Limited II	149,876	149,876	-	-	-
	Agritech Limited V	22,180	22,180	-	-	-
	Worldcall Telecom Limited	28,158	28,158	-	-	-
	Saudi Pak Leasing Company Limited	41,321	41,321	-	-	-
	New Allied Electronics Industries (Private) Limited - Sukuk	49,054	49,054	-	-	-
	Eden Housing - Sukuk II	19,688	19,688	-	-	-

8.1 SECP vide circular no. 16 of 2010 dated July 7, 2010 required that a scheme non-compliant with this requirement should comply with this requirement by December 31, 2010.

8.2 At the time of purchase, the above Term Finance Certificates were in compliance with the circular (i.e. investment grade) and were subsequently downgraded. In case of New Allied Electronics Industries (Private) Limited, Agri Tech Limited, Eden Housing Limited and Saudi Pak Leasing Company Limited, the downgrading has been made due to default in payments of due principal and markup.

9 TRANSACTIONS WITH CONNECTED PERSONS

9.1 Connected persons include NBP Fullerton Asset Management Limited being the Management Company, MCB Financial Services Limited being the Trustee, National Bank of Pakistan and Alexandra Fund Management Pte. Limited being the sponsors, other collective investment schemes managed by the Management Company and directors and officers of the Management Company.

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

9.3 Remuneration and front - end load payable to the Management Company and remuneration payable to the Trustee are determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

----- (Un-Audited) -----			
Nine months ended		Quarter ended	
March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
----- (Rupees in '000) -----			

9.4 Transactions during the period

NBP Fullerton Asset Management Limited - Management Company

Management fee expense for the period	3,960	6,516	1,354	1,473
Sindh sales tax on remuneration of the Management Company	689	1,220	235	273
FED on remuneration of the Management Company	634	1,042	217	235

MCB Financial Services Limited- Trustee

Remuneration	396	378	135	126
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Akhuwat - SMA

GOP Ijara Sukuk - sold during the period	-	3,541	-	-
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National Bank of Pakistan

Purchased of Pakistan Investment Bond	44,101	-	-	-
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NAFA Government Securities Liquid Fund

Sale of Market Treasury Bills	98,943	-	-	-
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Executives of Management Company

Units Issued / transferred in (73,326 units; 2014:1,035 units)	708	10	-	10
Units redeemed / transferred out (46,054 units)	462	-	300	-

NAFA INCOME FUND

	Un-audited As at March 31, 2015	Audited As at June 30, 2014
	-----Rupees in '000-----	
9.5 Balances outstanding as at period / year end		
NBP Fullerton Asset Management Limited - Management Company		
Management fee payable	473	69
Sindh sales tax payable on remuneration of the Management Company	71	11
Federal Excise Duty payable on Management Remuneration	1,747	1,114
Front end load payable	12	12
National Bank of Pakistan - Sponsor		
Balance in current account	423	423
MCB Financial Services Limited- Trustee		
Remuneration payable	47	41
Security deposit	100	100
NBP Employees Pension Fund		
Investment held in the Fund (47,682,069 units; June 30, 2014: 47,682,069)	493,657	445,308
Executives of Management Company		
Investment held in the Fund (29,512 units; June 30, 2014: 2,239 units)	306	21

10 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on April 21, 2015 by the Board of Directors of the Management Company.

11 GENERAL

11.1 Figures have been rounded off to the nearest thousand rupees, unless otherwise specified.

11.2 The bifurcation of undistributed income into realised and unrealised income at the beginning and end of the year as required by the NBFC Regulations has not been disclosed as such bifurcation is not practicable.

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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