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

NAFA INCOME OPPORTUNITY FUND

ANNUAL REPORT 2015



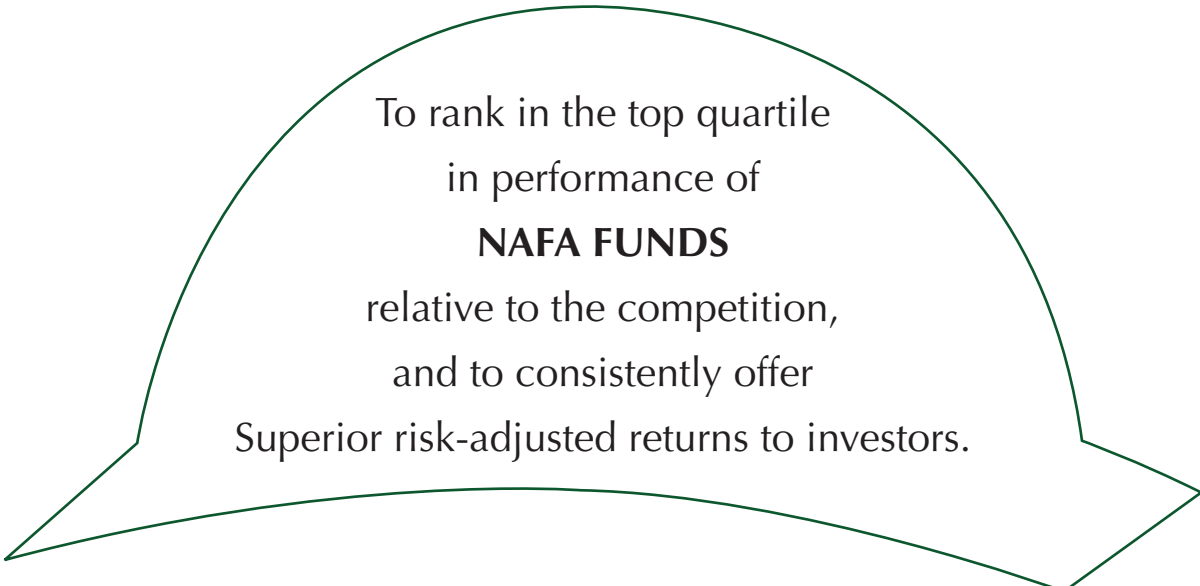
Your investments & "NAFA" grow together



**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 OPPORTUNITY 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. Nigle 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 and Remuneration Committee

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

Trustee

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

Bankers to the Fund

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
KASB Bank Limited
MCB Bank Limited
National Bank of Pakistan
NIB Bank Limited
SILK Bank Limited
Soneri Bank Limited
The Bank of Panjab
Summit Bank Limited
United Bank Limited
Samba Bank Limited
Burj Bank Limited
Al Baraka Bank Limited
Meezan Bank Limited
Sindh Bank Limited
Dubai Islamic Bank Pakistan Limited
Khushhali Bank Limited

NAFA INCOME OPPORTUNITY 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:

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 OPPORTUNITY FUND

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Board of Directors



Mr. Nausherwan Adil
Chairman



Dr. Amjad Waheed, CFA
Chief Executive Officer



Mr. Kamal Amir Chinoy
Director



Mr. Koh Boon San
Director



Mr. Aamir Sattar
Director



Mr. Shehryar Faruque
Director



Mr. Nigel Poh Cheng
Director



Mr. Abdul Hadi Palekar
Director

Senior Management*



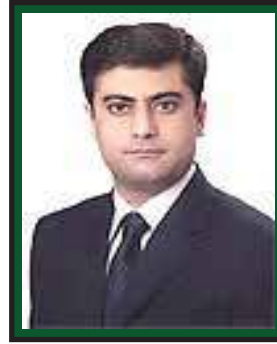
Dr. Amjad Waheed, CFA
Chief Executive Officer



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



Mr. Sajjad Anwar, CFA
Chief Investment Officer



Mr. Zeeshan
Chief - Strategy &
Business Development



Mr. Khalid Mehmood
Chief Financial Officer



Mr. Samiuddin Ahmed
Country Head Corporate
Marketing



Mr. Ozair Khan
Chief Technology Officer



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



Syed Suleman Akhtar CFA
Head of Research



Mr. Tahir Lateef
Head of Internal Audit



Mr. Ahmad Nouman CFA, PRM
Head of Risk Management



Mr. Asim Wahab Khan, CFA
Head of Equity

NAFA INCOME OPPORTUNITY FUND

DIRECTORS' REPORT

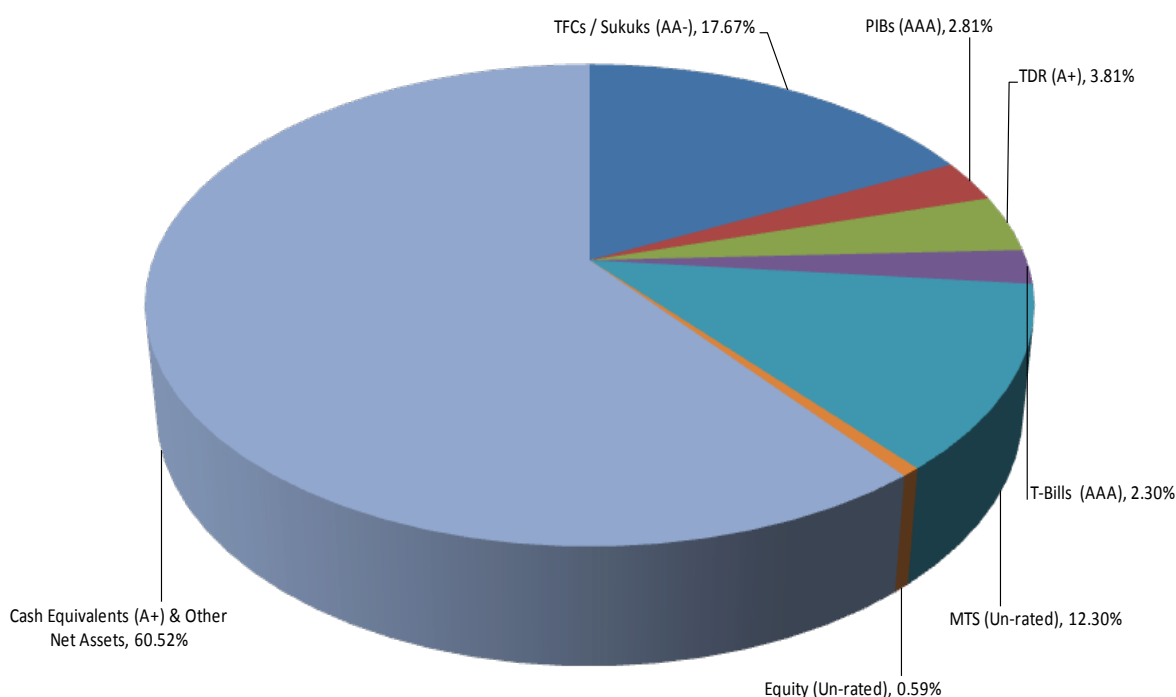
The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the Tenth Annual Report of **NAFA Income Opportunity Fund** for the year ended June 30, 2015.

Fund's Performance

The size of NAFA Income Opportunity Fund has increased from Rs. 4,353 million to Rs. 5,243 million during the period, i.e. a growth of 20.45%. During the said period, the unit price of the Fund has increased from Rs. 9.4481 (Ex-Div) on June 30, 2014 to Rs. 10.6960 (Ex - Div) on June 30, 2015, thus posting a return of 13.21% as compared to its Benchmark (6-Month KIBOR) return of 9.01% for the same period. The return of the Fund is net of management fee and all other expenses.

NIOF is categorized as an Income Scheme and has been awarded stability rating of A-(f) by PACRA. On the corporate debt sphere, trading activity in TFCs remains skewed towards the high quality issues. Dearth of primary issuance versus elevated demand further depressed the yield on the high credit quality corporate bonds. During the period under review, the State Bank of Pakistan reduced the discount rate by 300 bps bringing it to a 42 year low of 7.0%. SBP highlighted i) improving external account position; ii) benign inflation reading and anchored inflation outlook; and iii) continued increase in foreign exchange reserves as the key drivers for the expansionary monetary policy decision during the year. Sovereign securities responded to the 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 a total income of Rs.468.76 million during the year. After accounting for total expenses of Rs.167.31 million, the net income is Rs.301.45 million. The asset allocation of NAFA Income Opportunity Fund as on June 30, 2015 is as follows:



NAFA INCOME OPPORTUNITY FUND

Income Distribution

The Board of Directors of the Management Company has approved cash dividend of 11.06% of opening ex-NAV (11.58% of the par value) for the year.

Taxation

As the above cash dividend is more than 90% of the income earned during the year, excluding realized and unrealized capital gains on investments, the Fund is not subject to tax under Clause 99 of the Part I of the Second Schedule of the Income Tax Ordinance, 2001.

Auditors

The present auditors Messrs KPMG Taseer Hadi & Co. Chartered Accountants, has completed their five year tenure in the capacity of Auditor of the Fund. As per the requirement of Regulation 38(i) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, their replacement would be required. The Board has approved the appointment of Messrs M. Yousuf Adil Saleem & Co., Chartered Accountant, for the year ending June 30, 2016.

Directors' Statement in Compliance with Code of Corporate Governance

1. The financial statements, prepared by the management company, present fairly the state of affairs of the Fund, the result of its operations, cash flows and statement of movement in unit holders' funds.
2. Proper books of account of the Fund have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Fund's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
8. A performance table/ key financial data is given in this annual report.
9. Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements.
10. The Board of Directors of the Management Company held six meetings during the current financial year. The attendance of all directors is disclosed in the note 25 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 24 to these financial statements.
12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 21 to these financial statements.

NAFA INCOME OPPORTUNITY FUND

Acknowledgement

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

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

On behalf of the Board of
NBP Fullerton Asset Management Limited

Chief Executive

Director

Date: September 30, 2015
Place: Karachi.

NAFA INCOME OPPORTUNITY FUND

TRUSTEE REPORT TO THE UNIT HOLDERS NAFA INCOME OPPORTUNITY FUND

Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of NAFA Income Opportunity Fund (the Fund) are of the opinion that NBP Fullerton Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2015 in accordance with the provisions of the following:

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

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

Karachi: October 20, 2015

NAFA INCOME OPPORTUNITY FUND

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2015 NAFA GOVERNMENT SECURITIES LIQUID FUND

This statement is being presented by the Board of Directors of NBP Fullerton Asset Management Limited (Company), the Management Company of **NAFA Government Securities Liquid Fund** (the Fund) to comply with the Best Practices of Code of Corporate Governance (CCG) contained in Regulation No. 35, Chapter XI of Listing Regulations of Lahore Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

NBP Fullerton Asset Management Limited, though an un-listed Public Limited Company complies with the CCG as the Fund under its management is listed on Lahore Stock Exchange.

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

1. The Company encourages representation of independent non-executive directors on its Board of Directors. The Company, being an un-listed company, does not have any minority interest. As at June 30, 2015, the Board included:

Category	Names
Independent Directors	1. Mr. Kamal Amir Chinoy 2. Mr. Shehryar Faruque
Executive Directors	Dr. Amjad Waheed (Chief Executive Officer)
Non- Executive Directors	1. Mr. Nausherwan Adil (Chairman) 2. Mr. Aamir Sattar 3. Mr. Abdul Hadi Palekar 4. Mr. Nigel Poh Cheng 5. Mr. Koh Boon San

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

2. The directors have confirmed that none of them is serving as a director of more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. One casual vacancy occurred on the board on February 17, 2015 which was filled up on the same date.
5. The Management Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

NAFA INCOME OPPORTUNITY FUND

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Fund. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO have been taken by the Board. There is no other executive-director of the Company besides CEO.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. In order to apprise the directors on their duties and responsibilities the Code requires every listed company to conduct formal orientation for directors. As per the Code, by June 30, 2015 a minimum of three directors should have attended director training program. As at year end, three of the directors have attended the director's training program offered by Pakistan Institute of Corporate Governance. Other directors are also conversant with the relevant laws applicable to the Company, its policies and procedures and provisions of memorandum and articles of association and are aware of their duties and responsibilities.
10. There was no new appointment of the Chief Financial Officer (CFO), Company Secretary, or Head of Internal Audit during the year.
11. The Directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the units of the Fund other than that disclosed in note 21 to the financial statements "Transactions with Connected Persons".
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises of three members, of whom all are non-executive directors and the chairman of the committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Fund and as required by the CCG. The committee has formed the terms of reference for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises of three members. All the members are non-executive directors including an independent director and the chairman of the committee is a non-independent director.

NAFA INCOME OPPORTUNITY FUND

18. The Board has set up an effective internal audit function.
19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. Since there is no practical implication of closed period on the announcement of interim and final results of open end Fund. Therefore, there was no 'closed period' prior to the announcement of interim/final results.
22. Material / price sensitive information has been disseminated amongst all market participants at once through stock exchange.
23. We confirm that all other material principles contained in the CCG have been complied with. While the Code of Corporate Governance requires that a mechanism shall be put in place for the annual evaluation of the Board's own performance by April 2014, the Management Company has prepared a framework for this purpose and eventual approval by the Board of Directors of the Management Company will be obtained in forthcoming Board of Directors meeting, subsequent to year end.

For and behalf of the board

Karachi
September 30, 2015

Dr. Amjad Waheed
Chief Executive Officer

NAFA INCOME OPPORTUNITY FUND

FUND MANAGER REPORT

NAFA Income Opportunity Fund

NAFA Income Opportunity Fund (NIOF) is an open-end Income Scheme.

Investment Objective of the Fund

The objective of NIOF is to seek maximum possible preservation of capital and a reasonable rate of return via investing primarily in money market & debt securities having good credit rating and liquidity.

Benchmark

6 Month - KIBOR

Fund Performance Review

This is the tenth Annual report since the launch of the Fund on April 21, 2006. The Fund size increased by 20.45% during FY15 and stands at Rs 5.24 billion as on June 30, 2015. The Fund's return since its inception is 8.49% versus the benchmark return of 11.06%. During FY15, the Fund posted a return of 13.21% as compared to the benchmark return of 9.01%. This translates into an out-performance of 4.2%. This out-performance is net of management fee and all other expenses. Hence, the Fund has achieved its stated objectives.

Key factors that contributed to the superior performance of the Fund during the year were principal and profit payment from a non-performing Cable & Electrical Goods, Modarba and Telecom sectors TFCs/ Sukuk along with mark to market gains on PIB holdings. The Yield to Maturity of your Fund at year end FY15 is around 9.00% while that of TFC portfolio is 11.10%. The yield does not include potential recovery in fully provided TFCs (Face Value of around Rs. 917 million), which is potential upside for the Fund. The Fund's TFC portfolio allocation is fairly diversified with exposure to Chemical, Electricity, Banking, Cement and Financial Services sectors.

On the corporate debt sphere, trading activity in TFCs remained skewed towards the high quality issues. Dearth of primary issuance versus elevated demand further depressed the yield on the high credit quality corporate bonds. All TFCs/Sukuks in the Fund are floating rate linked to KIBOR.

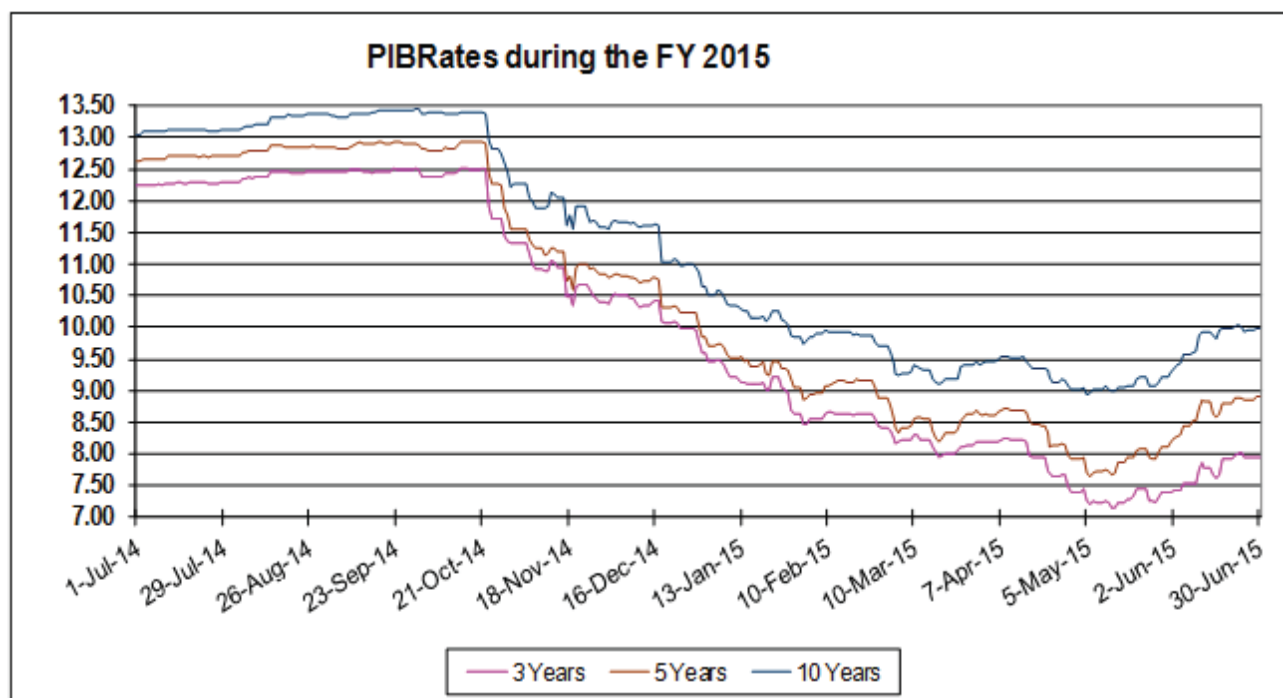
During the period under review, the State Bank of Pakistan reduced the discount rate by 300 bps bringing it to a 42 year low of 7.0%. SBP highlighted i) improving external account position; ii) benign inflation reading and anchored near-term inflation expectation; and iii) continued increase in FX reserves as the key drivers for the expansionary monetary policy decision during the year. Sovereign securities responded to the loose monetary policy stance with yields on the PIBs and T-bills declining sharply.

Asset Allocation of Fund (% of NAV)

Particulars	30-Jun-15	30-Jun-14
Cash Equivalents & Other Assets	60.51%	35.01%
Placements with Banks	3.81%	-
TFCs / Sukuks	17.67%	27.94%
PIBs	2.81%	35.01%
T-Bills	2.30%	-
Money Market Placements	-	1.08%
Margin Trading System (MTS)	12.31%	-
Equity	0.59%	0.96%
Total	100.00%	100.00%

NAFA INCOME OPPORTUNITY FUND

PIB yields during the year are shown in below graph:



Distribution for the Financial Year 2015

Interim / Final	Dividend as a % of Par Value (Rs.10)	Cumulative Div. Price / Unit	Ex- Div. Price
Interim	2.9%	11.8056	11.5156
Final	8.675%	11.5590	10.6915

Details of Non-Compliant Investments

Particulars	Type of Investment	Value of investment before provision	Provision held	Value of Investments after Provision	% Net assets	% Gross Assets
BRR Guardian Modaraba	SUKUK	27,500,000	27,500,000	-	-	-
Saudi Pak Leasing	TFC	41,321,115	41,321,115	-	-	-
Worldcall Telecom Limited	TFC	90,507,825	90,507,825	-	-	-
Eden Housing Ltd. (Sukuk II)	SUKUK	9,056,250	9,056,250	-	-	-
Agritech Limited I	TFC	149,860,200	149,860,200	-	-	-
Agritech Limited V	TFC	32,320,000	32,320,000	-	-	-
Azgard Nine Limited III	TFC	108,376,850	108,376,850	-	-	-
Azgard Nine Limited V	TFC	82,180,000	82,180,000	-	-	-
Dewan Cement Limited	TFC	150,000,000	150,000,000	-	-	-
New Allied Electronics (PPTFC)	TFC	31,706,536	31,706,536	-	-	-
New Allied Electronics (Sukuk II)	SUKUK	44,148,934	44,148,934	-	-	-
PACE Pakistan Limited	TFC	149,820,000	149,820,000	-	-	-
Azgard Nine Limited (non-voting Ordinary Shares)	Equity	12,854	12,854	-	-	-
Agritech Limited Shares	Equity	141,403,150	110,294,457	31,108,693	0.60%	0.5%
Total		1,058,213,714	1,027,105,021	31,108,693	0.6%	0.5%

NAFA INCOME OPPORTUNITY FUND

Unit Holding Pattern of NAFA Income Opportunity Fund as on 30th June 2015

Size of Unit Holding (Units)	# of Unit Holders
1-1000	276
1001-5000	249
5001-10000	141
10001-50000	441
50001-100000	236
100001-500000	244
500001-1000000	36
1000001-5000000	44
5000001-10000000	8
10000001-100000000	7
	1682

During the period under question:

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

Workers' Welfare Fund (WWF)

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs. 31.218 million, if the same were not made the NAV per unit/ FY 2015 return of scheme would be higher by Rs. 0.0688/0.67%. For details investors are advised to read note 15.1 of the latest Financial Statement of the Scheme for the year ended June 30, 2015.

NAFA INCOME OPPORTUNITY FUND

REVIEW REPORT TO THE UNIT HOLDERS ON STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of NBP Fullerton Asset Management Limited, the Management Company of **NAFA Income Opportunity Fund** ("the Fund") for the year ended 30 June 2015 to comply with the requirements of the Listing Regulation No. 35 (Chapter XI) of the Lahore Stock Exchange Limited where the Fund is listed.

The responsibility for compliance with the Code is that of the Board of Directors ("the Board") of the Management Company of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirement of the Code. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

The Code requires the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Fund's compliance, in all material respects, with the best practices contained in the Code as applicable to the Fund for the year ended 30 June 2015.

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

- i) Paragraph 21 As per the Code, there should be announcement of 'close period' prior to the announcement of interim / final results, however there was no such 'close period' announced during the year ended 30 June 2015.
- ii) Paragraph 23 As per the Code, a mechanism was required to to be put in place for an annual evaluation of the Board's own performance which has been approved subsequent to the year end.

Date: 30 September 2015

Place: Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

NAFA INCOME OPPORTUNITY FUND

Independent Auditors' Report to the Unit Holders

Report on the Financial Statements

We have audited the accompanying financial statements of **NAFA Income Opportunity Fund** ("the Fund"), which comprise the statement of assets and liabilities as at 30 June 2015 and the related income statement, statement of comprehensive income, distribution statement, statement of movement in unit holders' fund, cash flow statement, for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

NAFA INCOME OPPORTUNITY FUND

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Fund's affairs as at 30 June 2015 and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

Report on Other Legal and Regulatory Requirements

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

Date: September 30, 2015

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Nadeem

NAFA INCOME OPPORTUNITY FUND

Statement of Assets and Liabilities As at 30 June 2015

	Note	2015	2014
		(Rupees in '000)	
Assets			
Bank balances	5	2,218,579	1,407,789
Investments	6	1,225,444	2,828,529
Receivable against Margin Trading System	7	645,319	-
Profit receivables	8	78,541	163,639
Receivable against conversion of units	9	1,216,046	-
Advance, deposits, prepayment and other receivable	10	465,269	464,990
Total assets		<u>5,849,198</u>	<u>4,864,947</u>
Liabilities			
Payable to NBP Fullerton Asset Management Limited - Management Company	11	32,572	6,690
Payable to Central Depository Company of Pakistan Limited - Trustee	12	562	358
Payable to Securities and Exchange Commission of Pakistan	13	4,288	1,817
Payable against redemption of units	14	487,387	453,578
Payable against conversion of units	9	3,211	-
Dividend payable		1,166	-
Accrued expenses and other liabilities	15	77,475	49,934
Total liabilities		<u>606,661</u>	<u>512,377</u>
Net assets		<u>5,242,537</u>	<u>4,352,570</u>
Unit holders' fund (as per statement attached)		<u>5,242,537</u>	<u>4,352,570</u>
Contingency and commitment	16	(Number of units)	
Number of units in issue	17	<u>453,547,333</u>	<u>415,812,394</u>
		(Rupees)	
Net assets value per unit		<u>11.5590</u>	<u>10.4676</u>

The annexed notes 1 to 32 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA INCOME OPPORTUNITY FUND

Income Statement For the year ended 30 June 2015

	Note	2015	2014
		(Rupees in '000)	
Income			
Income from term finance certificates and sukuk bonds		159,541	188,824
Income from Pakistan investment bonds		161,865	38,898
Income from Market treasury bills		40,821	8,196
Income from commercial papers and term deposit receipts		23,281	11,101
Profit on bank deposits		186,392	87,107
Income from money market placements		185	1,113
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.7	(5,730)	34,041
Income from Margin Trading System		30,066	-
Gain on sale of investments - net		147,343	2,739
Total income		<u>743,764</u>	<u>372,019</u>
Expenses			
Remuneration of NBP Fullerton Asset Management Limited - Management Company	11.1	85,773	36,343
Sindh Sales Tax on remuneration of Management Company	11.1	14,924	6,780
Federal Excise Duty on remuneration of Management Company	11.2	13,724	5,815
Remuneration of Central Depository Company of Pakistan Limited - Trustee	12	5,546	2,909
Annual fee - Securities and Exchange Commission of Pakistan	13	4,288	1,817
Securities transaction cost		524	140
Settlement and bank charges		3,284	326
Annual listing fee		40	40
Auditors' remuneration	18	540	573
Fund rating fee		296	254
Legal and professional charges		125	82
Printing charges		124	102
Other expenses		322	-
Provision / (reversal) against non-performing securities	6.8.1	31,650	(167,268)
Total expenses		<u>161,160</u>	<u>(112,087)</u>
Net income from operating activities		582,604	484,106
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		(275,004)	-
Provision for Workers' Welfare Fund	15.1	(6,152)	(9,682)
Net income before taxation		<u>301,448</u>	<u>474,424</u>
Taxation	19	-	-
Net income for the year		<u><u>301,448</u></u>	<u><u>474,424</u></u>

The annexed notes 1 to 32 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA INCOME OPPORTUNITY FUND

Statement of Comprehensive Income For the year ended 30 June 2015

	Note	2015 (Rupees in '000)	2014
Net income for the year		301,448	474,424
Other comprehensive income for the year			
<i>Items to be reclassified to income statement in subsequent periods:</i>			
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'available for sale'	6.8	80,119	(68,157)
Total comprehensive income for the year		381,567	406,267

The annexed notes 1 to 32 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA INCOME OPPORTUNITY FUND

Distribution Statement For the year ended 30 June 2015

	2015	2014
	(Rupees in '000)	
Undistributed income brought forward comprising:		
- Realised income	321,620	187,507
- Unrealised income	7,705	114
	<u>329,325</u>	<u>187,621</u>
Net income for the year	301,448	474,424
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 - net	177,469	177,627
Final distribution		
Distribution declared: Nil (2013: 6.337%)		
- Issue of bonus units	-	(57,480)
- Cash distribution	-	(51,458)
Interim distributions:		
Distribution declared: Nil (13 February 2014: 2.004%)		
- Issue of bonus units	-	(25,146)
- Cash distribution	-	(15,167)
Distribution declared: Nil (30 April 2014: 2.004%)		
- Issue of bonus units	-	(45,981)
- Cash distribution	-	(17,265)
Distribution declared on 29 June 2015: 2.900% (26 June 2014: 7.917%)		
- Issue of bonus units	-	(229,641)
- Cash distribution	(64,092)	(68,209)
Total distributions	<u>(64,092)</u>	<u>(510,347)</u>
Undistributed income carried forward	<u>744,150</u>	<u>329,325</u>
Undistributed income carried forward comprising:		
- Realised income	743,075	321,620
- Unrealised income	1,075	7,705
	<u>744,150</u>	<u>329,325</u>

The annexed notes 1 to 32 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA INCOME OPPORTUNITY FUND

Statement of Movement in Unit Holders' Fund For the year ended 30 June 2015

	2015	2014
	(Rupees in '000)	
Net assets at beginning of the year	4,352,570	1,869,352
Issue of 1,250,854,393 units (2014: 286,617,646 units)	14,318,696	3,092,727
Issue of Nil bonus units (2014: 34,318,065 bonus units)	-	358,248
Redemption of 1,213,119,454 units (2014: 80,492,814 units)	(14,021,208)	(863,677)
	297,488	2,587,298
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net		
- amount representing loss transferred to income statement	275,004	-
- amount representing (income) transferred to distribution statement	(177,469)	(177,627)
	97,535	(177,627)
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'available for sale'	80,119	(68,157)
Gain on sale of investments - net	147,343	2,739
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(5,730)	34,041
Other net income for the year	159,835	437,644
Total comprehensive income for the year	381,567	406,267
Final distribution		
Final Distribution for the year ended 30 June 2014 : Nil (2013: 6.337%)		
- Issue of bonus units	-	(57,480)
- Cash distribution	-	(51,458)
Interim distributions:		
Distribution declared: Nil (13 February 2014: 2.004%)		
- Issue of bonus units	-	(25,146)
- Cash distribution	-	(15,167)
Distribution declared: Nil (30 April 2014: 2.004%)		
- Issue of bonus units	-	(45,981)
- Cash distribution	-	(17,265)
Distribution declared on 29 June 2015: 2.900% (26 June 2014: 7.917%)		
- Issue of bonus units	-	(229,641)
- Cash distribution	(64,092)	(68,209)
Total distributions	(64,092)	(510,347)
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 - net	177,469	177,627
Net assets at end of the year	<u>5,242,537</u>	<u>4,352,570</u>
	(Rupees in '000)	
Net assets value per unit at beginning of the year	<u>10.4676</u>	<u>10.6595</u>
Net assets value per unit at end of the year	<u>11.5590</u>	<u>10.4676</u>

The annexed notes 1 to 32 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA INCOME OPPORTUNITY FUND

Cash Flow Statement For the year ended 30 June 2014

	Note	2015	2014
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income before taxation		301,448	474,424
Adjustments:			
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net		275,004	-
Provision / (reversal) against non-performing securities		31,650	(167,268)
Net unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		5,730	(34,041)
		<u>613,832</u>	<u>273,115</u>
Decrease / (increase) in assets			
Investments		1,645,824	(1,620,986)
Receivable against Margin Trading System		(645,319)	-
Profit receivables		85,098	(66,398)
Advance, deposits, prepayment and other receivable		(279)	(12)
		<u>1,085,324</u>	<u>(1,687,396)</u>
Increase in liabilities			
Payable to NBP Fullerton Asset Management Limited - Management Company		25,882	3,852
Payable to Central Depository Company of Pakistan Limited - Trustee		204	160
Payable to Securities and Exchange Commission of Pakistan		2,471	574
Accrued expenses and other liabilities		27,541	10,638
		<u>56,098</u>	<u>15,224</u>
Net cash generated from / (used in) operating activities		<u>1,755,254</u>	<u>(1,399,057)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Amount received on issuance of units		13,102,650	3,092,727
Payment against redemption of units		(13,984,188)	(850,163)
Distribution paid		(62,926)	(152,099)
Net cash (used in) / from financing activities		<u>(944,464)</u>	<u>2,090,465</u>
Net increase in cash and cash equivalents during the year		<u>810,790</u>	<u>691,408</u>
Cash and cash equivalents at beginning of the year		1,407,789	716,381
Cash and cash equivalents at end of the year	5	<u><u>2,218,579</u></u>	<u><u>1,407,789</u></u>

The annexed notes 1 to 32 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA INCOME OPPORTUNITY FUND

Notes to and forming part of the Financial Statements For the year ended 30 June 2015

1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Income Opportunity 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 11 February 2006 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 30 January 2006 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. The Trust Deed was amended through first supplemental trust deed executed for the change of name and categorisation of the Fund as an Income 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.

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 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.

The Fund is an open-ended mutual fund and is listed on the Lahore Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

The core objective of the Fund is to seek maximum preservation of capital and a reasonable rate of return. The principal activity of the Fund is to make investments in money market and debt securities having a good credit rating and liquidity subject to the guidelines prescribed by SECP. Other avenues of investments include ready future arbitrage in listed securities and transactions under Continuous Funding System.

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

Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Accounting convention

These financial statements are prepared under the historical cost convention except for investments which are carried at fair value.

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

NAFA INCOME OPPORTUNITY FUND

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in application of accounting policies principally related to:

- Classification, valuation of investments and impairment thereagainst, if any (refer note 4.1 and note 6); and
- Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed (refer note 4.10).

3 NEW OR AMENDMENTS / INTERPRETATION TO EXISTING STANDARD, INTERPRETATION AND FORTHCOMING REQUIREMENTS

3.1 There are new and amended standards and interpretations that are mandatory for accounting periods beginning 01 July 2014 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not stated in these financial statements.

3.2 New standards, amendments to approved accounting standards and a new interpretation to existing standard that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2015:

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on the Fund's financial statements.
- IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. Certain further amendments have been made to IFRS 10, IFRS 12 and IAS 28 clarifying the requirements relating to accounting for investment entities and would be effective for annual periods beginning on or after 1 January 2016. The adoption of this standard is not likely to have an impact on the Fund's financial statements.
- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/ operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016. The adoption of this standard is not likely to have an impact on the Fund's financial statements.
- IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place. The adoption of this standard is not likely to have an impact on the Fund's financial statements.
- IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after 1 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The adoption of this standard is not likely to have an impact on the Fund's financial statements.
- Amendments to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The adoption of the amended standard is not likely to have an impact on the Fund's financial statements.

NAFA INCOME OPPORTUNITY FUND

- Agriculture: Bearer Plants [Amendments to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The adoption of the amended standard is not likely to have an impact on the Fund's financial statements.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) [effective for annual periods beginning on or after 1 January 2016]. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The adoption of these amendments is not likely to have an impact on the Fund's financial statements.

Annual Improvements 2012-2014 cycles (amendments are effective for annual period beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.
- IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.
- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.
- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented.

4.1 Financial Assets

4.1.1 Classification

The Fund classifies its financial assets in the following categories: loans and receivables, at fair value through profit or loss and available for sale. The classification depends on the purpose for which the financial assets were acquired. The Management Company determines the classification of its financial assets at initial recognition.

a) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

b) Financial assets at fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as held for trading in the financial assets 'at fair value through profit or loss' category.

c) Available for sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables or (b) financial assets at fair value through profit or loss. These are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or change in price.

NAFA INCOME OPPORTUNITY FUND

4.1.2 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

4.1.3 Initial recognition and measurement

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

4.1.4 Subsequent measurement

Subsequent to initial recognition, financial assets designated by the management as at fair value through profit or loss and available for sale are valued as follows:

a) Basis of valuation of debt securities

The debt securities are valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its Circular No. 33 of 2012 dated 24 October 2012. In the determination of the rates MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities. Unquoted debt securities are stated at cost.

b) Basis of valuation of equity securities

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

c) Basis of valuation of government securities

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

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

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

Subsequent to initial recognition financial assets classified as 'Loans and receivables' are carried at amortised cost using the effective interest method.

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

4.1.5 Impairment of financial assets

The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement. In case of investments classified as available-for-sale, if any such evidence exists, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in unit holders fund through comprehensive income is reclassified from unit holders fund through other comprehensive income to income statement. Impairment losses recognised on debt instruments in the income statement are reversed subsequently from income statement to unit holders fund through comprehensive income. However, impairment losses recognised on equity securities in the income statement are not reversed subsequently, through income statement.

a) Debt securities

Provision for non-performing debt securities is made on the basis of time based criteria as prescribed under circular 33 of 2012 dated 24 October 2012 issued by SECP.

As allowed under circular no. 13 of 2009 dated 4 May 2009 and circular 33 of 2012 dated 24 October 2012 issued by SECP the management may also make provision against debt securities over and above the minimum provision requirement prescribed in the aforesaid circular, in accordance with a provisioning policy approved by the Board of Directors and disseminated by the Management Company on its website.

NAFA INCOME OPPORTUNITY FUND

b) Loans and receivables

For financial assets classified as 'loans and receivables', a provision for impairment is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The amount of the provision and its subsequent reversal is determined based on the provisioning criteria specified by SECP.

c) Equity securities

For equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired.

4.1.6 Derecognition

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

4.1.7 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Assets and Liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

4.2 Cash and cash equivalents

Cash and cash equivalents comprise of deposits and current accounts maintained with banks. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

4.3 Receivable against Margin Trading System (MTS)

Securities purchased under an agreement to resell (Reverse repo) are included as receivable against MTS transactions at fair value of the consideration given. All purchases and sale of securities that require delivery within the time frame established by the regulations or market convention are recognised at the trade date. Trade date is the date at which the Fund commits to purchase or sell the assets. The MTS transactions are accounted for on the settlement date. The income is accrued at the applicable rate of return specified in the bid on the outstanding Margin Trading Transaction Value after adjustment of MTM losses.

4.4 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. They are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

4.5 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the income statement.

4.6 Provisions

Provisions are recognised when the Fund has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

4.7 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed among the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account.

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.

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

NAFA INCOME OPPORTUNITY FUND

4.8 Proposed distribution

Dividend / distributions are recognised in the financial statements in the period in which such distributions are declared / approved.

4.9 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors / Management Company during business hours on that day. The offer price represents the net assets value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable.

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

4.10 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

An equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

The element of income and capital gains included in the prices of units issued less those in units redeemed to the extent that it is represented by income earned during the year is recognised in the income statement and unrealized appreciation / (diminution) arising during the year on available for sale securities is included in the distribution statement.

Change in accounting estimate

4.10.1

From 1 April 2015, the Fund has revised its methodology for recognition of element of income / (loss) and capital gains / (losses) included in the prices of units issued less those redeemed. As per the revised methodology, the element of income / (loss) and capital gains / (losses) included in the prices of units issued less those redeemed is now apportioned between the distribution statement and the income statement in proportion of the relative change in net assets for the period of available for sale investments and other net assets. Previously, full amount of the element was taken directly to the distribution statement. The management considers that the revised methodology reflects a more appropriate manner for recognition of element and moreover is in conformity with the general industry practice. The new methodology is being consistently implemented across all funds managed by the Management Company. Management has treated the revision in methodology as change in accounting estimate. Had there been no change in estimate, the net profit for the year would have been higher by Rs. 269.504 million (net of WWF).

Earnings per unit

4.11

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

Net assets value per unit

4.12

The net assets value (NAV) per unit, as disclosed on the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

Revenue recognition

4.13

- Realised gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Unrealised appreciation / (diminution) arising on remeasurement of investments classified as financial assets at fair value through profit or loss' are included in the income statement in the period in which they arise.
- Unrealised appreciation / (diminution) arising on remeasurement of investments classified as available for sale investments' are included in the other comprehensive income in the period in which they arise.
- Profit on bank deposits, mark-up / return on investments in debt securities and income from government securities is recognised using the effective yield method.
- Dividend income is recognised when the right to receive dividend is established i.e. on the date of book closure of the investee company / institution declaring the dividend.

5 BALANCES WITH BANKS

	Notes	2015	2014
		(Rupees in '000)	
In current accounts		7,206	3,928
In savings accounts	5.1	2,011,373	1,403,861
Term deposit receipts	5.2	<u>200,000</u>	<u>-</u>
		<u>2,218,579</u>	<u>1,407,789</u>

5.1 These accounts carry profit at rates ranging from 4.50% to 10.00% (2014: 5.00% to 12.00%) per annum.

5.2 These carry profit rate of 7.65% per annum.

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5.3 These have been adjusted with cheque of Rs. 568.017 million issued on account of redemption of units and cheque of Rs. 10.178 million received on account of issuance of units at close of financial year which have cleared subsequent to year end.

6 INVESTMENTS

	Notes	2015	2014
(Rupees in '000)			
Financial assets 'at fair value through profit or loss' - held for trading			
Equity securities - listed	6.1	-	-
Market Treasury Bills	6.2	120,620	-
Pakistan Investment bonds	6.3	147,343	1,523,760
Term finance certificates	6.4	480,843	587,132
		<u>748,806</u>	<u>2,110,892</u>
Available for sale			
Equity securities - listed	6.5	31,109	41,573
Term finance certificates - listed	6.6	65,400	65,426
Term finance certificates - unlisted	6.6	235,907	307,245
Sukuk bonds	6.6	144,222	256,509
		<u>476,638</u>	<u>670,753</u>
Loans and receivables - Commercial paper			
Commercial paper - Pair Investment		-	46,884
		<u>1,225,444</u>	<u>2,828,529</u>

6.1 Equity securities - listed

Name of the investee company	Number of shares					Value as at 30 June 2015 (Rupees in '000)	Investment as a percentage of		
	As at 01 July 2014	Purchases during the year	Bonus	Sales during the year	As at 30 June 2015		Net assets	Market value of total investments	Paid-up capital of investee company
Fully paid ordinary shares of Rs 10 each.							-----%-----		
Azgard Nine Limited (Non-voting)	308	-	-	-	308	-	-	-	-
					<u>308</u>	-	-	-	-
Cost of investment as at 30 June 2015						13			
Provision as at 30 June 2015						<u>(13)</u>			
						<u>-</u>			

6.2 Market Treasury Bills

Issue Date	Tenure	Face value				Market value as at 30 June 2015	Investment as a percentage of	
		As at 1 July 2014	Purchases during the year	Sales during the year	As at 30 June 2015		Market value of net assets	Market value of total investments
----- (Rupees in '000) -----								
20 March 2014	12 Months	-	125,000	125,000	-	-	-	-
13 November 2014	03 Months	-	770,000	770,000	-	-	-	-
13 November 2014	12 Months	-	67,700	67,700	-	-	-	-
27 November 2014	12 Months	-	83,790	83,790	-	-	-	-
8 January 2015	03 Months	-	250,000	250,000	-	-	-	-
8 January 2015	12 Months	-	250,000	125,000	125,000	120,620	2.30	9.84
22 January 2015	06 Months	-	250,000	250,000	-	-	-	-
22 January 2015	12 Months	-	261,000	261,000	-	-	-	-
6 February 2015	06 Months	-	250,000	250,000	-	-	-	-
6 February 2015	12 Months	-	650,000	650,000	-	-	-	-
5 March 2015	06 Months	-	187,500	187,500	-	-	-	-
5 March 2015	12 Months	-	187,500	187,500	-	-	-	-
19 March 2015	03 Months	-	100,000	100,000	-	-	-	-
19 March 2015	12 Months	-	250,000	250,000	-	-	-	-
						<u>120,620</u>		
Carrying value of investments as at 30 June 2015						<u>119,571</u>		

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6.3 Pakistan Investment Bonds

Issue Date	Tenure	Face value				Market value as at 30 June 2015	Investment as a percentage of	
		As at 1 July 2014	Purchases during the year	Sales during the year	As at 30 June 2015		Market value of net assets	Market value of total investments
22 July 2010	10 years	-	100,000	-	100,000	112,270	2.14	9.16
19 July 2012	03 years	-	35,000	-	35,000	35,073	0.67	2.86
18 July 2013	03 years	1,544,500	484,200	2,028,700	-	-	-	-
18 July 2013	05 years	-	50,000	50,000	-	-	-	-
17 July 2014	03 years	-	1,350,000	1,350,000	-	-	-	-
17 July 2014	05 years	-	112,500	112,500	-	-	-	-
						<u>147,343</u>		
						<u>146,052</u>		

Carrying value of investments as at 30 June 2015

6.4 Term finance certificates and sukuk bonds - At fair value through profit or loss - held for trading

6.4.1 All term finance certificates and sukuk bonds have a face value of Rs 5,000 each.

Name of the investee company	Number of certificates / bonds				Market value / carrying value* as at 30 June 2015 (Rupees in '000)	Market value as a percentage of net assets	Investment as a percentage of	
	As at 01 July 2014	Purchases during the year	Sales / *Matured during the year	As at 30 June 2015			Market value as a percentage of total investments	Percentage of issue size of debt security held
	-----Number of certificates-----						-----%-----	
Term finance certificates								
Bank Alfalah Limited - V	20,000	12,550	-	32,550	162,864	3.11	13.29	0.40
Bank Al-Habib Limited	500	-	500	-	-	-	-	0.20
Engro Fertilizers Limited	25,762	-	25,762	-	-	-	-	0.65
Escort Investment Bank Limited	10,000	-	10,000	-	-	-	-	10.00
Jahangir Siddiqui and Company Limited II	18,400	-	-	18,400	33,628	0.64	2.74	9.20
Jahangir Siddiqui and Company Limited III	15,000	-	-	15,000	68,403	1.30	5.58	10.00
Pace (Pakistan) Limited (note 6.4.4)	30,000	-	-	30,000	-	-	-	10.00
Saudi Pak Leasing Company Limited (note 6.4.5)	15,000	-	-	15,000	-	-	-	10.00
Hascol Petroleum Limited	-	9,000	9,000	-	-	-	-	-
Sukuk bonds								
K-Electric Limited - AZM Sukuk	43,120	-	-	43,120	215,948	4.12	17.62	3.59
					<u>154,070</u>			
					<u>480,843</u>			
Carrying value of investments as at 30 June 2015					<u>680,054</u>			
Provision for impairment losses as at 30 June 2015					<u>191,141</u>			

* In case of debt securities against which provision has been made, these are carried at amortised cost less provision.

6.4.2 Significant terms and conditions of term finance certificates and sukuk bonds outstanding as at 30 June 2015 are as follows:

Name of security	Remaining principal (per TFC)	Mark-up rate (per annum)	Issue date	Maturity date
Bank Alfalah Limited - V	4,996	1.25% + 6 month KIBOR	20 February 2013	20 February 2021
Jahangir Siddiqui and Company Limited II	1,875	2.4% + 6 month KIBOR	30 October 2012	30 October 2016
Jahangir Siddiqui and Company Limited III	4,625	1.75% + 6 month KIBOR	8 April 2014	8 April 2019
Pace (Pakistan) Limited II	4,994	2% + 6 month KIBOR	15 February 2008	15 February 2013
Saudi Pak Leasing Company Limited	2,755	6% fixed rate	13 March 2008	13 March 2017
K-Electric Limited - AZM Sukuk	5,000	2.25% + 3 month KIBOR	19 March 2014	19 March 2017

6.4.3 Fair value of all performing term finance certificates classified as investments at fair value through profit or loss is determined using rates notified by the Mutual Funds Association of Pakistan (MUFAP). K-Electric Limited - AZM Sukuk and Term finance certificates of Jahangir Siddiqui and Company Limited II and Jahangir Siddiqui and Company Limited III are valued at discretionary rates within the limits as specified by SECP circular no. 33 of 2012.

6.4.4 This represents investment in listed term finance certificates with a term of five years. The investment has been fully provided. The income suspended on these term finance certificates up to 30 June 2015 amounted to Rs. 84.493 million (30 June 2014: Rs. 67.041 million).

6.4.5 This represents investment in listed term finance certificates with a term of five years. On 30 April 2014, the scheduled profit payment date, principal redemption of Rs.0.6 million and profit of Rs. 4.405 million were not received by the Fund. The investment has been fully provided. The income suspended on these term finance certificates up to 30 June 2015 amounted to Rs. 7.858 million (30 June 2014: Rs. 5.019 million).

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6.5 Equity Securities - available for sale

Name of the investee company	Number of shares				Market value / Carrying value as at 30 June 2015	Investment as a percentage of		
	As at 1 July 2014	Purchases during the year	Sales during the year	As at 30 June 2015		Market value of net assets	Market value of total investments	Paid up capital of investee company
Fully paid ordinary shares of Rs 10 each								
Chemicals								
Agritech Limited (note 6.5.1)	4,040,090	-	-	4,040,090	31,109	0.59	2.54	1.03%
Carrying cost					49,693			
Provision for impairment losses as at 30 June 2015					18,584			

6.5.1 On 12 April 2012, a share transfer and debt swap agreement was made between the Financial Institutions and Azgard Nine Limited (the issuer), whereby the issuer agreed to transfer its entire holding in Agritech Limited to the existing lenders / creditors, including the Term Finance Certificate (TFC) holders at the agreed settlement price, in partial settlement of the outstanding principal / redemption obligations. As part of the above arrangement, the Fund settled its investment in TFC of Azgard Nine Limited amounted to Rs. 141,403,150 in consideration of 4,040,090 ordinary shares at the value of Rs. 35 per share of Agritech Limited against the partial settlement of its outstanding exposure. The fair value of an ordinary share was Rs. 12.30 at transaction date i.e. 31 October 2012. Accordingly, the same was recorded at fair value and the resultant effect recorded through income statement as recovery on partial settlement of investment.

As per the terms of the Share Transfer and Debt Swap Agreement, Agritech Limited shares shall be held by the respective trustees for the TFC issues in their name for and on behalf of the TFC Holders who shall be the beneficial owners of the subjected shares in proportion to their holdings. Accordingly, the Trustees for the TFC issue pursuant to shareholders agreement hold the said ordinary shares for and on behalf of TFC holders for a period of five years from the date of transfer. During the lock in period of five years, shares can be sold to an outside buyer subject to a prior written approval of the investors, however, no such approval is required for inter financier sale. These shares have been marked to market at prevailing market price as of 30 June 2015 and impairment loss of Rs. 18.584 million has been recorded in the year 2015.

6.6 Term finance certificates and sukuk bonds - Available for sale

Name of the investee company	Number of certificates / bonds				Market value / carrying value* as at 30 June 2015 (Rupees in '000)	Investment as a percentage of		
	As at 01 July 2014	Purchases during the year	Sales / *Matured during the year	As at 30 June 2015		Market value as a percentage of net assets	Market value as a percentage of total investments	Percentage of issue size of debt security held
	-----Number of certificates-----					-----%-----		
Term finance certificates - listed								
World Call Telecom Limited (note 6.6.3)	45,000	-	-	45,000	-	-	-	5.63
Allied Bank Limited	13,400	-	-	13,400	65,400	1.25	5.34	2.23
					<u>65,400</u>			
Term finance certificates - unlisted								
Avari Hotels International	35,040	-	35,040	-	-	-	-	5.57
Azgard Nine Limited III (note 6.6.4)	50,000	-	-	50,000	-	-	-	10.00
Azgard Nine Limited V (note 6.6.4)	16,436	-	-	16,436	-	-	-	4.34
Dewan Cement Limited (note 6.6.5)	30,000	-	-	30,000	-	-	-	7.50
Engro Fertilizers Limited	52,970	-	6,600	46,370	235,907	4.50	19.25	6.62
New Allied Electronics Industries (Private) Limited (note 6.6.6)	15,000	-	-	15,000	-	-	-	8.33
Agritech Limited I (note 6.6.7)	30,000	-	-	30,000	-	-	-	10.00
Agritech Limited V (note 6.6.8)	6,464	-	-	6,464	-	-	-	10.00
					<u>235,907</u>			
Sukuk bonds								
Eden Housing Limited (note 6.6.9)	9,200	-	-	9,200	-	-	-	-
Kohat Cement Company Limited	50,000	-	-	50,000	-	-	-	10.00
Maple Leaf Cement Factory Limited	80,000	-	-	80,000	144,222	2.75	11.77	5.00
New Allied Electronics Industries (Private) Limited (note 6.6.6)	9,000	-	-	9,000	-	-	-	-
Pak Elektron Limited (note 6.6.10)	24,000	-	-	24,000	-	-	-	10.00
BRR Guardian Modaraba (note 6.6.11)	10,000	-	-	10,000	-	-	-	6.25
					<u>144,222</u>			
					<u>445,529</u>			
Carrying value of investments as at 30 June 2015					<u>1,151,079</u>			
Provision for impairment losses as at 30 June 2015					<u>768,514</u>			

* In case of debt securities against which provision has been made, these are carried at amortised cost less provision.

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6.6.1 Significant terms and conditions of term finance certificates and sukuk bonds outstanding as at 30 June 2015 are as follows:

Name of security	Remaining principal (per TFC / sukuk bonds)	Mark-up rate (per annum)	Issue date	Maturity date
Term finance certificates - listed				
World Call Telecom Limited	2,011	1.60% + 6 Month KIBOR	7 October 2008	7 October 2013
Allied Bank Limited	4,989	1.3% + 6 Month KIBOR	28 August 2009	28 August 2019
Term finance certificates - unlisted				
Azgard Nine Limited III	2,168	2.25% + 6 Month KIBOR	4 December 2007	4 December 2014
Azgard Nine Limited V	5,000	-	31 March 2012	31 March 2017
Dewan Cement Limited	5,000	2% + 6 Month KIBOR	14 January 2008	14 January 2014
Engro Fertilizers Limited	5,000	2.1% + 6 Month KIBOR	18 March 2008	18 March 2018
New Allied Electronics Industries (Private) Limited	2,114	3% + 3 Month KIBOR	15 May 2007	15 May 2011
Agritech Limited I	4,995	1.75% + 6 Month KIBOR	29 November 2007	29 November 2014
Agritech Limited V	5,000	11% fixed rate	28 October 2011	28 April 2017
Sukuk bonds				
BRR Guardian Modaraba	2,750	1 Month KIBOR	7 July 2008	7 December 2016
Eden Housing Limited	984	2.5% + 6 Month KIBOR	29 March 2008	29 September 2014
Kohat Cement Company Limited	-	1.8% + 6 Month KIBOR	20 December 2007	20 December 2012
Maple Leaf Cement Factory Limited	2,146	1.7% + 3 Month KIBOR	3 December 2007	3 December 2018
New Allied Electronics Industries (Private) Limited	4,905	2.2% + 6 Month KIBOR	3 December 2007	3 December 2012
Pak Elektron Limited	1,786	1.75% + 3 Month KIBOR	28 September 2007	28 September 2012

6.6.2 Fair value of all performing term finance certificates is determined using rates notified by the Mutual Funds Association of Pakistan (MUFAP).

6.6.3 MUFAP, on 8 November 2012 classified the TFCs as non-performing due to non payment during extended period. Subsequently, on 26 December 2012 a restructuring agreement was approved by the TFCs holders. In accordance with the terms of restructuring, repayment period has been extended by two years and the principle amount is to be settled in three equal installments starting from 7 October 2014. Payment of accrued markup as at 7 October 2012 along with regular markup payments is to be made in eleven installments starting from 7 January 2013 with major payments due on 7 July 2014 and afterwards. During the year, the Fund received redemption of Rs. 5,863 million which resulted in reversal of provision against non-performing term finance certificates. The investment has been fully provided. The income suspended on these term finance certificates upto 30 June 2015 amounted to Rs. 9.031 million (30 June 2014: Rs. 9.231 million).

6.6.4 These zero coupon privately placed term finance certificates (PPTFCs) were issued against the interest receivable on TFCs of Azgard Nine Limited (disclosed in note 6.5.1) under an agreement dated 28 June 2012 between the Management Company of the Fund and Azgard Nine Limited. These PPTFCs are issued against the non performing securities, therefore the management, as a matter of prudence has recognised the PPTFCs at nil value. The principal outstanding against these PPTFCs is to be redeemed in seven equal semi-annual installments starting from 31 March 2014 and will mature on 31 March 2017. These PPTFCs have been fully provided.

6.6.5 The Fund had advanced an amount of Rs 150 million in respect of Pre-IPO placement of Dewan Cement Limited (DCL) under an agreement, which required public offering to be completed within 270 days of the date of agreement (which was 09 January 2008). DCL failed to complete the public offering within the said time period and has also defaulted in payment of principal and profit. The investment has been fully provided. The income suspended on these term finance certificates up to 30 June 2015 amounted to Rs. 153.774 million (30 June 2014: Rs. 136.128 million).

6.6.6 These represent investments in privately placed Term Finance Certificates and Sukuk bonds of the investee company. The investment has been fully provided. The income suspended on these term finance certificates and sukuk bonds up to 30 June 2015 amounted to Rs. 33.966 million (30 June 2014: Rs. 30.125 million) and Rs. 41.687 million respectively (30 June 2014: Rs. 36.452 million).

6.6.7 Agritech Limited defaulted in payment of principal and mark-up due on 30 May 2010. The investment has been fully provided. The income suspended on these term finance certificates up to 30 June 2015 amounted to Rs.78.310 million (30 June 2014: Rs. 61.263 million).

6.6.8 This represents investment in privately placed term finance certificates of Agritech V received against due markup of Agritech I. The investment has been fully provided. The income suspended on these term finance certificates up to 30 June 2015 amounted to Rs.12.433 million (30 June 2014: Rs. 8.869 million).

6.6.9 This represents investment in privately placed sukuk bonds issue with a term of five years. The investment has been fully provided. The income suspended on these sukuk bonds up to 30 June 2015 amounted to Rs. 1.725 million (30 June 2014: Rs. 0.590 million).

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- 6.6.10** This represents investment in privately placed sukuk bonds. The investment has been fully provided. During the year, the Fund received principal redemption of Rs. 8.571 million which resulted in reversal of provision against non-performing sukuk bonds. The income suspended on these sukuk bonds up to 30 June 2015 amounted to Rs. 1.475 million (30 June 2014: Rs. 1.594 million).
- 6.6.11** This represents investment in privately placed sukuk bonds. On 30 September 2014 i.e. the scheduled redemption date, principal redemption and profit payment of Rs. 1.8 million and Rs. 0.761 million were not received by the Fund. The investment has been fully provided. The income suspended on these sukuk bonds up to 30 June 2015 amounted to Rs. 1.913 million.
- 6.6.12** The term finance certificates and sukuk bonds held by the Fund are generally secured against hypothecation of stocks and receivables and mortgage / pledge of fixed assets of the user.

		2015	2014
		(Rupees in '000)	
6.7	Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		
	Market value of investments	6	748,806
	Less: Carrying value of investments		2,110,892
			(945,677)
			(196,871)
	Provision against non-performing TFCs and sukuk bonds		
	Balance as at 1 July	191,141	174,176
	Provision made during the year	-	41,322
	Less: Reversal of provision due to recovery	-	(24,357)
	Balance as at 30 June	191,141	191,141
	Less: Reversal of unrealised loss	-	22,762
		(5,730)	34,041
6.8	Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'available for sale'		
	Market value of investments	6	476,638
	Less: Carrying value of investments		670,753
			(1,200,772)
			(724,134)
	Provision against non-performing TFCs and sukuk bonds		
	Balance as at 1 July	755,448	939,681
	Provision made during the year	6.8.1	46,084
	Reversal of provision due to change in classification	-	(215,490)
	Reversal of provision due to redemption of principal	6.8.1	(14,434)
	Balance as at 30 June	787,098	755,448
	Reversal of appreciation on maturity of investment classified as 'available for sale' - net	-	9,495
	Reversal of unrealised loss due to classification as non-performing	17,155	-
		80,119	(68,157)
6.8.1	Movement in provision against non-performing term finance certificates and sukuk bonds		
	Balance as at 1 July	946,589	1,113,857
	Charge for the year	46,084	72,579
	Reversal of provision due to recovery	-	(24,357)
	Reversal of provision due to change in classification	-	(215,490)
	Reversal of provision due to redemption of principal	(14,434)	-
		31,650	(167,268)
	Balance as at 30 June	978,239	946,589

7 RECEIVABLE AGAINST MARGIN TRADING SYSTEM

This carries average profit rate of 13.20% and are matured at the option of financee subject to maximum period of 60 days.

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8	PROFIT RECEIVABLES	2015	2014
		(Rupees in '000)	
	Profit on bank deposits and term deposit receipts	61,552	51,809
	Profit on Margin Trading System	2,426	-
	Profit on Pakistan Investment Bonds	7,019	78,072
	Provision against accrued profit	10.1 (17,012)	(17,012)
		<u>53,985</u>	<u>112,869</u>
	Income accrued on term finance certificates and sukuk bonds - net	24,556	50,770
		<u>78,541</u>	<u>163,639</u>

9 RECEIVABLE / (PAYABLE) AGAINST CONVERSION OF UNITS

At year end, units of Rs. 2,450.875 million have been issued and units of Rs. 1,238.040 million have been redeemed (conversion / switching of units) as per the instructions of units holders of the respective funds between funds managed by the Management Company. However, receivable and payable have been stated "based on net settlement basis among funds made subsequent to year end (refer note 21.6).

10 ADVANCE, DEPOSITS, PREPAYMENT AND OTHER RECEIVABLE

		2015	2014
		(Rupees in '000)	
	Advance tax	1,532	1,532
	Security deposits with:		
	- Central Depository Company of Pakistan Limited	100	100
	- National Clearing Company of Pakistan Limited	250	-
	Prepaid mutual fund rating fee	162	133
	Receivable from KASB Bank Limited	10.1 463,225	463,225
		<u>465,269</u>	<u>464,990</u>

10.1 This represents receivable of Rs. 463.225 million on account of deposit maintained with KASB Bank ("the Bank").

The Fund claims profit at the rate 13 percent on its Mahana Khazana account maintained with the Bank, since 23 June 2008 to 10 February 2011. Whereas, the Bank did not credit / pay the due mark up at agreed rate, as the Bank did not get expected profit on its investment in units of the Fund for the same period. Based on said presumption, the Bank credited profit at the rate of 5 percent per annum, whereas, no guarantee / commitment was given to the Bank by the Fund in respect of rate of return. The Fund, on a prudent basis, accrued the mark up for the said period at 8 percent per annum, a minimum rate which the Bank offered to all its corporate customers. Subsequently, the management has been engaged in continuous efforts for recovery of profit at the rate of 13 percent and had several meeting with the official of the Bank.

On 10 February 2011, the Fund requested to the Bank to withdraw its entire deposit. The Bank has also filed for the redemption of their entire investment in the Fund on the same date. The Bank declined to honour the Fund's withdrawal request linking it with paying their redemption amount before releasing the Fund's deposit. On 01 April 2011, the Bank unilaterally set off the redemption value of the Bank's investment in the Fund with the Fund's deposit with the Bank and credited the principal of Rs 187.008 million plus profit of Rs. 24.64 million at the rate of around 5 percent after making an adjustment of Rs 463.225 million on account of redemption of its units which includes contingent load of Rs. 23.161 million. The Fund accepted the amount under protest, being part payment of total amount receivable and referred this case to the Banking Mohtasib for resolution while claiming profit at the rate of 13 percent. The management, at parallel, continued its negotiation with the Bank through the Trustee. The Trustee informed to the Fund that the Bank offered the rate of 7 percent from retrospective affect to settle the transaction. The Trustee advised to the management to meet with the Bank officials once again on this issue and try to recover the profit at better rate. The Management Company is making every effort for recovery of profit at the rate higher than 7 percent. However on prudent basis, it brought down the accrued profit at 7 percent and has maintained provision of Rs. 17 million thereagainst.

In this regard, the management has filed a recovery suit against the Bank with the Sindh High Court. The Securities and Exchange Commission of Pakistan (SECP) vide its Order dated 12 August 2011 under Section 282J (1) and 282J (2) of the Companies Ordinance, 1984, required the Management Company to make the loss of Rs.19 million good to the Fund's unit holders in addition to a penalty of Rs. 1 million.

Thereafter, unexpectedly the Management Company received above order while the management was pursuing this case with the Banking Mohtasib and the High Court for the benefits of the unit holders and therefore was unable to understand as to how SECP without having final discussion issued such an order. Moreover, the Management is of the view that the regulators' second-guessing of decisions of the management based on the hindsight information would be detrimental to the business. The Management Company filed an appeal with the Appellate Bench of SECP on 26 August 2011 and the Bench suspended the said order till the issuance of final order.

NAFA INCOME OPPORTUNITY FUND

During the year ended 30 June 2012, the Management Company has filed petition before the Honorable High Court of Sindh for resolution of dispute with the Bank. The hearing of the case is pending to date. However, the Management Company is confident that the matter would be resolved in the Fund's favour.

		2015	2014
11 PAYABLE TO NBP FULLERTON ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY		(Rupees in '000)	
Management remuneration	11.1	9,304	884
Sindh Sales Tax	11.1	1,619	164
Federal Excise Duty	11.2	19,178	5,454
Sales load payable to Management Company		1,470	69
Sindh Sales Tax and Federal Excise Duty on sales load payable		1,001	119
		<u>32,572</u>	<u>6,690</u>

11.1 Under the provisions of the NBFC Regulations, 2008, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such assets of the Fund. The Management Company has charged its remuneration at the rate of one percent per annum of the average annual net assets of the Fund for the current year. The remuneration is paid on a monthly basis in arrears. The Sindh Government has levied Sindh Sales Tax at the rate of 16% on the remuneration of the Management Company through Sindh Sales Tax Act, 2011. However, the rate has been changed to 15% effective from 01 July 2014.

11.2 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 matter has been taken up collectively by the Mutual Fund Association of Pakistan where various options are being considered. The High Court of Sindh in its order dated 09 September 2013 granted stay to the various funds for the recovery of FED. As a matter of abundant caution, the Management Company has made a provision with effect from 13 June 2013, aggregating to Rs. 19.758 million out of which Rs. 0.580 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 30 June 2015 would have been higher by Rs. 0.0436 per unit.

12 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net assets value of the Fund. The remuneration is paid to the Trustee monthly in arrears.

Based on the Trust Deed, the tariff structure applicable to the Fund is as follows:

Net Assets	Tariff per annum
Upto Rs 1,000 million	0.17% p.a. of net assets
On an amount Rs 1,000 million to 5,000 million	Rs 1.7 million plus 0.085% p.a. of net assets exceeding Rs 1,000 million.
On an amount exceeding Rs 5,000 million	Rs 5.1 million plus 0.07% p.a. of net assets exceeding Rs 5,000 million.

13 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Under the provisions of the NBFC Regulations, a collective scheme categorized as an income scheme is required to pay an annual fee to SECP, an amount equal to 0.075 percent of the average annual net assets of the Fund. The fee is paid annually in arrears.

14 PAYABLE AGAINST REDEMPTION OF UNITS

This mainly includes Rs. 440.064 million payable on account of redemption of units KASB Bank Limited (refer note 10.1).

NAFA INCOME OPPORTUNITY FUND

15 ACCRUED EXPENSES AND OTHER LIABILITIES		2015	2014
		(Rupees in '000)	
Auditors' remuneration		395	401
Settlement charges payable		274	12
Payable to brokers		74	-
Printing charges		150	125
Workers' Welfare Fund	15.1	31,218	25,066
Contingent load	10.1	23,161	23,161
Legal and professional charges		125	50
Withholding tax		3,014	364
Capital gain tax		18,720	508
Others		344	247
		<u>77,475</u>	<u>49,934</u>

- 15.1** 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 ended 30 June 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, had declared the said amendments as unlawful and unconstitutional. In March 2013, a larger bench of the Sindh High Court (SHC) passed an order declaring that the amendments introduced in the WWF Ordinance, 1971 through the 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 the 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. 31.218 million (including Rs. 6.152 million for the current year). Had the same not been made the net assets value per unit of the Fund as at 30 June 2015 would have been higher by Rs 0.0688 per unit.

16 CONTINGENCY AND COMMITMENT

There is no contingency and commitment outstanding as at 30 June 2015.

17 NUMBER OF UNITS IN ISSUE		2015	2014
		(Number of units)	
Total units in issue at the beginning of the year		415,812,394	175,369,497
Add: units issued	17.1	1,250,854,393	286,617,646
Add: bonus units issued		-	34,318,065
Less: units redeemed		(1,213,119,454)	(80,492,814)
Total units in issue the end of the year		<u>453,547,333</u>	<u>415,812,394</u>

- 17.1** This includes 5,182,518 units issued against Dividend Reinvestment Plan amounting to Rs. 59,923 million, net of taxation.

18 AUDITORS' REMUNERATION

		2015	2014
		(Rupees in '000)	
Audit fee		300	351
Half yearly review		141	141
Out of pocket expenses and others including government levy		99	81
		<u>540</u>	<u>573</u>

NAFA INCOME OPPORTUNITY FUND

19 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 not less than 90% of its accounting income for the year, the income distributed through bonus units 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 to the unit holders. The Board of Directors of the Management Company in their meetings held on 29 June 2015 and 14 July 2015 (refer note 30) has distributed more than ninety percent of the Fund's accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders. Accordingly, no provision has been made in these financial statements.

20 FINANCIAL INSTRUMENTS BY CATEGORY

As at 30 June 2015

	Loans and receivables	Assets at fair value through profit or loss	Available for sale	Total
-----Rupees in '000-----				
Assets				
Bank balances	2,218,579	-	-	2,218,579
Investments	-	748,806	476,638	1,225,444
Receivable against Margin Trading System	645,319	-	-	645,319
Profit receivables	78,541	-	-	78,541
Receivable against conversion of units	1,216,046	-	-	1,216,046
Deposits and other receivable	463,575	-	-	463,575
	<u>4,622,060</u>	<u>748,806</u>	<u>476,638</u>	<u>5,847,504</u>

As at 30 June 2015

	Liabilities at fair value through profit or loss	Other financial liabilities	Total
-----Rupees in '000-----			
Liabilities			
Payable to NBP Fullerton Asset Management Limited - Management Company	-	32,572	32,572
Payable to Central Depository Company of Pakistan Limited - Trustee	-	562	562
Payable against redemption of units	-	487,387	487,387
Payable against conversion of units	-	3,211	3,211
Dividend payable	-	1,166	1,166
Accrued expenses and other liabilities	-	24,523	24,523
	<u>-</u>	<u>549,421</u>	<u>549,421</u>

As at 30 June 2014

	Loans and receivables	Assets at fair value through profit or loss	Available for sale	Total
-----Rupees in '000-----				
Assets				
Bank balances	1,407,789	-	-	1,407,789
Investments	46,884	2,110,892	670,753	2,828,529
Profit receivables	163,639	-	-	163,639
Deposit and other receivable	463,325	-	-	463,325
	<u>2,081,637</u>	<u>2,110,892</u>	<u>670,753</u>	<u>4,863,282</u>

NAFA INCOME OPPORTUNITY FUND

As at 30 June 2014

Liabilities	Liabilities at fair value through profit or loss	Other financial liabilities	Total
	-----Rupees in '000-----		
Payable to NBP Fullerton Asset Management Limited - Management Company	-	6,690	6,690
Payable to Central Depository Company of Pakistan Limited - Trustee	-	358	358
Payable against redemption of units	-	453,578	453,578
Accrued expenses and other liabilities	-	23,996	23,996
	<u>-</u>	<u>484,622</u>	<u>484,622</u>

21 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

21.1 Connected persons include NBP Fullerton Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan (NBP) and its connected persons 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, 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.

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

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

21.4 The details of significant transactions and balances with connected persons at year end except those disclosed elsewhere in these financial statements are as follows:

21.5 Transactions during the year	2015	2014
	(Rupees in '000)	
NBP Fullerton Asset Management Limited - Management Company		
Remuneration of the Management Company	85,773	36,343
Sindh Sales Tax on management remuneration	14,924	6,780
Federal Excise Duty on management remuneration	13,724	5,815
Sale load during the period	4,002	703
Federal Excise Duty on sales load	640	106
Sales tax on sale load	701	123
National Bank of Pakistan - Sponsor		
Market treasury bills sold	-	542,672
Bonus units issued : Nil (2014: 419,214 bonus units)	-	-
Units redeemed: 4,020,905 (2014: Nil)	46,478	-
Muhammad Murtaza Ali - CFO & Company Secretary		
Issue / transfer in of 12,577 units (2014: Nil)	147	-
Redemption / transfer out of 12,577 units (2014: Nil)	148	-
NBP Employees Benevolent Fund Trust		
Issue / transfer in of 57 units (2014: Nil)	1	-
NBP Employees Pension Fund		
Bonus units issued : Nil (2014: 10,493,307 bonus units)	-	-
Issue / transfer in of 1,667,635 units (2014: Nil)	19,282	-
Cherat Cement Company Limited		
Issue of 22,593,968 units	250,000	-
Redemption of 22,593,968 units	261,932	-

NAFA INCOME OPPORTUNITY FUND

	2015	2014
	(Rupees in '000)	
Employees of Management Company -NAFA		
Issue / transfer in of 7,514,232 units (2014: 1,920,256 units)	85,266	20,826
Redemption / transfer out of 5,334,752 units (2014: 1,094,129 units)	60,675	11,866
Bonus units issued : Nil (2014: 80,170 bonus units)	-	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	5,546	2,909
The Hub Power Company Limited		
Investment matured	-	136,000
Pak Arab Refinery Limited - Staff Gratuity Fund		
Sale of market treasury bills	-	29,890
Thal Limited Employees Provident Fund		
Market treasury bills purchased	-	2,069
Sale of market treasury bills	-	28,929
International Industries Limited - Employees Gratuity Fund		
Sale of market treasury bills	-	5,420
NAFA Government Securities Liquid Fund		
Sale of market treasury bills	239,491	165,146
NAFA Government Securities Savings Fund		
Purchase of Pakistan Investment Bond	105,210	-
NAFA Asset Allocation Fund		
Purchase of market treasury bills	-	39,851
NAFA Financial Sector Income Fund		
Purchase of Pakistan Investment Bond	234,085	-
NAFA Money Market Fund		
Purchase of market treasury bills	122,267	-
Allied Bank Limited		
Redemption of 49,464,433 units (2014: 7,042,916 units)	523,747	75,000
Summit Bank Limited		
Bank profit	-	109
21.6 Amounts outstanding at year end		
NBP Fullerton Asset Management Limited - Management Company		
Management remuneration payable	9,304	884
Sindh Sales Tax payable	1,619	164
Federal Excise Duty payable	19,178	5,454
Sale load payable	1,470	69
Sindh Sales Tax on sale load	256	13
Federal Excise Duty on tax on sale load	745	106
National Bank of Pakistan - Sponsor		
Investment held by the sponsor in the Fund: Nil units (2014: 4,020,905 units)	-	42,089
Balance in account	6,326	1,683
Cash dividend payable	1,166	-
Payable against redemption of units	46,478	-
Central Depository Company of Pakistan Limited. - Trustee		
Remuneration payable	562	358
Security deposit	100	100
NBP Employees Pension Fund		
Investment held in the Fund 68,157,398 units (2014: 66,489,763 units)	787,831	695,988
Cash dividend payable	19,282	-

NAFA INCOME OPPORTUNITY FUND

	2015	2014
	(Rupees in '000)	
NBP Employees Benevolent Fund Trust		
Investment held in the Fund 2,348 units (2014: 2,291 units)	27	24
Cash dividend payable	1	-
Employees of Management Company - NAFA		
Investment held in the Fund 3,085,800 units (2014: 906,321 units)	35,669	9,487
Summit Bank Limited		
Balance in account	7,196	3,089
Cash dividend payable	297	-
Allied Bank Limited		
Investment held in the Fund: Nil units (2014: 49,464,433 units)	-	517,774
NAFA Asset Allocation fund		
Net receivable against conversion of units	3,404	-
NAFA Financial Sector Income Fund		
Net receivable against conversion of units	297,013	-
NAFA Government Securities Liquid Fund		
Net payable against conversion of units	1,531	-
NAFA Islamic Aggressive Income Fund		
Payable against conversion of units	544	-
NAFA Islamic Stock Fund		
Net receivable against conversion of units	733	-
NAFA Multi Asset Fund		
Payable against conversion of units	1,136	-
NAFA Money Market Fund		
Net receivable against conversion of units	824,969	-
NAFA Riba Free Savings Fund		
Receivable against conversion of units	1,794	-
NAFA Income Fund		
Receivable against conversion of units	30,000	-
NAFA Savings Plus Fund		
Net receivable against conversion of units	58,133	-

22 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

	Qualification	Experience
1. Dr. Amjad Waheed	MBA/ Doctorate in Business Administration / CFA	27
2. Sajjad Anwar	CFA / MBA Finance	15
3. Syed Suleman Akhtar	CFA	15
4. Muhammad Ali Bhabha	MBA / MS (CS) /CFA / FRM	20
5. Muhammad Imran*	CFA, ACCA	9

22.1 *Muhammad Imran is the Fund Manager. He is also managing NAFA Asset Allocation Fund and NAFA Islamic Aggressive Income Fund.

NAFA INCOME OPPORTUNITY FUND

23 BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

2015
%

J.S. Global Capital Limited	2.64
ICON Securities (Private) Limited	0.06
Invest One Markets Limited	1.97
Invest One Markets Limited (IOML)	14.4
Optimus Capital Management Limited	0.96
KASB Securites Limited	5.29
Elixir Securities Pakistan (Private) Limited	0.19
BMA Capital Management Limited	9.07
Invest Capital Markets Limited	44.68
Invest & Finance Securities (Private) Limited	2.26
Vector Capital (Private) Limited	7.61
Next Capital Limited	10.87

2014
%

J.S. Global Capital Limited	10.08
ICON Securities (Private) Limited	1.47
Invest One Markets Limited	3.82
KASB Securities Limited	20.06
Elixir Securities Paksitan Limited	11.77
BMA Capital Management Limited	11.21
Arif Habib Securities Limited	2.42
Invest Capital Markets Limited	8.07
Global Securities Pakistan Limited	0.19
Vector Capital (Private) Limited	30.17

24 PATTERN OF UNIT HOLDING

As at 30 June 2015

Category	Number of unit holders	Investment amount (Rupees in '000)	Percentage investment
Individuals	1,554	1,731,716	33.03
Retirement funds	28	551,939	10.53
Bank / Development Financial Institutions	3	321,553	6.13
Insurance companies	6	57,834	1.10
Public listed companies	3	813,709	15.52
Associated companies / Directors	2	787,859	15.03
Others	86	977,927	18.66
	1,682	5,242,537	100.00

As at 30 June 2015

Category	Number of unit holders	Investment amount (Rupees in '000)	Percentage investment
Individuals	723	459,418	10.56
Retirement funds	27	1,521,458	34.96
Bank / Development Financial Institutions	4	1,199,214	27.55
Insurance companies	3	133,109	3.06
Public listed companies	2	45	0.00
Associated companies / Directors	1	42,089	0.97
Others	47	997,237	22.90
	807	4,352,570	100.00

NAFA INCOME OPPORTUNITY FUND

25 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 48th, 49th, 50th, 51st, 52nd and 53rd Board meetings were held on 16 September 2014, 30 October 2014, 17 February 2015, 21 April 2015, 29 June 2015 and 30 June 2015 respectively. Information in respect of attendance by directors in the meetings is given below:

Name of Director	Number of Meetings			Meetings not attended
	Held	Attended	Leave granted	
Mr. Nausherwan Adil	6	3	3	50th, 52nd & 53rd meeting
Mr. Aamir Sattar	6	5	1	51st meeting
Mr. Abdul Hadi Palekar	6	5	1	49th meeting
Mr. Wah Geok Sum*	3	0	3	48th, 49th & 50th meeting
Mr. Koh Boon San	6	4	2	52nd & 53rd meeting
Mr. Nigel Poh Cheng**	2	2	-	-
Mr. Shehryar Faruque	6	5	1	52nd meeting
Mr. Kamal Amir Chinoy	6	4	2	50th & 51st meeting
Dr. Amjad Waheed	6	6	-	

* Mr. Wah Geok Sum retired from Board with effect from 17 February 2015.

** Mr. Nigel Poh Cheng was co-opted on the Board with effect from 17 February 2015.

26 NON-COMPLIANCE WITH THE CIRCULAR AS SPECIFIED BY THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

As at 30 June 2015, the Fund is compliant with all the requirements of The Securities and Exchange Commission of Pakistan vide circular no. 7 of 2009 dated 6 March, 2009, except for clause 9 (v) requires that the rating of any security in the portfolio shall not be lower than investment grade. Non compliance of the said circular are as follows:

Category of non-compliant investment	Type of investment / name of Company	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	Azgard Nine Limited III**	108,377	108,377	-	-	-
	Azgard Nine Limited V**	82,180	82,180	-	-	-
	Agritech Limited I **	149,860	149,860	-	-	-
	Agritech Limited V **	32,320	32,320	-	-	-
	BRR Guardian Modaraba**	27,500	27,500	-	-	-
	Eden Housing Ltd. Sukuk II **	9,056	9,056	-	-	-
	New Allied Electronics Industries (Private) Limited - PPTFC **	31,707	31,707	-	-	-
	Dewan Cement Limited - **	150,000	150,000	-	-	-
	New Allied Electronics Industries (Private) Limited - Sukuk II **	44,149	44,149	-	-	-
	PACE Pakistan Limited **	149,820	149,820	-	-	-
	Pak Electron Limited - Sukuk **	42,857	42,857	-	-	-
	Saudi Pak Leasing Company Limited **	41,321	41,321	-	-	-
	Worldcall Telecom Limited **	90,508	90,508	-	-	-
	Investment in Equity securities	Agritech Limited*	49,693	18,584	31,109	0.59
Azgard Nine Limited (non-voting)		13	13	-	-	-

* These shares are received in partial settlement against term finance certificates of Azgard Nine limited as fully explained in note 6.5.1.

** At the time of purchase, the term finance certificates and sukuks were in compliance with the aforementioned circular. However, subsequently due to defaults these were downgraded to non investment grade.

27 FINANCIAL RISK MANAGEMENT

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are based on limits established by the Management Company, Fund's constitutive documents and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund.

NAFA INCOME OPPORTUNITY FUND

The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed by Board of Directors and Audit Committee regularly to reflect changes in market conditions and the Fund's activities.

The management of these risks is carried out by the Investment Committee (IC) under policies approved by the Board of Directors of the Management Company. The IC is constituted and approved by the Board of Directors of the Management Company. IC is responsible to devise the investment strategy and manage the investment portfolio of the Fund in accordance with limits prescribed in the Non Banking Finance Companies and Notified Entities Regulations, 2008, offering document of the Fund in addition to Fund's internal risk management policies.

The Fund primarily invests in a portfolio of money market investments such as investment-grade debt securities, secured privately placed instruments, spread transactions, continuous funding system transactions and investments in other money market instruments (including the clean placements). Such investments are subject to varying degrees of risk. These risks emanate from various factors that include, but are not limited to market risk, credit risk and liquidity risk.

27.1 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk (equity price risk).

Management of market risk

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Board of Directors and regulations laid down by SECP.

27.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present is not exposed to currency risk as its operations are geographically restricted to Pakistan and all transactions are carried out in Pak Rupees.

27.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

(a) Sensitivity analysis for variable rate instruments

As at 30 June 2015, the Fund holds KIBOR based interest bearing term finance certificates and sukuk bonds exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR on 30 June 2015, with all other variables held constant, the net assets of the Fund and net income for the year would have been higher / lower by Rs. 9.172 million (2014: Rs. 4.231 million).

(b) Sensitivity analysis for fixed rate instruments

As at 30 June 2015, the Fund holds market treasury bills and Pakistan investment bonds, exposing the Fund to fair value interest rate risk. In case of 100 basis points increase / decrease in interest rates on 30 June 2015, the net assets of the Fund and net income for the year would have been higher / lower by Rs. 4.832 million (2014: Rs. 1.820 million).

The composition of the Fund's investment portfolio and rates announced by MUFAP is expected to change over time. Therefore, the sensitivity analysis prepared as of 30 June 2015 is not necessarily indicative of the effect on the Fund's net assets due to future movements in interest rates.

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

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30 June 2015

	Yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
		Upto three months	Over three months and upto one year	Over one year		
(Rupees in '000)						
On-balance sheet financial instruments						
Financial assets						
Bank balances	4.50% - 10.00%	2,211,373	-	-	7,206	2,218,579
Investments	6.90% - 12.00%	35,073	120,620	1,038,642	31,109	1,225,444
Receivable against Margin Trading System		645,319	-	-	-	645,319
Profit receivables		-	-	-	78,541	78,541
Receivable against conversion of units		1,216,046	-	-	-	1,216,046
Deposits and other receivable		-	-	-	463,575	463,575
		<u>4,107,811</u>	<u>120,620</u>	<u>1,038,642</u>	<u>580,431</u>	<u>5,847,504</u>
Financial liabilities						
Payable to NBP Fullerton Asset Management Limited - Management Company		-	-	-	32,572	32,572
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	562	562
Payable against redemption of units		-	-	-	487,387	487,387
Payable against conversion of units		-	-	-	3,211	3,211
Dividend payable		-	-	-	1,166	1,166
Accrued expenses and other liabilities		-	-	-	24,523	24,523
		-	-	-	<u>549,421</u>	<u>549,421</u>
On-balance sheet gap		<u>4,107,811</u>	<u>120,620</u>	<u>1,038,642</u>	<u>31,010</u>	<u>5,298,083</u>
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-
Total interest rate sensitivity gap		<u>4,107,811</u>	<u>120,620</u>	<u>1,038,642</u>	<u>31,010</u>	<u>5,298,083</u>
Cumulative interest rate sensitivity gap		<u>4,107,811</u>	<u>4,228,431</u>	<u>5,267,073</u>		

30 June 2014

	Yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
		Upto three months	Over three months and upto one year	Over one year		
(Rupees in '000)						
On-balance sheet financial instruments						
Financial assets						
Bank balances	5.00% - 12.00%	1,403,861	-	-	3,928	1,407,789
Investments	6.90% - 16.70%	1,842	2,501	2,782,613	41,573	2,828,529
Profit receivables		-	-	-	163,639	163,639
Deposit and other receivable		-	-	-	463,325	463,325
		<u>1,405,703</u>	<u>2,501</u>	<u>2,782,613</u>	<u>672,465</u>	<u>4,863,282</u>
Financial liabilities						
Payable to NBP Fullerton Asset Management Limited - Management Company		-	-	-	6,690	6,690
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	358	358
Payable against redemption of units		-	-	-	453,578	453,578
Accrued expenses and other liabilities		-	-	-	23,996	23,996
		-	-	-	<u>484,622</u>	<u>484,622</u>
On-balance sheet gap		<u>1,405,703</u>	<u>2,501</u>	<u>2,782,613</u>	<u>187,843</u>	<u>4,378,660</u>
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-
Total interest rate sensitivity gap		<u>1,405,703</u>	<u>2,501</u>	<u>2,782,613</u>	<u>187,843</u>	<u>4,378,660</u>
Cumulative interest rate sensitivity gap		<u>1,405,703</u>	<u>1,408,204</u>	<u>4,190,817</u>		

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27.4 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest risk of currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The fund is exposed to equity price risk because of investment held by the Fund and classified on the Statement of Assets and Liabilities as 'available for sale' and 'at fair value through profit and loss'.

In case of 5% increase / decrease in KSE 100 index on 30 June 2015, with all other variables held constant, net income for the year would not be affected as the Fund does not have any security which is classified at fair value through profit or loss. Net assets of the Fund would increase / (decrease) by Rs. 1.555 million (2014: Rs. 0.827 million) as a result of gains / (losses) on equity securities classified as available for sale.

The analysis is based on the assumption that equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KSE 100 index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2015 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KSE 100 index.

27.5 Credit risk

Credit risk arising from the inability of the counterparties to fulfill their obligations in respect of financial instrument contracts, is generally limited to the principal amount and accrued income thereon.

Management of credit risk

The Fund's policy is to enter into financial contracts with reputable counterparties in accordance with the internal risk management policies and investment guidelines approved by the Board of Directors. The IC closely monitors the credit worthiness of the Fund's counterparties (e.g., issuer of the instruments, brokers, banks, etc.) by reviewing their credit ratings, financial statements and press releases on a regular basis. In addition the credit risk is also minimized due to the fact that the Fund only invests in the high quality financial assets, majority of which have been rated by a reputable rating agency. All transactions in debt securities are settled / paid upon delivery. The risk of default in such transactions is considered minimal, as delivery of securities is guaranteed by reputable brokers or the transactions are carried with counter parties of high reputation. Further, bank accounts are held only with reputable banks.

Concentration of the credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk.

The analysis below summarises the credit quality of the Fund's financial assets as at 30 June 2015.

	2015	2014
	(Rupees in '000)	
Balances with banks		
AAA	17,840	379,460
AA+	62,335	1,024,737
AA	55,027	546
AA-	1,408,622	-
A+	661,552	-
A	10,681	5
A-	2,522	3,041
	<u>2,218,579</u>	<u>1,407,789</u>
Investments - Term finance certificates and sukuk bonds		
	2015	2014
	(Rupees in '000)	
AA+, AA, AA-	782,150	523,370
A+, A, A-	144,222	434,591
BBB+, BBB, BBB-	-	229,763
Non-rated	-	28,588
	<u>926,372</u>	<u>1,216,312</u>

The maximum exposure to credit risk before any credit enhancement as at 30 June 2015 is the carrying amount of the financial assets.

27.6 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Fund.

NAFA INCOME OPPORTUNITY FUND

Management of liquidity risk

The Fund is exposed to daily cash redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

The Fund has the ability to borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates. However, during the current year, no borrowing was obtained by the Fund.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue.

Maturity analysis for financial liabilities

The table below analysis the Fund's liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows:

The maturity profile of the Fund's liabilities based on contractual maturities is given below:

	30 June 2015			
	Total	Upto three months	Over three months and upto one year	Over one year
	------(Rupees in '000)-----			
Financial Liabilities				
Payable to NBP Fullerton Asset Management Limited - Management Company	32,572	32,572	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	562	562	-	-
Payable on redemption of units	487,387	487,387	-	-
Payable against conversion of units	3,211	3,211	-	-
Dividend payable	1,166	1,166	-	-
Accrued expenses and other liabilities	24,523	24,523	-	-
	<u>549,421</u>	<u>549,421</u>	<u>-</u>	<u>-</u>
Unitholders' Fund	<u>5,242,537</u>	<u>5,242,537</u>	<u>-</u>	<u>-</u>
	30 June 2014			
	Total	Upto three months	Over three months and upto one year	Over one year
	------(Rupees in '000)-----			
Financial Liabilities				
Payable to NBP Fullerton Asset Management Limited - Management Company	6,690	6,690	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	358	358	-	-
Payable against redemption of units	453,578	453,578	-	-
Accrued expenses and other liabilities	23,996	23,996	-	-
	<u>484,622</u>	<u>484,622</u>	<u>-</u>	<u>-</u>
Unitholders' Fund	<u>4,352,570</u>	<u>4,352,570</u>	<u>-</u>	<u>-</u>

28 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

NAFA INCOME OPPORTUNITY FUND

The fair value of financial assets and liabilities traded in active markets are based on the quoted market prices at the close of trading on the year end date.

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.

The fair value of financial assets (e.g. Treasury bills, Pakistan Investment Bonds, Terms finance certificates and Sukuk bonds) that are not traded in an active market is determined with reference to the rates quoted by Financial Market Association of Pakistan and MUFAP. The fair value quoted by MUFAP is calculated in accordance with valuation methodology prescribed by Circular 33 of 2012 dated 24 October 2012 issued by the Securities and Exchange Commission of Pakistan (SECP).

If a security is not quoted by MUFAP due to it being 'non-performing status', its values is determined by applying discount in accordance with Circular No. 33 of 2012 issued by the SECP.

The estimated fair value of other financial assets and liabilities is considered not significantly different from carrying values as the items are either short term in nature or periodically repriced.

International Financial Reporting Standard 7, 'Financial instruments: Disclosures' 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 (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).

	As at 30 June 2015			
	Level 1	Level 2	Level 3	Level 4
ASSETS	------(Rupees in '000)-----			
Investment in securities - at fair value through profit or loss	-	748,806	-	748,806
Investment in securities - available for sale	31,109	445,529	-	476,638

	As at 30 June 2014			
	Level 1	Level 2	Level 3	Level 4
ASSETS	------(Rupees in '000)-----			
Investment in securities - at fair value through profit or loss	-	2,110,892	-	2,110,892
Investment in securities - available for sale	41,573	629,180	-	670,753
Loans and receivables	-	46,884	-	46,884

The reconciliation of provision in respect of level 3 is stated in note 6.8.1 to the financial statements.

29 UNIT HOLDERS' FUND RISK MANAGEMENT

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

The Fund has no restrictions on the subscription and redemption of units.

The Fund meets the requirement of sub-regulation 54 (3a) which requires that the minimum size of an Open End Scheme shall be one hundred million rupees at all time during the life of the scheme

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to unit holders and to maintain a strong base of assets under management.

In accordance with the risk management policies stated in note 27, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption, such liquidity being augmented by short term borrowing arrangements (which can be entered if necessary) or disposal of investments where necessary.

NAFA INCOME OPPORTUNITY FUND

30 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of directors of the Management Company in their meeting on 14 July 2015 have proposed a final distribution at the rate of 8.29%. The financial statements of the fund for the year ended 30 June 2015 do not include the effect of the final distribution which will be accounted for in the financial statements of the Fund for the year ended 30 June 2016.

31 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on September 30, 2015.

32 GENERAL

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA INCOME OPPORTUNITY FUND

Performance Table

Particulars	For the year ended June 30, 2015	For the year ended June 30, 2014	For the year ended June 30, 2013	For the year ended June 30, 2012	For the year ended June 30, 2011	For the year ended June 30, 2010
Net assets (Rs. '000')	5,242,537	4,352,570	1,869,352	1,545,532	2,505,164	3,914,906
Net Income / (loss) (Rs. '000')	301,448	474,424	154,541	(244,460)	176,072	285,007
Net Asset Value per units (Rs.)	11.5590	10.4676	10.6595	9.6618	10.01	9.8692
Offer price per unit	11.7132	10.6085	10.6595	9.6618	10.01	9.8692
Redemption price per unit	11.5590	10.4676	10.6595	9.6618	10.01	9.8692
Highest offer price per unit (Rs.)	10.8419	10.6085	10.6694	9.9179	10.5568	9.9065
Lowest offer price per unit (Rs.)	9.5761	9.0910	9.6456	9.1192	9.3419	9.2502
Highest redemption price per unit (Rs.)	10.6992	10.4676	10.6694	9.9179	10.5568	9.9065
Lowest redemption price per unit (Rs.)	9.4500	8.9703	9.6456	9.1192	9.3419	9.2502
Fiscal Year Opening Nav	9.4481	8.9772	9.66	9.7139	9.4894	9.3269
Total return of the fund	13.21%	16.60%	10.33%	-0.54%	5.49%	5.81%
Capital growth	0.96%	3.32%	3.73%	-0.54%	-1.79%	-0.55%
Income distribution as a % of ex nav	12.25%	13.28%	6.60%	0.00%	7.28%	6.37%
Income distribution as a % of par value	11.58%	11.93%	6.38%	0	6.91%	5.94%
Interim distribution per unit	0.2900	1.1925			0.3948	0.5937
Final distribution per unit	0.8675		0.6377		0.2961	-
Distribution dates						
Interim	29-June-2015	3-Feb-2014, 30-Apr-2014 & 26-Jun-2014			-	18-Feb-11 & 19- 28-Oct-09, 17-Feb- 16-Oct-08 & 17- 10 & 29-Apr-10
Final	14-July-2015		11-Jul-13		4-Jul-11	-
Average annual return (launch date 22-04-2006)						
(Since inception to June 30, 2015)	8.85%					
(Since inception to June 30, 2014)		7.92%				
(Since inception to June 30, 2013)			6.77%			
(Since inception to June 30, 2012)				6.21%		
(Since inception to June 30, 2011)					7.56%	
(Since inception to June 30, 2010)						8.06%
Portfolio Composition (Please see Fund Manager Report)						
Weighted average portfolio duration	57 Days	241 Days	47 days	77 days	84 days	60 days








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



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