

AM2+
Rated by PACRA



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

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

QUARTERLY REPORT MARCH 31 2016




Your investments & "NAFA" grow together



**FULLERTON FUND
MANAGEMENT**

Joint - Venture Partners

MISSION STATEMENT



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

Contents

FUND'S INFORMATION	03
DIRECTORS' REPORT	05
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES	07
CONDENSED INTERIM INCOME STATEMENT	08
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME	09
CONDENSED INTERIM DISTRIBUTION STATEMENT	10
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND	11
CONDENSED INTERIM CASH FLOW STATEMENT	12
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS	13

Contents

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY 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. Nigel Poh Cheng	Director
Mr. Koh Boon San	Director
Mr. Kamal Amir Chinoy	Director
Mr. Shehryar Faruque	Director
Mr. Aamir Sattar	Director
Mr. Abdul Hadi Palekar	Director

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

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 Shahra-e-Faisal, Karachi.

Bankers to the Fund

Dubai Islami Bank Pakistan Limited
Bankislami Pakistan Limited
Silk Bank (Emaan)Limited
Habib Bank Limited
Burj Bank Limited
UBL Ameen Limited

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

Auditors

A.F. Ferguson & Co. Chartered Accountants
State Life Building No. 1-C
I.I. Chundrigar Road,
P.O.Box 4716
Karachi.

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: 111-1111NFA (111-111-632),
(Toll Free): 0800-20001,
Fax: (021) 35825329
Website: www.nafafunds.com

Lahore Office:

7-Noon Avenue, Canal Bank,
Muslim Town, Lahore.
UAN: 042-111-111-632
Fax: 92-42-35861095

Islamabad Office:

Plot No. 395, 396
Industrial Area, I-9/3 Islamabad.
UAN: 051-111-111-632
Phone: 051-2514987
Fax: 051-4859031

Peshawar Office:

Opposite Gul Haji Plaza, 2nd Floor
National Bank Building
University Road Peshawar,
UAN: 091-111 111 632 (nfa)
Fax: 091-5703202

Multan Office:

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

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

DIRECTORS' REPORT

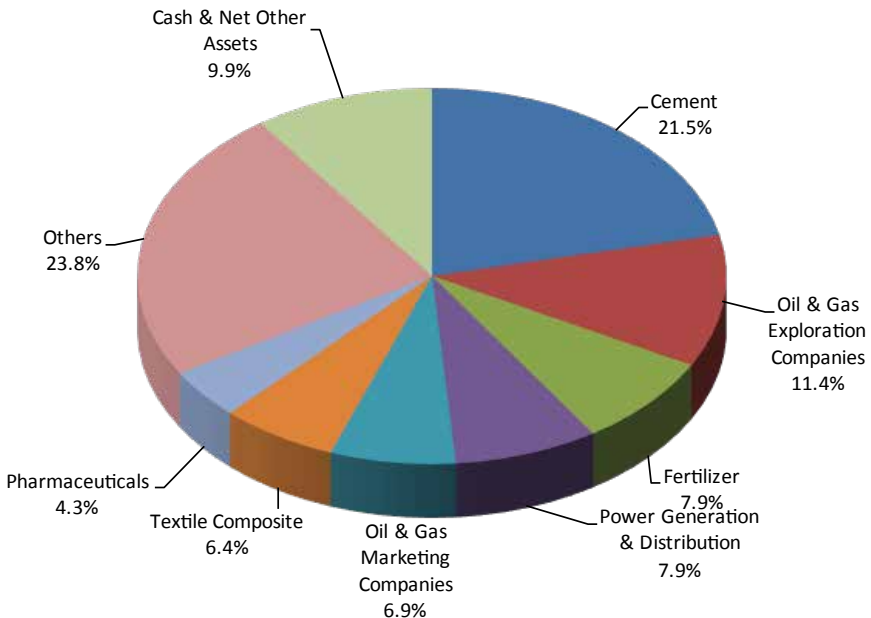
The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the unaudited financial statements of NAFA Islamic Active Allocation Equity Fund (NIAAEF) for the period from January 18, 2016 to March 31, 2016.

Fund's Performance

The size of the Fund as at March 31, 2016 is Rs.909 million. Since launch of the Fund, the unit price of NAFA Islamic Active Allocation Equity Fund has increased from Rs.10 on January 18, 2016 to Rs.10.6541 on March 31, 2016, thus showing an increase of 6.54%. The Benchmark KMI-30 return during the same period was 11.47%. Thus, the Fund has underperformed its Benchmark by 4.93% during the period under review. This performance is net of management fee and all other expenses.

The stock market volatility remained elevated during the 3QFY16. The market started off the quarter on a weak note in January, posting -3.2% returns before taking a breather in February and finally making a strong recovery in March. Overall, the KMI-30 Index increased by 4.7% during the quarter driven by strong performance of the Cement sector on the back of robust volumetric growth, and recovery in Oil & Gas sector due to sharp rebound in international crude prices from their lows. Foreign investors remained large net sellers with net outflows of USD100mn during the quarter, though slowdown in foreign selling was evident as the cumulative selling during the first two months stood at USD 89 million as compared to just USD11 million in the third month. On the local side, NBFCs, Individuals, and Companies remained net buyers, absorbing the foreign selling, which was largely concentrated in Banks and Fertilizers sectors. Towards the end of the quarter, MSCI also initiated consultation process for potential reclassification of Pakistan to Emerging Markets which garnered significant investor interest. The Pharmaceuticals and Cement sectors outperformed the market whereas, Chemicals and Fertilizer sectors lagged behind.

The Fund has earned total income of Rs.61.08 million during the period. After deducting expenses of Rs.5.29 million, the net income is Rs.55.79 million. The below chart presents the asset allocation of NIAAEF.



NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

Acknowledgement

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

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

On behalf of the Board of
NBP Fullerton Asset Management Limited

Chief Executive

Director

Date: April 29, 2016
Place: Karachi.

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED) AS AT MARCH 31, 2016

	Note	March 31, 2016 (Rupees in '000)
ASSETS		
Balances with banks	5	78,382
Investments	4	819,311
Profit and Dividend receivable	6	9,717
Preliminary and floatation costs	12	960
Other receivables	10	17
Receivable against sale of investment		4,508
Total assets		912,895
LIABILITIES		
Payable to the Management Company	7	3,160
Payable to Central Depository Company of Pakistan Limited - Trustee	8	157
Payable to Securities and Exchange Commission of Pakistan	9	128
Accrued expenses and other liabilities	11	718
Total liabilities		4,163
NET ASSETS		908,732
UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)		908,732
CONTINGENCIES AND COMMITMENTS	13	-
Number of units in issue		85,294,092
NET ASSET VALUE PER UNIT		10.6541

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE PERIOD FROM JANUARY 18, 2016 TO MARCH 31, 2016

	Note	For the period from January 18, 2016 to March 31, 2016 (Rupees in '000)
INCOME		
Net Gain on sale of investments		4,175
Dividend Income		9,202
Profit on bank deposits		1,602
Net unrealised appreciation / (diminution) on re-measurement as 'financial assets at fair value through profit or loss'		35,619
Total income		50,598
EXPENSES		
Remuneration of NBP Fullerton Asset Management Limited Management Company	7.1	2,690
Sindh sales tax on remuneration of the Management Company	7.2	437
FED on remuneration of the Management Company	7.3	430
Remuneration to Central Depository Company of Pakistan Limited- Trustee		269
Sindh Sales Tax on remuneration of the Trustee		38
Annual fee - Securities and Exchange Commission of Pakistan	9	128
Securities transaction cost		980
Settlement and bank charges		73
Auditors' remuneration		66
Allocated Expenses	7.4	134
Amortization of Formation Cost	12	40
Total Expenses		5,285
Net Income from operating activities		45,313
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		10,478
Net Income for the period before taxation		55,791
Taxation	14	-
Net Income for the period after taxation		55,791

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE PERIOD FROM JANUARY 18, 2016 TO MARCH 31, 2016

	For the period from January 18, 2016 to March 31, 2016 (Rupees in '000)
Net Income for the period after taxation	55,791
Other Comprehensive Income	-
Total comprehensive Income for the period	<u>55,791</u>

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE PERIOD FROM JANUARY 18, 2016 TO MARCH 31, 2016

	For the period from January 18, 2016 to March 31, 2016 (Rupees in '000)
Net Income for the period after taxation	55,791
Undistributed Income carried forward	<u>55,791</u>
Undistributed income comprising of:	
Realised income	20,172
Unrealised Gain	35,619
	<u>55,791</u>

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE PERIOD FROM JANUARY 18, 2016 TO MARCH 31, 2016

	For the period from January 18, 2016 to March 31, 2016 (Rupees in '000)
Issue of units 97,961,261	994,000
Redemption of units 12,667,169	(130,581) 863,419
Element of (income) / loss and capital gains / (losses) included in the prices of units issued less those in units redeemed-Transferred to income statement	(10,478)
Net unrealised appreciation / (diminution) on re-measurement as 'financial assets at fair value through profit or loss'	35,619
Capital Gain on sale of investments - net	4,175
Other income (net of expenses) for period	15,997 55,791
Net assets at the end of the period	<u><u>908,732</u></u>

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE PERIOD FROM JANUARY 18, 2016 TO MARCH 31, 2016

For the period
from January 18,
2016 to March
31, 2016
(Rupees in '000)

CASH FLOW FROM OPERATING ACTIVITIES

Net Income for the period before taxation	55,791
Adjustments	
Amortization of Formation Cost	40
Net unrealised (appreciation)/ diminution on re-measurement as 'financial assets at fair value through profit or loss'	(35,619)
Element of (income) / loss and capital (gain) / losses included in prices of units issued less those in units redeemed - net	(10,478)
	9,734
(Increase) / decrease in assets	
Investments	(783,692)
Profit and Dividend receivable	(9,717)
Preliminary and floatation costs	(1,000)
Other Receivable	(17)
Receivable against sale of investment	(4,508)
	(798,934)
Increase / (decrease) in liabilities	
Payable to the Management Company	3,160
Payable to the Trustee	157
Payable to the Securities and Exchange Commission of Pakistan	128
Accrued expenses and other liabilities	718
	4,163
Net cash Used in operating activities	(785,037)
CASH FLOW FROM FINANCING ACTIVITIES	
Net receipts from issue of units	994,000
Net payments on redemption of units	(130,581)
Net cash generated from financing activities	863,419
Cash and cash equivalents at the end of the period	78,382

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Un-Audited) FOR THE PERIOD FROM JANUARY 18, 2016 TO MARCH 31, 2016

1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY 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 the Trustee. The Trust Deed was executed on November 03, 2015 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on November 03, 2015. under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The principal office of the Management Company is situated at 7th Floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).

The objective of the Fund is to provide investors with long term capital growth from an actively managed portfolio of Shari'ah Compliant listed equities.

The Pakistan Credit Rating Agency (PACRA) has assigned an asset manager rating of AM2+ to the Management Company.

Title of the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

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

The directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2016.

2.2 Standards, interpretations and amendments to published approved accounting standards, as adopted in Pakistan, that are effective in the current period:

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. However, it does not change the requirements regarding which items should be measured or disclosed at fair value. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies as set out below are consistently applied for all periods presented in these financial statements.

3.1 Financial assets

3.1.1 Classification

The Fund classifies its financial assets in the following categories: loans and receivables, at fair value through profit or loss, held to maturity and available for sale. The classification depends on the purpose for which the financial assets were acquired. The management determines the appropriate Standard (IAS)39: 'Financial Instruments: Recognition and Measurement', at the time of initial recognition and re-evaluates this classification on a regular basis.

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

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) Held to maturity

Investments with fixed or determinable maturity where management has both the positive intent and ability to hold maturity are classified as held to maturity.

d) Available for sale

Non-derivative financial assets that are intended to be held for an indefinite period of time which may be sold in response to needs for liquidity or changes in prices. 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, (b) held to maturity investments or (c) financial assets at fair value through profit or loss.

3.1.2 Regular way contracts

All regular purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention are recognised on the trade date - the date on which the Fund commits to purchase or sell the assets.

3.1.3 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 in the income statement.

3.1.4 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 (which is essentially the same as 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.

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 government securities are valued on the basis of rates announced by the Financial Markets Association of Pakistan.

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

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'.

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.

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

3.1.5 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.

Provision for non-performing debt securities and other exposures is made in accordance with the criteria specified in Circular No. 33 of 2012 dated 24 October 2012 issued by SECP. The provisioning policy has been duly formulated and approved by the Board of Directors of Management Company.

3.1.6 Derecognition

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

3.2 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.

3.3 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are only offset and the net amount reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amount and the Fund intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.4 Derivative Financial Instruments

Derivative instruments that are held by the Fund primarily comprise of futures contracts in the capital market and are classified in held for trading investments, subcategory under investment 'at fair value through profit or loss'. These are measured at initially and of each subsequent measurement at their fair values which is calculated as being the net difference between the contract price and the closing price reported on the primary exchange of the futures contract. Derivatives with positive market values (unrealised gains) are included in other assets and derivatives with negative market values (unrealised losses) are included in other liabilities in the balance sheet. The resultant gains and losses are included in the income currently. All derivatives in a net receivables positions (positive fair values) and reported as financial asset held for trading. All derivatives in a net payable position (negative fair values) are reported as financial liabilities held for trading.

3.5 Preliminary and floatation costs

Preliminary and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortised over a period of two years in accordance with the requirements set out in the Trust Deed of the Fund and the NBFC Regulations.

3.6 Provision

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

3.7 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. The Fund is 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.

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

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 if any to the extent that it is 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 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.

3.8 Proposed distribution

Distributions declared subsequent to the balance sheet date are considered as non-adjusting events and are recognised in the financial statements in the period in which such distributions are declared. Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, requires that the Fund is required to distribute 90% of the net accounting income other than unrealized capital gains / loss to the unit holders.

3.9 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 during business hours of that day. The offer price represents the Net Asset Value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable. The sales load is payable to the Management Company, Investment facilitators or distributors. Transaction costs are recorded as the income of the Fund.

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

3.10 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. The 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' account is credited with the amount representing net income / (loss) and capital gains / (losses) accounted for in the net assets value and included in the sale proceeds of units. Upon redemption of units, the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' account is debited with the amount representing net income / (loss) and capital gains / (losses) accounted for in the net assets value and included in the redemption price.

The 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' during the year is included in the amount available for distribution to the unit holders.

3.11 Net Assets Value Per Unit

The Net Asset Value 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.

3.12 Revenue recognition

- Realised capital gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.
- Unrealised gains / (losses) arising on revaluation of investments classified as 'Financial assets at fair value through profit or loss' are included in the Income Statement in the period in which they arise.
- Unrealised gains / (losses) arising on revaluation 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, investments in debt securities and income from government securities is recognised using the effective interest method.

3.13 Cash and cash equivalents

Cash and cash equivalent comprise of bank balances and those investments which are readily convertible to known amount of cash subject to an insignificant risk of significant changes of values and have maturities of less than three months from the date of acquisition.

3.14 Foreign currency translation

Transactions in foreign currencies are translated into Rupees at rates of exchange on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at the rates of exchange ruling on the balance sheet date. All other exchange differences are charged to income statement.

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

4 Investments in shares of listed companies at fair value through profit or loss

Name of the investee company	Purchases during the period	Bonus / Right Issues	Sales during the period	As at March 31, 2016	Market Value as at March 31, 2016	Market value as a percentage of net assets	Market value as a percentage of total investment	Paid-up capital of the investee company held
	----- Number of shares -----			----- Rupees in '000 -----		----- % -----		
OIL AND GAS								
National Refinery Limited	63,800			63,800	17,257	1.90	2.11	0.08
Attock Refinery Limited	89,800			89,800	20,687	2.28	2.52	0.11
Attock Petroleum Limited	12,000			12,000	5,170	0.57	0.63	0.01
Shell Pakistan Limited	59,700			59,700	16,122	1.77	1.97	0.06
Pakistan Oilfields Limited	219,700		69,200	150,500	38,831	4.27	4.74	0.06
Pakistan Petroleum Limited	296,800		38,100	258,700	33,145	3.65	4.05	0.01
Pakistan State Oil Company Limited	139,000		21,600	117,400	41,236	4.54	5.03	0.04
Mari Petroleum Limited	63,000		18,200	44,800	31,471	3.46	3.84	0.04
FERTILIZER								
Engro Fertilizers Limited	449,500		30,000	419,500	29,151	3.21	3.56	0.03
Engro Corporation Limited	203,100		67,200	135,900	42,904	4.72	5.24	0.03
Automobile & Parts								
Indus Motor Company Limited	24,650			24,650	23,350	2.57	2.85	0.03
Pak Suzuki Motor Company Limited	25,900		2,500	23,400	9,635	1.06	1.18	0.03
Sazgar Engineering Works Limited	176,500			176,500	5,440	0.60	0.66	0.98
Industrial Metals and Mining								
Crescent Steel and Allied Products Limited	127,300		6,000	121,300	14,263	1.57	1.74	0.16
Mughal Iron and Steel Industries Limited	214,500			214,500	14,678	1.62	1.79	0.17
CONSTRUCTION AND MATERIALS								
Attock Cement Pakistan Limited	173,500			173,500	35,394	3.89	4.32	0.15
D.G. Khan Cement Company Limited	301,400		64,300	237,100	41,212	4.54	5.03	0.05
Fauji Cement Company Limited	1,032,500			1,032,500	44,110	4.85	5.38	0.08
Lucky Cement Limited	60,200			60,200	32,394	3.56	3.95	0.02
Pioneer Cement Limited	223,500			223,500	22,109	2.43	2.70	0.10
Maple Leaf Cement Limited	219,000			219,000	20,194	2.22	2.46	0.04
GENERAL INDUSTRIALS								
Thal Limited *	9,100			9,100	2,318	0.26	0.28	0.01
PERSONAL GOODS								
Kohinoor Textile Mills Limited	262,500	10,425		272,925	19,315	2.13	2.36	0.10
Nishat Mills Limited	408,000			408,000	39,091	4.30	4.77	0.12
ELECTRICITY								
The Hub Power Company Limited	389,000			389,000	40,665	4.47	4.96	0.03
Kot Addu Power Company Limited	212,000		500	211,500	16,322	1.80	1.99	0.02
K-Electric Limited *	2,484,000		375,000	2,109,000	14,974	1.65	1.83	0.09
COMMERCIAL BANKS								
Meezan Bank Limited	180,000			180,000	7,560	0.83	0.92	0.02
PHARMA AND BIO TECH								
Abbot Laboratories (Pakistan) Limited	200			200	132	0.01	0.02	0.00
Ferozsons Laboratories Limited	11,450			11,450	10,016	1.10	1.22	0.04
GlascoSmithKline (Pakistan) Limited	55,000			55,000	13,334	1.47	1.63	0.02
The Searle Company Limited	33,100	3,310		36,410	16,002	1.76	1.95	0.03
Technology Hardware & Equipment								
Avanceon Limited	135,500			135,500	4,568	0.50	0.56	0.13
NetSol Technologies Limited	152,000			152,000	9,997	1.10	1.22	0.17
Pakistan Telecommunication Company Limited	1,015,000			1,015,000	15,244	1.68	1.86	0.03
CABLE & ELECTRICAL GOODS								
Pak Elektron Limited	401,500	38,250	76,000	363,750	21,996	2.42	2.68	0.07
FOOD & PERSONAL CARE PRODUCTS								
Al-Shaheer Corporation Limited	269,500			269,500	14,405	1.59	1.76	0.22
GLASS & CERAMICS								
Tariq Glass Industries Limited	158,500			158,500	8,955	0.99	1.09	0.22
MISCELLANEOUS								
Synthetic Products Enterprises Limited	213,000			213,000	9,163	1.01	1.12	0.28
PAPER & BOARD								
Cherat Packaging Limited.	24,000			24,000	6,583	0.72	0.80	0.08
Packages Limited	19,000			19,000	9,918	1.09	1.21	0.02
				9,911,085	819,311	90.16	100.00	
					783,692			

Carrying value as at March 31, 2016

* All shares have a nominal face value of Rs 10 each except for shares of Thal Limited and K-Electric Limited which have a face value of Rs 5 and Rs. 3.5 each respectively.

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

- 4.1 Investments include shares with market value of Rs 102.60 million which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular number 11 dated October 23, 2007 issued by the SECP.

	Note	Un-Audited As at 'March 31, 2016 (Rupees in '000)
--	------	--

5 BALANCES WITH BANKS

Profit and loss savings accounts	5.1	<u>78,382</u>
----------------------------------	-----	---------------

- 5.1 These carry profits at the rates ranging from 6.25% to 7% per annum.

6 DIVIDEND AND PROFIT RECEIVABLE

Income accrued on savings deposits		526
Dividend		<u>9,191</u>
		<u>9,717</u>

7 PAYABLE TO NBP FULLERTON ASSET MANAGEMENT LIMITED MANAGEMENT COMPANY

Remuneration of the Management Company	7.1	1,373
Sindh Sales Tax on the Management Company's remuneration	7.2	223
Federal Excise Duty on the remuneration of the Management Company	7.3	430
Allocated Expenses	7.4	134
Preliminary and Floatation costs payable		<u>1,000</u>
		<u>3,160</u>

- 7.1 The Management Company has charged remuneration at the rate not exceeding 2 % per annum based on average net assets for the period. The fee is payable to the Management Company monthly in arrears.

- 7.2 The Provincial Government of Sindh has levied Sindh sales tax at the rate of 14% on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.

- 7.3 As per the requirements of the Finance Act, 2013 Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective June 13, 2013. The Management Company is of the view that since the remuneration is already subject to provincial sales tax as explained in note 6.2, further levy of FED may result in double taxation, which does not appear to be in the spirit of the law.

The matter has been collectively taken up by the Management Company jointly with other Asset Management Companies together with their respective Collective Investment Schemes through their trustees, through a Constitutional Petition filed in the Honourable Sindh High Court (SHC) during September 2013 challenging the levy of FED. In this respect, the SHC has issued a stay order against the recovery of FED and the hearing of the petition is still pending.

- 7.4 During the current period, the SECP vide S.R.O No 1160(I) / 2015 dated November 25, 2015 introduced amendments in the NBFC regulations. As a result of these amendments, the Management Company of the Fund is entitled to reimbursement of fees and expenses incurred by the Management Company in relation to registrar services, accounting, operation and valuation services related to Collective Investment Scheme upto a maximum of 0.1% of the average annual net assets of the Scheme or actual whichever is less. The Management Company has charged operating expenses to the Fund at the rate of 0.1% per annum of the average annual net assets of the Fund.

8 PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN - TRUSTEE

Trustee Fee		<u>157</u>
-------------	--	------------

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 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 during the period ended march 31, 2016 is as follows.

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

Net Assets

Upto Rs 1,000 million

On an amount exceeding Rs 1,000 million

Tariff per annum

0.20% p.a of the net assets

Rs 2.0 million plus 0.1% p.a. Of the net assets, exceeding Rs 1,000 million

	Un-Audited As at 'March 31, 2016 (Rupees in '000)
9 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	
Annual fee	<u>128</u>

Under the provision of the NBFC Regulations, a collective investment scheme categorised as Shariah Compliant is required to pay an annual fee to SECP. During the period the Fund has paid an amount equal to 0.095 percent of average annual net assets of the Fund.

10 Other Receivables	
Advance Tax	<u>17</u>
	<u>17</u>
11 ACCRUED EXPENSES AND OTHER LIABILITIES	
Auditors' remuneration	66
Bank charges	12
Settlement Charges	5
Brokerage Payable	321
Withholding tax and capital gain tax on dividend	137
Haram portion of dividend	177
	<u>718</u>

Total haram portion of dividend for the year amounted to Rs 0.177 million. The dividend income is recorded net of haram portion.

12 PRELIMINARY AND FLOATATION COSTS	
Preliminary and floatation costs incurred	1,000
Less: amortisation during the period	<u>(40)</u>
Closing balance	<u>960</u>

Preliminary and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund and are being amortised over a period of two years commencing from January 18, 2016 as per the requirements set out in the Trust Deed of the Fund.

13 CONTINGENCIES AND COMMITMENTS

There were no contingencies outstanding as at March 31, 2016.

14 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 period, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders. The management intends to distribute atleast 90% of the Fund's net accounting income earned by the year end to the unit holders. Accordingly, no provision for taxation has been made in this condensed interim financial information.

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

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

15 TRANSACTIONS WITH CONNECTED PERSONS

- 15.1 Connected persons include NBP Fullerton Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan and Alexandra Fund Management Pte. Limited being the sponsors, NAFA provident Trust Fund being the employee contribution plan of the Management Company, other collective investment schemes managed by the Management Company and directors and officers of the Management Company.
- 15.2 The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 15.3 Remuneration and front-end load payable to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.
- 15.4 Remuneration payable to the Trustee is determined in accordance with the provisions of the NBFC regulation and the Trust Deed.

16 Details of the transactions with connected persons are as follows:

NBP Fullerton Asset Management Limited - Management Company
 Remuneration of the Management Company
 Sindh sales tax on remuneration of the Management Company
 FED on remuneration of the Management Company
 Allocated Expenses

**Un-audited
 For the period
 from January
 18, 2016 to
 March 31,
 2016
 (Rupees in '000)**

2,690
 437
 430
 134

NAFA ISLAMIC ACTIVE ALLOCATION FUND (PLAN I)
 Units issued during the period 64,299,734
 Units redeemed during the period 12,667,169

640,000
 130,581

NAFA ISLAMIC ACTIVE ALLOCATION FUND (PLAN II)
 Units issued during the period 33,661,527

354,000

Central Depository Company of Pakistan Limited - Trustee
 Remuneration
 CDC Charges
 Sales Tax

269
 62
 38

17 Amounts outstanding as at period end

NBP Fullerton Asset Management Limited - Management Company
 Management remuneration payable
 Sindh sales tax payable
 F.E.D on Management Fee
 Formation Cost
 Allocated Expenses

**Un-audited
 As at March 31,
 2016
 (Rupees in '000)**

1,373
 223
 430
 1,000
 134

NAFA ISLAMIC ACTIVE ALLOCATION FUND (PLAN I)
 Units held (51,632,565)

550,099

NAFA ISLAMIC ACTIVE ALLOCATION FUND (PLAN II)
 Units Held (33,661,527)

358,633

Central Depository Company of Pakistan Limited - Trustee
 Remuneration payable
 Sales Tax

138
 19

NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND

18 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on April 29, 2016.

19 GENERAL

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

19.2 Comparative information is not available as the Fund commenced its operations on January 18, 2016.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director



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

Head Office

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

UAN: 021-111-111-632

Toll Free: 0800-20002

Sms: NAFA INVEST to 8080

Fax: 021-35825335

Email: info@nafafunds.com

Website: www.nafafunds.com

 /nafafunds