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

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

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.

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NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

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 FUND-I

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 FUND-I

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 Fund - I (NIAAF)** for the period from January 15, 2016 to March 31, 2016.

Fund's Performance

The objective of the Fund is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Income/Money Market Funds.

NAFA Islamic Active Allocation Fund-I has been constituted in the form of a Trust Scheme that shall invest in following Collective Investment Schemes through five (5) Allocation Plans including NAFA Islamic Active Allocation Plan-I (NIAAP-I) & NAFA Islamic Active Allocation Plan-II (NIAAP-II).

Islamic Income: NAFA Active Allocation Riba Free Savings Fund
Islamic Equity: NAFA Islamic Active Allocation Equity Fund

Plans	Launch Date	Fund Size (Million)	Cumulative Performance Since Inception	
			Plan Return	Benchmark* Return
NIAAP-I	15-Jan-16	1,232	3.72%	5.75%
NIAAP-II	4-Mar-16	804	0.80%	1.39%

*Daily weighted return of KMI-30 index & 6 month deposit rate of A- and above rated Islamic banks and windows based on actual investment.

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.

In the period under review, MoF Conducted auction for a floating rate GOP Ijara Sukuk and accepted Rs.118 billion against the target of Rs.100 billion. Auctions for the Fixed Rental Rate GOP Ijara Sukuk were also conducted where an amount of Rs.196 billion was accepted against the target of Rs.180 billion. Foreign exchange reserves reached a comfortable level of USD 20 billion. Inflation as measured by the CPI clocked-in at 3.9% on a year-on-year basis in March 2016.

The asset allocation of the Fund through Plans as on March 31, 2016 is as follows:

Plans	Asset Allocation of Plans		
	NAFA Islamic Active Allocation Funds		Cash & Other Net Assets
	Equity	Riba Free Savings	
NIAAP-I	44.6%	46.7%	8.7%
NIAAP-II	44.6%	49.3%	6.1%

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

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 FUND-I

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

	Note	NIAAP-I March 31, 2016	NIAAP-II March 31, 2016	Total March 31, 2016
------(Rupees in 000)-----				
ASSETS				
Balances with banks	4	116,245	54,035	170,280
Investments	5	1,124,956	754,571	1,879,527
Profit receivable	7	465	1,374	1,839
Preliminary and floatation costs	8	726	677	1,403
Total assets		1,242,392	810,657	2,053,049
LIABILITIES				
Payable to NBP Fullerton Asset Management Company Limited	9	7,706	5,247	12,953
Payable to Central Depository Company of Pakistan Limited - Trustee	10	114	67	181
Payable to Securities and Exchange Commission of Pakistan	11	249	56	305
Payable against redemption of units		30	19	49
Accrued expenses and other liabilities	6	2,138	1,573	3,711
Total liabilities		10,237	6,962	17,199
NET ASSETS		1,232,155	803,695	2,035,850
UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)		1,232,155	803,695	2,035,850
CONTINGENCIES AND COMMITMENTS	12	-	-	
Number of units in issue		11,879,371	7,973,008	
NET ASSET VALUE PER UNIT		103.7222	100.8020	

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 FUND-I

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE PERIOD FROM JANUARY 15, 2016 TO MARCH 31, 2016

	Note	NIAAP-I For the period from January 15, 2016 to March 31, 2016	NIAAP-II For the period from March 04, 2016 to March 31, 2016	Total For the period from January 15, 2016 to March 31, 2016
----- (Rupees in 000) -----				
INCOME				
Capital Gain on sale of investments - net		4,905	43	4,948
Profit on bank deposits		2,231	1,374	3,605
Net unrealised appreciation/(diminution) on re-measurement as 'financial assets at fair value through profit or loss'		41,051	5,528	46,579
Total Income		48,187	6,945	55,132
EXPENSES				
Remuneration of NBP Fullerton Asset Management Limited Management Company	9.1	346	143	489
Sindh sales tax on remuneration of the Management Company	9.2	56	23	79
FED on remuneration of the Management Company	9.3	55	23	78
Remuneration of Central Depository Company Of Pakistan Limited - Trustee		248	59	307
Sindh Sales Tax on Remuneration Of the Trustee		35	8	43
Annual fee - Securities and Exchange Commission of Pakistan	11	249	56	305
Settlement and bank charges		214	71	285
Annual listing fee		145	12	157
Auditors' remuneration		193	35	228
Allocated Expenses	9.4	262	59	321
Amortisation of Formation Cost	8	244	26	270
Printing charges		84	23	107
Total Expenses		2,131	538	2,669
Net Income from operating activities		46,056	6,407	52,463
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed		-	(12)	(1,850)
Net Income for the period before taxation		44,218	6,395	50,613
Taxation	14	-	-	-
Net Income for the period after taxation		44,218	6,395	50,613

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 FUND-I

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE PERIOD FROM JANUARY 15, 2016 TO MARCH 31, 2016

	NIAAP-I For the period from January 15, 2016 to March 31, 2016	NIAAP-II For the period from March 04, 2016 to March 31, 2016	Total For the period from January 15, 2016 to March 31, 2016
	------(Rupees in 000)-----		
Net Income for the period after taxation	44,218	6,395	50,613
Other Comprehensive Income	-	-	-
Total comprehensive loss for the period	<u>44,218</u>	<u>6,395</u>	<u>50,613</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 FUND-I

CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE PERIOD FROM JANUARY 15, 2016 TO MARCH 31, 2016

	NIAAP-I For the period from January 15, 2016 to March 31, 2016	NIAAP-II For the period from March 04, 2016 to March 31, 2016	Total For the period from January 15, 2016 to March 31, 2016
	------(Rupees in 000)-----		
Net Income for the period after taxation	44,218	6,395	50,613
Undistributed Income carried forward	<u>44,218</u>	<u>6,395</u>	<u>50,613</u>
Undistributed Income comprising of:			
Realised income	3,167	867	4,034
Unrealised Income	41,051	5,528	46,579
	<u>44,218</u>	<u>6,395</u>	<u>50,613</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 FUND-I

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE PERIOD FROM JANUARY 15, 2016 TO MARCH 31, 2016

	NIAAP-I For the period from January 15, 2016 to March 31, 2016	NIAAP-II For the period from March 04, 2016 to March 31, 2016	Total For the period from January 15, 2016 to March 31, 2016
	------(Rupees in 000)-----		
Issue of units (NIAAP-I) 12,724,557 - (NIAAP-II) 8,009,501	1,272,455	800,950	2,073,405
Redemption of units (NIAAP-I) 845,186 - (NIAAP-II) 36,493	(86,356)	(3,662)	(90,018)
	1,186,099	797,288	1,983,387
Element of (income) / loss and capital gains / (losses) included in the prices of units issued less those in units redeemed - transferred to income statement	1,838	12	1,850
Net unrealised appreciation / (diminution) on re-measurement as 'financial assets at fair value through profit or loss'	41,051	5,528	46,579
Capital Income on sale of investments - net	4,905	43	4,948
Other income/ (loss) - (net of expenses) for the period	(1,738)	824	(914)
	44,218	6,395	50,613
Net assets at the end of the period	<u>1,232,155</u>	<u>803,695</u>	<u>2,035,850</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 FUND-I

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE PERIOD FROM JANUARY 15, 2016 TO MARCH 31, 2016

	NIAAP-I For the period from January 15, 2016 to March 31, 2016	NIAAP-II For the period from March 04, 2016 to March 31, 2016	Total For the period from January 15, 2016 to March 31, 2016
------(Rupees in 000)-----			
CASH FLOW FROM OPERATING ACTIVITIES			
Net Income for the period before taxation	44,218	6,395	50,613
Adjustments			
Net unrealised (diminution) on re-measurement as 'financial assets at fair value through profit or loss'	(41,051)	(5,528)	(46,579)
Element of (income) / loss and capital (gains) / losses included in the prices of units issued less those in units redeemed	1,838	12	1,850
Amortisation of Formation Cost	244	26	270
	<u>5,249</u>	<u>905</u>	<u>6,154</u>
(Increase) / decrease in assets			
Investments	(1,083,905)	(749,043)	(1,832,948)
Profit receivable	(465)	(1,374)	(1,839)
Preliminary and floatation costs	(970)	(703)	(1,673)
	<u>(1,085,340)</u>	<u>(751,120)</u>	<u>(1,836,460)</u>
Increase / (decrease) in liabilities			
Payable to NBP Fullerton Asset Management Company Limited	7,706	5,247	12,953
Payable to Central Depository Company of Pakistan Limited - Trustee	114	67	181
Payable to Securities and Exchange Commission of Pakistan	249	56	305
Accrued expenses and other liabilities	2,138	1,573	3,711
	<u>10,207</u>	<u>6,943</u>	<u>17,150</u>
Net cash (used in) operating activities	<u>(1,069,884)</u>	<u>(743,272)</u>	<u>(1,813,156)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Net receipts from issue of units	1,272,455	800,950	2,073,405
Net payments on redemption of units	(86,326)	(3,643)	(89,969)
Net cash generated from financing activities	<u>1,186,129</u>	<u>797,307</u>	<u>1,983,436</u>
Cash and cash equivalents at the end of the period	<u><u>116,245</u></u>	<u><u>54,035</u></u>	<u><u>170,280</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 FUND-I

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Un-Audited) FOR THE PERIOD FROM JANUARY 15, 2016 TO MARCH 31, 2016

1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA ISLAMIC ACTIVE ALLOCATION FUND- I (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 02, 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 Fund is an open-ended mutual fund and is listed on the Pakistan Stock Exchange. The units of the Fund are transferable and can be redeemed by surrendering them to the Fund. The units are listed on the Pakistan Stock Exchange. The Fund is categorized as an Open-End "Shariah Compliant Fund of Funds" as per the criteria laid down by the Securities and Exchange Commission of Pakistan for categorization of Collective Investment Schemes (CIS).

The objective of the Fund is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Sharī'ah Compliant Equity Fund and Income/Money Market Funds.

The Pakistan Credit Rating Agency (PACRA) has assigned an asset manager rating of AM2+ to the Management Company as at April 6, 2015

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.

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

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.

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.

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.

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

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.

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.

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

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) 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) 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) 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 in significant 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 FUND-I

		-----Un-Audited-----			
	Note	NIAAP-I As at March 31, 2016	NIAAP-II As at March 31, 2016	Total As at March 31, 2016	
------(Rupees in 000)-----					
4	BALANCES WITH BANKS				
	Profit and loss savings accounts	4.1	116,245	54,035	170,280
4.1	These carry profit at the rates ranging from 5.25% to 7% per annum				
5	INVESTMENT	NIAAP I	NIAAP II	Total	
	'Financial assets at fair value through profit or loss				
	-Units of mutual funds	5.1 & 5.2	1,124,956	754,571	1,879,527

5.1 Investment in Funds NIAAP I

Name of the investee company	Number Of Units					Balances as at March 31, 2016	Market value as a percentage of net assets	Market value as a percentage of total investment
	As at July 1, 2015	Purchases during the period	Bonus / right shares	Sales during the period	As at March 31, 2016	Market Value		
(Rs in "000")								
NAFA Islamic Active Allocation Equity Fund	-	64,299,735		12,667,170	51,632,565	550,098	44.65	48.90
NAFA Active Allocation Riba Free Saving Fund	-	63,433,911		6,456,932	56,976,979	574,858	46.65	51.10
					108,609,544	1,124,956	91	100
Carrying value as at March 31, 2016						1,083,905		

5.2 Investment in Funds NIAAP II

Name of the investee company	Number Of Units					Balances as at March 31, 2016	Market value as a percentage of net assets	Market value as a percentage of total investment
	As at July 1, 2015	Purchases during the period	Bonus / right shares	Sales during the period	As at March 31, 2016	Market Value		
(Rs in "000")								
NAFA Islamic Active Allocation Equity Fund	-	33,661,527	-		33,661,527	358,633	44.62	47.53
NAFA Active Allocation Riba Free Saving Fund	-	42,715,940		3,472,636	39,243,304	395,938	49.26	52.47
					72,904,831	754,571	94	100
Carrying value as at March 31, 2016						749,043		

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

		-----Un-Audited-----			
		NIAAP-I	NIAAP-II	Total	
		As at March	As at March	As at March	
		31, 2016	31, 2016	31, 2016	
		------(Rupees in 000)-----			
5.3	Unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net				
	Market value of investments	1,124,956	754,571	1,879,527	
	Less: carrying value of investments	5.1 & 5.2 1,083,905	749,043	1,832,948	
		41,051	5,528	46,579	
6	ACCRUED EXPENSES AND OTHER LIABILITIES	NIAAP I	NIAAP II	TOTAL	
	Auditors' remuneration	193	34	227	
	Bank charges	114	42	156	
	Pakistan stock exchange	145	11	156	
	Printing charges	83	23	106	
	With-Holding Tax payable	1517	1,440	2,957	
	Settlement Charges	78	23	101	
	CGT Payable	8	-	8	
		2,138	1,573	3,711	
7	PROFIT RECEIVABLE				
	Profit accrued on bank deposits	465	1,374	1,839	
8	PRELIMINARY AND FLOATATION COSTS	NIAAP I	NIAAP II	TOTAL	
	Preliminary and floatation costs incurred	970	703	1,673	
	Less: amortisation during the period	(244)	(26)	(270)	
	Closing balance	726	677	1,403	
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 15, 2016 as per the requirements set out in the Trust Deed of the Fund.					
9	PAYABLE TO NBP FULLERTON ASSET MANAGEMENT LIMITED MANAGEMENT COMPANY	Note	NIAAP-I	NIAAP-II	Total
			As at March	As at March	As at March
			31, 2016	31, 2016	31, 2016
			------(Rupees in 000)-----		
	Remuneration of the Management Company	9.1	93	143	236
	Sindh Sales Tax on the Management Company's remuneration	9.2	15	23	38
	Federal Excise Duty on the remuneration of the Management Company	9.3	55	23	78
	Allocated Expenses	9.4	262	59	321
	Sales load payable		6,311	4,296	10,607
	Preliminary and Floatation costs payable		970	703	1,673
			7,706	5,247	12,953
9.1	The Management Company has charged remuneration at the rate of 1.25% per annum based on the average daily net assets for the period. The amount of remuneration is payable to the Management Company monthly in arrears.				
9.2	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.				

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

- 9.3 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 March 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax as explained in note 9.2, further levy of FED may result in double taxation, which does not appear to be 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 led 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.

Pending decision of the SHC, the Fund is not making payments for FED. However, the Fund, as a matter of abundant caution, has made full provision in respect of FED amounting to Rs 55,391 (NIAAP I) & Rs 23,000 (NIAAP II). Had the provision not been made the net asset value per unit of the Fund as at March 31, 2016 would have been higher by Rs 0.0047 per unit (NIAAP I) & Rs 0.0029 per unit (NIAAP II)

- 9.4 During the current period, the SECP vide S.R.O No 1160(I) / 2016 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 Schemes 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 for the period from January 15, 2016 to March 31.

		-----Un-Audited-----			
10	PAYABLE TO THE CENTRA DEPOSITORY COMPANY OF PAKISTAN - TRUSTEE	Note	NIAAP-I As at March 31, 2016	NIAAP-II As at March 31, 2016	Total As at March 31, 2016
		------(Rupees in 000)-----			
		10.1	114	67	181

- 10.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on 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

Net Assets	Tariff per annum
Upto Rs 1,000 million	0.10% p.a of the net assets
On an amount exceeding Rs 1,000 million	Rs 1.0 million plus 0.075% p.a. Of the net assets, exceeding Rs 1,000 million

		------(Rupees in 000)-----			
11	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	NIAAP-I As at March 31, 2016	NIAAP-II As at March 31, 2016	Total As at March 31, 2016
	Annual fee	11.1	249	56	305

- 11.1 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.

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

12 CONTINGENCIES AND COMMITMENTS

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

13 NET ASSET VALUE PER UNIT

The net asset value (NAV) per unit, as disclosed in the Statement of Asset and Liabilities, is calculated by dividing the net assets of the Fund by the number of units in issue at the period / year end.

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.

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:

	-----Un-Audited-----		
	NIAAP-I	NIAAP-II	Total
	For the period	For the period	For the period
	from January	from March	from January
	15, 2016 to	04, 2016 to	15, 2016 to
	March 31,	March 31,	March 31,
	2016	2016	2016
	----- (Rupees in 000) -----		
NBP Fullerton Asset Management Limited - Management Company			
Remuneration of the Management Company	346	143	489
Sindh sales tax on remuneration of the Management Company	56	23	79
FED on remuneration of the Management Company	55	23	78
Sales load	18,762	16,860	35,622
Employees of the Management Company			
Units held: 1503, units (NIAAP I)	150	-	150
Investment in NAFA Islamic Active Allocation Equity Fund			
Units Purchased (NIAAP-I) - 64,299,735 (NIAAP-II) - 33,661,527	640,000	354,000	994,000
Units Sold (NIAAP-I) - 12,667,169 - (NIAAP II) - Nil	130,581	-	130,581
Investment in NAFA Active Allocation Riba Free Savings Fund			
Units Purchased (NIAAP-I) - 63,433,911 (NIAAP II) - 42,715,940	634,581	430,000	1,064,581
Units Sold (NIAAP-I) - 6,456,932 (NIAAP-II) - 3,472,636	65,000	35,000	100,000
Central Depository Company of Pakistan Limited - Trustee			
Remuneration	248	59	307
Settlement	78	23	101
Sales Tax	35	8	43

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

-----Un-Audited-----		
NIAAP-I	NIAAP-II	Total
As at	As at	As at
March 31,	March 31,	March 31,
2016	2016	2016
----- (Rupees in 000) -----		

17 Amounts outstanding as at period end

NBP Fullerton Asset Management Limited - Management Company			
Management remuneration payable	93	143	236
Sales tax payable	15	23	38
F.E.D payable	55	23	78
Allocated Expenses	262	59	321
Sales load to management company	6,311	4,296	10,607
Preliminary and Floatation costs payable	970	703	1,673
NAFA Islamic Active Allocation Equity Fund			
Investment (NIAAP-I) - 51,632,565 (NIAAP-II) - 33,661,527	550,099	358,633	908,732
NAFA Active Allocation Riba Free Savings Fund			
Investment (NIAAP-I) - 56,976,979 (NIAAP-II) - 39,243,304	574,858	395,937	970,795
Employees of the Management Company			
Units held: 1503, units (NIAAP I)	156	-	156
Central Depository Company of Pakistan Limited - Trustee			
Remuneration	100	59	159
Settlement	78	23	101
Sales Tax	14	8	22

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.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director



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

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