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

NAFA ISLAMIC ASSET ALLOCATION FUND

QUARTERLY REPORT SEPTEMBER 30 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.

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NAFA ISLAMIC ASSET ALLOCATION 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

Al-Baraka Islamic Bank
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Islami Pakistan Limited
Burj Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
NIB Bank Limited
Soneri Bank Limited
United Bank Limited
Bank Al-Habib Limited
Dubai Islamic Bank Pakistan Limited
Silk Bank Limited
Summit Bank Limited
Sindh Bank Limited

NAFA ISLAMIC ASSET ALLOCATION 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: 111-111-NFA (111-111-632)
Helpline (Toll Free): 0800-20001
Fax: (021) 35825329

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 ISLAMIC ASSET ALLOCATION FUND

DIRECTORS' REPORT

The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the unaudited financial statements of **NAFA Islamic Asset Allocation Fund (NIAAF)** for the quarter ended September 30, 2015.

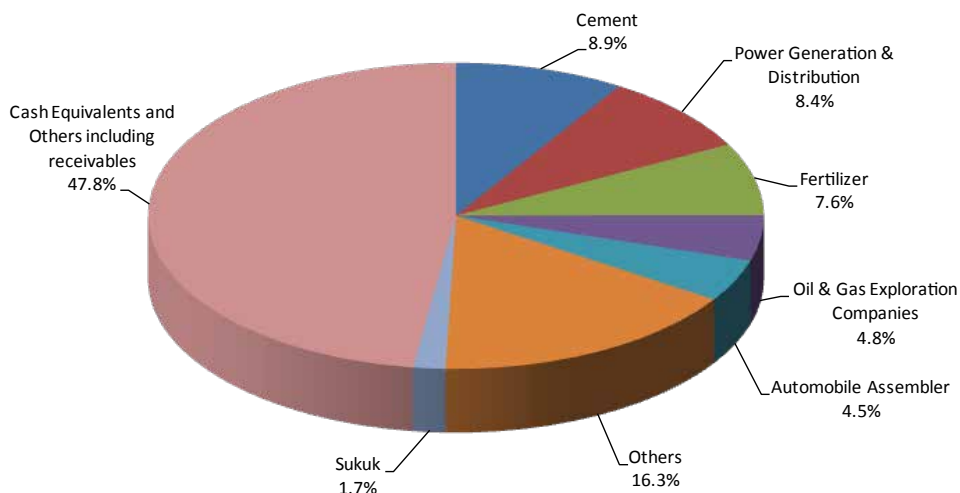
Fund's Performance

During the first quarter, the unit price of NAFA Islamic Asset Allocation Fund has decreased from Rs. 15.1854 (Ex-Div) on June 30, 2015 to Rs. 15.1566 on September 30, 2015, thus showing a decrease of 0.19%. The Benchmark (Average of (i) average 3-month Islamic banks deposit rate (ii) 6-month KIBOR or its Shariah Compliant equivalent (iii) KMI 30 Index) decline during the same period was 0.82%. Thus, the Fund has outperformed its Benchmark by 0.63% during the period under review. This performance is net of management fee and all other expenses. The Fund size of NIAAF at the end of the period stood at Rs.3,635 million, 41.8% higher compared to the previous quarter.

During 1QFY16, the stock market depicted a decline amidst foreign outflows and depreciating currency. Positives like IMF tranche, declining inflation, 50 bps cut in discount rate, and declining oil prices were offset by continuous foreign selling in the market. Oil & Gas Exploration and Oil & Gas Marketing sectors lagged the market. On the other hand Automobile & Parts, Cements, and Chemicals sectors performed better than the market.

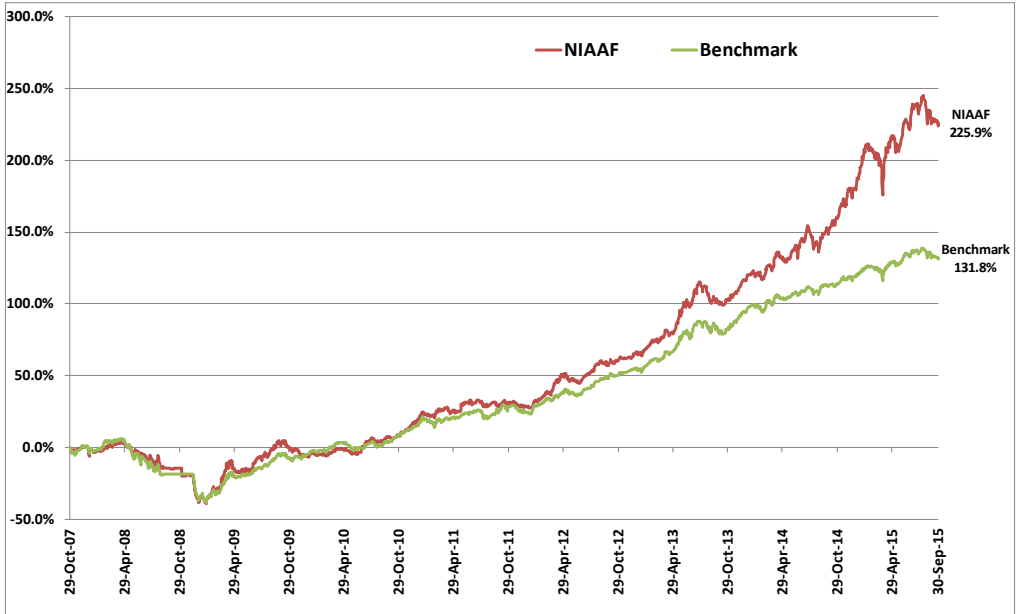
Trading activity in Sukuks remained skewed towards the high quality issues. Dearth of primary issuance versus elevated demand further depressed the yield on the high credit quality corporate bonds. During the quarter under review, the State Bank of Pakistan reduced the discount rate by 50 bps to 6.5%. SBP alluded to following factors in arriving at its decision i) benign inflation readings and expectation ii) high real lending rates; and iii) comfortable external account position and (iv) improving law and order situation and macroeconomic stability. Sovereign securities responded to the loose monetary policy period with yields on the short term and long term sovereign bonds declining. All Sukuks in the Fund are floating rate linked to KIBOR with three to six month coupon resetting period.

The Fund has earned total income of Rs.19.47 million during the period. After deducting expenses of Rs.25.12 million, the net loss is Rs.5.65 million. The asset allocation of the Fund as on September 30, 2015 is as follows:



NAFA ISLAMIC ASSET ALLOCATION FUND

NAFAF Performance versus Benchmark (Since Inception)



Acknowledgement

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

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

On behalf of the Board of
NBP Fullerton Asset Management Limited

Chief Executive

Director

Date: October 21, 2015
Place: Karachi.

NAFA ISLAMIC ASSET ALLOCATION FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2015

	Note	(Un-Audited) September 30, 2015	(Audited) June 30, 2015
-----Rupees in '000-----			
Assets			
Balances with banks		1,748,013	977,085
Investments	4	1,898,618	1,818,155
Dividend and profit receivable	5	37,794	10,280
Receivable against conversion of units		1,006	79,915
Advances, Deposits, prepayments and other receivable		2,762	2,633
Total assets		3,688,193	2,888,068
Liabilities			
Payable to Management Company		32,038	31,548
Payable to Trustee		438	300
Payable to Securities and Exchange Commission of Pakistan		701	1,192
Payable against redemption of units		810	134,876
Payable against conversion of units		500	112,433
Dividend payable		-	11,618
Accrued expenses and other liabilities	6	18,660	32,655
Total liabilities		53,147	324,622
Net Assets		3,635,046	2,563,446
Unit Holders' Funds (as per statement attached)		3,635,046	2,563,446
CONTINGENCIES & COMMITMENTS	12	-	-
(Number of units)			
Number of units in issue		239,832,463	160,306,772
-----Rupees-----			
Net asset value per unit		15.1566	15.9909

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

Chief Executive

For NBP Fullerton Asset Management Limited
(Management Company)

Director

NAFA ISLAMIC ASSET ALLOCATION FUND

CONDENSED INTERIM INCOME STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2015 (UN-AUDITED)

	Note	Quarter Ended September 30, 2015	Quarter Ended September 30, 2014
------(Rupees in '000)-----			
INCOME			
Gain / (Loss) on sale of investments - net		18,246	(1,239)
Income from Sukuk bonds		3,596	3,133
Profit on bank deposits		21,252	2,896
Dividend income		27,981	4,912
Unrealised gain / (loss) on investments at fair value through profit or loss - net		(96,595)	7,198
Total Income		(25,520)	16,900
EXPENSES			
Remuneration of the Management Company		16,488	3,020
Sindh Sales Tax on Management Fee		2,678	561
Federal Excise Duty on Management Fee		2,638	483
Remuneration of the Trustee		1,076	302
Sindh Sales Tax on Trustee Fee		151	-
Annual fee - Securities and Exchange Commission of Pakistan		701	128
Securities transaction cost		912	233
Settlement and bank charges		267	83
Annual listing fee		10	8
Auditors' remuneration		160	98
Impairment loss / (reversal) on investments classified as 'available for sale'		(3,571)	-
Rating fee		43	37
Legal and Professional charges		-	13
Total Expenses		21,553	4,966
Net income / (loss) income from operating activities		(47,073)	11,934
Element of income and capital gains included in prices of units issued less those in units redeemed		41,428	-
Provision for workers' welfare fund	8	-	(239)
Net income / (loss) for the period before taxation		(5,645)	11,695
Taxation	11	-	-
Net income / (loss) for the period after taxation		(5,645)	11,695
Earning per unit	10		

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC ASSET ALLOCATION FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED SEPTEMBER 30, 2015 (UN-AUDITED)

	Quarter Ended September 30, 2015	Quarter Ended September 30, 2014
	------(Rupees in '000)-----	
Net income / (loss) for the period after taxation	(5,645)	11,695
Other comprehensive income		
Net unrealised appreciation / (diminution) during the period in the market value of investments classified as 'available for sale'	599	2,589
Total comprehensive income / (loss) for the period	<u>(5,046)</u>	<u>14,284</u>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

Chief Executive

For NBP Fullerton Asset Management Limited
(Management Company)

Director

NAFA ISLAMIC ASSET ALLOCATION FUND

CONDENSED INTERIM DISTRIBUTION STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2015 (UN-AUDITED)

	Quarter Ended September 30, 2015	Quarter Ended September 30, 2014
	------(Rupees in '000)-----	
Undistributed income brought forward		
- Realised income	344,721	89,603
- Unrealised gain	247,527	29,913
	<u>592,248</u>	<u>119,516</u>
Distribution:		
Final distribution for the period ended June 30, 2015: 8.365% (June 30, 2014: Nil%)		
- Bonus units	-	-
- Cash Distribution	(128,689)	-
Net income / (loss) for the period	(5,645)	11,695
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing income / (losses) that form part of the unit holders' fund	87	2,497
Undistributed income carried forward	<u>458,001</u>	<u>133,708</u>
Undistributed income comprising:		
- Realised income	554,596	126,510
- Unrealised gain / (loss)	(96,595)	7,198
	<u>458,001</u>	<u>133,708</u>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

Chief Executive

For NBP Fullerton Asset Management Limited
(Management Company)

Director

NAFA ISLAMIC ASSET ALLOCATION FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE QUARTER ENDED SEPTEMBER 30, 2015 (UN-AUDITED)

	Quarter Ended September 30, 2015	Quarter Ended September 30, 2014
	------(Rupees in '000)-----	
Net assets at the beginning of the period	2,563,446	556,964
Issue of 166,939,807 units (September 30, 2014: 14,576,656 units)	2,632,994	192,288
Redemption of 87,414,116 units (September 30, 2014: 6,950,763 units)	(1,386,231)	(90,608)
	1,246,763	101,680
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed		
- amount representing (income) transferred to income statement	(41,428)	-
- amount representing (income) transferred to distribution statement	(87)	(2,497)
	(41,515)	(2,497)
Net unrealised appreciation during the period in the market value of investments classified as 'available for sale'	599	2,589
Unrealised gain/(loss) on investments at fair value through profit or loss - net	(96,595)	7,198
Gain / (loss) on sale of investments - net	18,246	(1,239)
Other income (net of expenses)	72,704	5,736
	(5,046)	14,284
Less: Distribution:		
Final distribution for the period ended June 30, 2015: 8.365% (June 30, 2014: Nil%)		
- Bonus units	-	-
- Cash Distribution	(128,689)	-
	(128,689)	-
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing income / (losses) that form part of the unit holders' fund	87	2,497
Net assets as at the end of the period	3,635,046	672,928

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

Chief Executive

For NBP Fullerton Asset Management Limited
(Management Company)

Director

NAFA ISLAMIC ASSET ALLOCATION FUND

CONDENSED INTERIM CASH FLOW STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2015 (UN-AUDITED)

	Quarter Ended September 30, 2015	Quarter Ended September 30, 2014
------(Rupees in '000)-----		
CASH FLOW FROM OPERATING ACTIVITIES		
Net (loss) / Income for the period	(5,645)	11,695
Adjustments		
Unrealised (gain) / loss on investments at fair value through profit or loss - net	96,595	(7,198)
(Gain) / loss on sales of investments	(18,246)	1,239
Impairment (gain) / loss on investments classified as 'available for sale'	(3,571)	-
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	(41,428)	-
	<u>27,705</u>	<u>5,736</u>
(Increase) / decrease in assets		
Receivable against sale of investments	-	(17,264)
Investments	(154,642)	(24,537)
Dividend and profit receivable	(27,514)	(1,752)
Advances, Deposits, prepayments and other receivable	(129)	3,369
	<u>(182,285)</u>	<u>(40,184)</u>
Increase / (decrease) in liabilities		
Payable to Management Company	490	2,037
Payable to Trustee	138	16
Payable to Securities and Exchange Commission of Pakistan	(491)	(260)
Accrued expenses and other liabilities	(13,995)	591
	<u>(13,858)</u>	<u>2,384</u>
Net cash (outflow) on operating activities	<u>(168,438)</u>	<u>(32,064)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Receipts from issue of units	2,711,903	192,288
Payments on redemption of units	(1,632,230)	(90,118)
Distribution paid	(140,307)	-
Net cash inflow from financing activities	<u>939,366</u>	<u>102,170</u>
Net increase in cash and cash equivalents during the period	<u>770,928</u>	<u>70,106</u>
Cash and cash equivalents at the beginning of the period	977,085	129,884
Cash and cash equivalents at the end of the period	<u><u>1,748,013</u></u>	<u><u>199,990</u></u>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC ASSET ALLOCATION FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2015 (UN-AUDITED)

1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Islamic Asset Allocation 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 20 August 2007 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 03 September 2007 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules 2003.

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 Board of Directors had approved that the Fund should be categorized as "Shariah Compliant (Islamic) Scheme" and Balanced Fund as per the categories defined by the Securities and Exchange Commission of Pakistan. With effect from 22 April 2014 the Fund re-categorized as shariah compliant Asset Allocation scheme. Accordingly name of the fund was renamed as NAFA Islamic Asset Allocation Fund.

The Objective of the Scheme is to generate capital appreciation by investing in Shariah Compliant equity and equity related securities and income by investing in Shariah Compliant bank deposits, debt & money market securities.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of AM2+ to the Management Company. Based on the performance of the Fund, it has assigned performance ranking of Four Star (short term) to the Fund.

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

2 BASIS OF PREPARATION

2.1 Statement of Compliance

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprises of such International Financial Reporting Standards (IFRS) issued by 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 Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by SECP shall prevail. The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34, Interim Financial Reporting.

The directors of the Asset Management Company declare that these condensed interim financial statements give a true and fair view of the Fund.

3 ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the financial statements for the quarter ended September 30, 2015 are same as those applied in the preparation of the annual audited financial statements for the year ended June 30, 2015.

	Note	(Un-Audited) September 30, 2015	(Audited) June 30, 2015
4 INVESTMENTS			
At fair value through profit or loss - held for trading		(Rupees in '000)	
Investment in shares of listed companies	4.1	1,837,161	1,755,054
Investment in Sukuk bonds		45,174	45,073
Available for sale			
Sukuk bonds	4.2	16,283	18,028
		<u>1,898,618</u>	<u>1,818,155</u>

NAFA ISLAMIC ASSET ALLOCATION FUND

4.1 Investment in shares of listed companies at fair value through profit or loss

Name of the investee company	As at July 1, 2015	Purchases during the period	Bonus / Right Issue	Sale during the period	As at September 30, 2015	Market value at September 30, 2015	Market value as a percentage of net assets	Market value as a percentage of total investment	Percentage of paid-up capital of the investee company held
	----- Number of shares -----					Rupees in '000	----- % -----		
Oil and Gas									
Pakistan Oil Fields Limited	104,660	126,400	-	-	231,060	67,916	1.87	3.58	0.10
Pakistan Petroleum Limited	285,070	433,500	-	-	718,570	85,610	2.36	4.51	0.04
Pakistan State Oil Company Limited	229,796	-	-	47,500	182,296	52,572	1.45	2.77	0.07
Attock Petroleum Limited	76,700	-	-	-	76,700	38,369	1.06	2.02	0.09
Shell (Pakistan) Limited	106,100	-	-	-	106,100	20,780	0.57	1.09	0.10
National Refinery Limited	70,400	68,000	-	138,400	-	-	-	-	-
Attock Refinery Limited	68,100	105,500	-	173,600	-	-	-	-	-
Hascol Petroleum Limited	201,970	-	434	199,800	2,604	311	0.01	0.02	0.00
Mari Petroleum Company Limited	-	59,300	-	-	59,300	21,537	0.59	1.13	0.05
Chemicals									
Fauji Fertilizer Company Limited	161,068	-	-	161,000	68	8	0.00	0.00	0.00
Dynea Pakistan Limited	21,500	-	-	-	21,500	957	0.03	0.05	0.11
Engro Fertilizers Limited	585,500	544,000	-	-	1,129,500	101,429	2.79	5.34	0.08
Engro Corporation Limited	621,100	163,800	-	194,500	590,400	176,164	4.85	9.28	0.11
Fatima Fertilizer Limited	2,500	-	-	-	2,500	116	0.00	0.01	0.00
Ittehad Chemicals Limited	357,500	-	-	-	357,500	15,909	0.44	0.84	0.72
Construction and Materials									
D.G. Khan Cement Company Limited	965,500	-	-	158,100	807,400	110,630	3.04	5.83	0.18
Lucky Cement Company Limited	210,000	45,300	-	56,500	198,800	104,708	2.88	5.51	0.06
Akzo Nobel Pakistan Limited	29,900	-	-	-	29,900	7,109	0.20	0.37	0.06
Fauji Cement Company Limited	-	237,500	-	-	237,500	7,952	0.22	0.42	0.02
Maple Leaf Cement Factory Limited	671,000	70,000	-	235,000	506,000	34,681	0.95	1.83	0.10
Pioneer Cement Limited	354,500	138,000	-	7,000	485,500	42,112	1.16	2.22	0.21
Kohat Cement Limited	82,000	-	-	80,000	2,000	382	0.01	0.02	0.00
Fecto Cement Limited	290,500	-	-	-	290,500	23,196	0.64	1.22	0.58
General Industrials									
Thal Limited	110,196	-	-	-	110,196	27,880	0.77	1.47	0.14
Personal Goods									
Nishat Mills Limited	374,200	-	-	-	374,200	37,154	1.02	1.96	0.11
Kohinoor Textile Limited	1,565,500	68,500	-	-	1,634,000	115,279	3.17	6.07	0.67
Service Industries Limited	-	26,000	-	-	26,000	20,930	0.58	1.10	0.22
Electricity									
The Hub Power Company Limited	1,217,760	94,500	-	173,500	1,138,760	111,872	3.08	5.89	0.10
Kot Addu Power Company Limited	1,477,500	-	-	90,000	1,387,500	131,466	3.62	6.92	0.16
K-Electric Limited	655,000	-	-	-	655,000	4,624	0.13	0.24	0.00
Lalpir Power Limited	924,000	-	-	-	924,000	26,953	0.74	1.42	0.24
Pakgen Power Limited	304,000	775,500	-	-	1,079,500	30,172	0.83	1.59	0.29
Banks									
Meezan Bank Limited	323,781	342,000	-	-	665,781	33,609	0.92	1.77	0.07
AutoMobile and Parts									
Ghandhara Nissan Limited	130,500	-	-	130,500	-	-	-	-	-
Honda Atlas Cars (Pakistan) Limited	205,800	30,200	-	138,400	97,600	22,481	0.62	1.18	0.10
Pak Suzuki Motor Company Limited	39,200	46,500	-	-	85,700	35,529	0.98	1.87	0.07
Sazgar Engineering Works Limited	171,500	-	-	-	171,500	5,522	0.15	0.29	0.95
Baluchistan Wheels Limited	227,000	-	-	-	227,000	15,429	0.42	0.81	1.70
Indus Motor Company Limited	51,000	47,700	-	120	98,580	98,718	2.72	5.20	0.13
Industrial Transportation									
Pakistan National Shipping Corporation Ltd	63,500	-	-	-	63,500	5,744	0.16	0.30	0.05
Pharma and Bio Tech									
Abbott Laboratories (Pakistan) Limited	30,500	-	-	-	30,500	19,932	0.55	1.05	0.03
Ferozsons Laboratories Limited	8,600	-	-	-	8,600	6,509	0.18	0.34	0.03
The Searle Company Limited	65,100	-	-	-	65,100	26,061	0.72	1.37	0.08
Industrial Metal and Mining									
Crescent Steel & Allied Products Limited	263,000	-	-	263,000	-	-	-	-	-
Multiutilities (Gas and Water)									
Sui Northern Gas Pipeline Limited	746,500	1,000,000	-	730,000	1,016,500	31,949	0.88	1.68	0.16

NAFA ISLAMIC ASSET ALLOCATION FUND

4.1 Investment in shares of listed companies at fair value through profit or loss

Name of the investee company	As at July 1, 2015	Purchases during the period	Bonus / Right Issue	Sale during the period	As at September 30, 2015	Market value at September 30, 2015	Market value as a percentage of net assets	Market value as a percentage of total investment	Percentage of paid-up capital of the investee company held
Technology Hardware and Equipment									
Avanceon Limited	450,000	-	-	80,500	369,500	12,134	0.33	0.64	0.35
Engineering									
Mughal Iron & Steel Limited	446,000	296,500	-	-	742,500	48,240	1.33	2.54	0.68
Household Goods									
Pak Elektron Limited	471,000	90,000	-	-	561,000	40,442	1.11	2.13	0.14
Tariq Glass Industries Limited	-	222,000	-	-	222,000	16,084	0.44	0.85	0.30
						<u>17,790,215</u>	<u>1,837,161</u>	<u>50.54</u>	<u>96.76</u>
Carrying value as at September 30, 2015						<u>1,933,858</u>			

4.1.1 All shares have a nominal face value of Rs 10 each except for the shares of Thal Limited and Dynea Pakistan which have a face value of Rs.5 each and K-Electric Limited and Rs. 3.5.

4.1.2 The above investments include securities with market value aggregating to Rs. 77.977 million (June 2015: 81.635 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular no. 11 dated October 23, 2007 issued by SECP.

4.2 Sukuk bonds - At fair value through profit or loss - held for trading

Name of the investee company	Number of bonds				Market value as at September 30, 2015	Investment as a percentage of		
	As at July 1, 2015	Purchases during the period	Sales/Matured during the period	As at September 30, 2015		Market value of Net assets	Market value of total investments	Issue size
					Rupees in '000	-----%-----		
K-Electric AZM Sukuk	9,000	-	-	9,000	45,174	1.24	2.38	1.20
					<u>45,174</u>	<u>1.24</u>	<u>2.38</u>	
Carrying value as at September 30, 2015					<u>45,073</u>			

4.3 Sukuk bonds - available for sale

Name of the investee company	Number of certificates				Market value as at September 30, 2015	Investment as a percentage of		
	As at July 1, 2015	Purchases during the period	Sales/Matured during the period	As at September 30, 2015		Market value of Net assets	Market value of total investments	Issue size
					Rupees in '000	-----%-----		
Eden Housing Limited (Note 4.3.3.1)	5,000	-	-	5,000	-	-	-	3.42
Kohat Cement Company Limited	10,000	-	10,000	-	-	-	-	2.00
Maple Leaf Cement Factory Limited	10,000	-	-	10,000	16,283	0.45	0.86	0.63
Pakistan Electron Limited (Note 4.3.3.2)	10,000	-	-	10,000	-	-	-	4.17
					<u>25,000</u>	<u>16,283</u>	<u>0.45</u>	<u>0.86</u>
Carrying value as at September 30, 2015					<u>34,892</u>			
Provision for impairment loss as at September 30, 2015					<u>19,208</u>			

4.3.1 All sukuk bonds have a face value of Rs 5,000 each.

4.3.3 As at September 30, 2015, the Fund had not received redemption of principal and / or profit amounts on some of its investments, the details of which are as follows:

4.3.3.1 This represents investment in privately placed sukuk bonds issue with a term of five years. On 6 May 2011, these Sukuks have been classified as non performing by MUFAP. The investment has been fully provided.

4.3.3.2 This represents investment in privately placed sukuk bonds. On 27 December 2011 i.e. the scheduled redemption date, profit redemption of Rs. 0.8 million was not received by the Fund. The investment has been fully provided.

NAFA ISLAMIC ASSET ALLOCATION FUND

	(Un-audited) September 30, 2015	(Audited) June 30, 2015
5	-----Rupees in '000-----	
DIVIDEND AND PROFIT RECEIVABLE		
Dividend receivable on equity securities	27,480	5,664
Profit receivable on savings deposits	9,888	4,186
Income accrued on sukuk bonds-net	426	430
	<u>37,794</u>	<u>10,280</u>
6	ACCRUED EXPENSES AND OTHER LIABILITIES	
Auditors' remuneration	529	369
Brokerage payable	399	496
Bank charges payable	81	41
Payable against printing charges	124	124
Accrued NCCS charges	61	36
Charity payable	1,538	1,119
Rating fee payable	43	-
Others	31	154
Withholding tax	34	9,950
Capital gain tax	30	4,576
Provision for Workers' Welfare Fund	15,790	15,790
	<u>18,660</u>	<u>32,655</u>

7 NON-COMPLIANCE WITH THE INVESTMENT CRITERIA AS SPECIFIED BY THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

The Securities and Exchange Commission of Pakistan vide circular no. 7 of 2009 dated 06 March 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the circular. The Management Company had classified NAFA Islamic Asset Allocation Fund (Formerly; NAFA Islamic Multi Asset Fund) (the Fund) as 'Shariah Compliant (Islamic) Scheme' and 'Balanced Scheme' in accordance with the said circular. With effect from 22 April 2014 the Fund Re-categorized as shariah compliant Asset Allocation scheme. Accordingly name of the fund was renamed as NAFA Islamic Asset Allocation Fund. As at 30 September 2015, the Fund is compliant with all the requirements of the said circular except for clause 2(iv) which requires that rating of any debt security in the portfolio shall not be lower than A- (A minus). Non compliance of the said circular are as follows:

Type of Investment	Name of Non-Compliant Investment	Value of investment before provision	Provision held, if any	Value of investment after provision	Percentage of net assets	Percentage of gross assets
-----Rupees in '000-----						
Investment in Debt securities	a) Eden Housing Limited - Sukuk *	4,922	4,922	-	-	-
	b) Pak Electron Limited *	14,286	14,286	-	-	-

* At the time of purchase, the said Sukuks were in compliance of the said circular (i.e. investment grade) and was subsequently downgraded due to default in payments of due principal and markup.

** Performing but below investment grade

8 PROVISION FOR WORKERS' WELFARE FUND

The Finance Act, 2015 incorporated an amendment in WWF Ordinance by excluding CIS from the definition of Industrial Establishment, and consequently CIS are no more liable to pay contribution to WWF with effect from July 1, 2015. Accordingly no further provision of WWF has been recorded subsequent to June 30, 2015.

However, without prejudice to the above and owing to the fact that the decision of Sindh High Court on the applicability of WWF (till June 30, 2015) to the CISs is currently pending for adjudication, the Management Company has decided to record and retain provision of WWF in financial statements for the quarter ended September 30, 2015 which aggregates to Rs. 15.790 million. Had the same not been made the net asset value per unit / return of the Fund would have been higher by Rs.0.0658 per unit respectively.

NAFA ISLAMIC ASSET ALLOCATION FUND

9 TRANSACTIONS WITH CONNECTED PERSONS

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

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

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.

Remuneration payable to the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

(Un-audited) Quarter Ended September 30, 2015	(Un-audited) Quarter Ended September 30, 2014
-----Rupees in '000-----	

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

NBP Fullerton Asset Management Limited - Management Company

Management fee expense for the period	16,488	3,020
Sindh Sales Tax for the period on Management Fee	2,678	561
FED for the period on Management Fee	2,638	483
Front end load for the period	28,636	2,265

National Bank of Pakistan - Sponsor

Payment of Cash Dividend	11,618	-
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Taurus Securities (Private) Limited

Brokerage	90	44
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Central Depository Company of Pakistan Limited - Trustee

Trustee fee for the period	1,076	302
Sindh Sales Tax on Trustee Fee	151	-
CDS charges	-	-

Mr Amir Sattar - Director

Dividend Re-invest units issue (3,028 units; September 2014: Nil)	48	-
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Employees of the Management Company

Dividend Re-invest units issue (25,012 units; September 2014: Nil)	395	-
Units Issued (1,312,709 units; September 2014; 424,847 units)	20,863	5,533
Units Redeemed (1,154,328 units; September 2014; 98,194 units)	18,574	1,273

NAFA Islamic Principal Preservation Fund

Units Issued (11,149,007 units; September 2014; Nil units)	178,982	-
Units Redeemed (14,226,216 units; September 2014; Nil units)	217,809	-

NAFA ISLAMIC ASSET ALLOCATION FUND

	(Un-Audited) As at September 30, 2015	(Audited) As at June 30, 2015
9.2	-----Rupees in '000-----	
Amounts outstanding as at quarter end		
NBP Fullerton Asset Management Limited - Management Company		
Management Fee payable	5,981	4,270
Sindh Sales Tax on Management Fee	971	743
FED Payable on Management Fee	8,461	5,823
Front End Load Payable	5,991	12,780
Sindh Sales tax payable on front end load	982	2,221
Federal Excise Duty Payable on front end load	9,652	5,711
National Bank of Pakistan - Sponsor		
Balance in current account	623	1,667
Cash Dividend Payable	-	11,618
Taurus Securities (Private) Limited		
Brokerage Payable	1	24
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	385	300
Sindh Sales Tax on Trustee Fee	53	-
Security deposit	100	100
Employees of the Management Company		
Units held in the Fund (914,700 units; June 30, 2015: 731,308 units)	13,864	11,694
Summit Bank Limited		
Balance held by the Fund	2691	2,160
NAFA Islamic Principal Preservation Fund		
Units held: 19,564,580 (2015: 22,641,889)	312,925	362,064
NAFA Financial Sector Income Fund		
Net receivable against conversion of units	-	4,079
NAFA Islamic Aggressive Income Fund		
Net receivable against conversion of units	100	2097
NAFA Asset Allocation Fund		
Net receivable against conversion of units	-	42,255
NAFA Savings Plus Fund		
Net receivable against conversion of units	299	6,567
NAFA Money Market Fund		
Net receivable against conversion of units	200	14,574
NAFA Islamic Stock Fund		
Net payable against conversion of units	-	93,671
NAFA Riba Free Savings Fund		
Net payable against conversion of units	500	18,762
Net receivable against conversion of units	392	-
NAFA Government Securities Savings Fund		
Receivable against conversion of units	-	251
NAFA Islamic Principle Protected Fund - I		
Receivable against conversion of units	-	1,757
NAFA Islamic Principle Protected Fund - II		
Receivable against conversion of units	-	1,736
NAFA Government Securities Liquid Fund		
Receivable against conversion of units	15	6,378
NAFA Income Fund		
Receivable against conversion of units	-	221

NAFA ISLAMIC ASSET ALLOCATION FUND

10 EARNING PER UNIT

Earning per unit (EPU) for the quarter ended September 30, 2015 has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

11 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 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. The Fund has not recorded a tax liability in respect of income relating to the current period as the management company has decided to distribute at least 90 percent of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders.

12 CONTINGENCIES & COMMITMENTS

There were no contingencies & commitments as on September 30, 2015 and June 30, 2015.

13 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on October 21, 2015.

14 GENERAL

14.1 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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