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

NAFA ISLAMIC AGGRESSIVE INCOME FUND

ANNUAL REPORT 2015



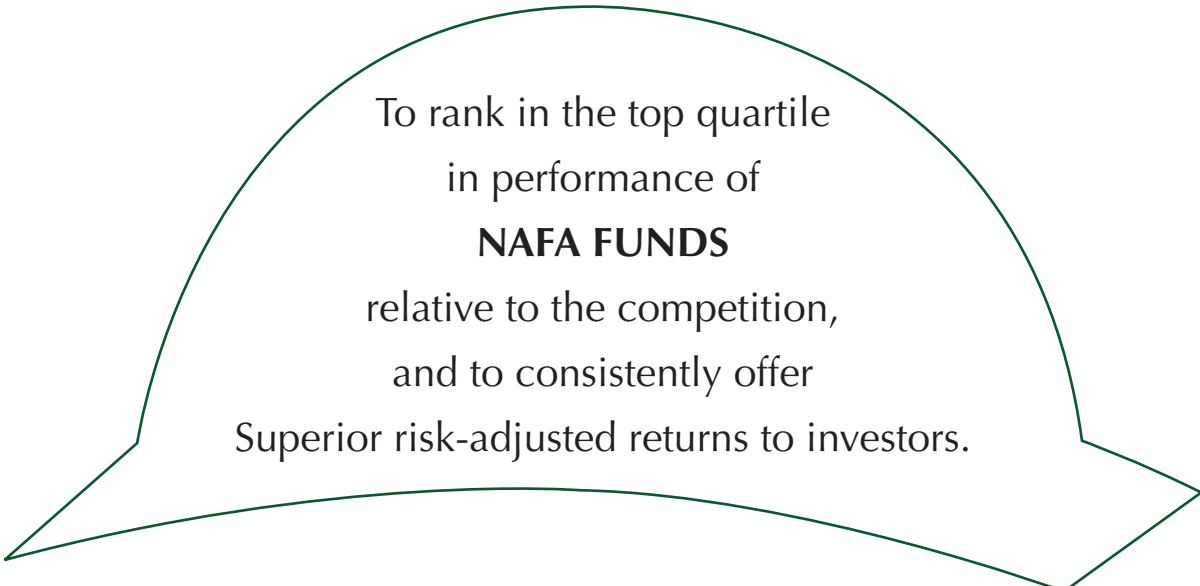
Your investments & "NAFA" grow together



**FULLERTON FUND
MANAGEMENT**

Joint - Venture Partners

MISSION STATEMENT



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

NAFA ISLAMIC AGGRESSIVE INCOME 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 & CFO of the Management Company

Mr. Muhammad Murtaza Ali

Audit & Risk Committee

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

Human Resource and Remuneration Committee

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

Trustee

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

Bankers to the Fund

Al-Baraka Islamic Bank
Bank Alfalah Limited
Burj Bank Limited
National Bank of Pakistan
NIB Bank Limited
Silk Bank Limited
Meezan Bank Limited
Habib Bank Limited
Bank Islami Pakistan Limited
Sindh Bank Limited
Summit Bank Limited
United Bank Limited

NAFA ISLAMIC AGGRESSIVE INCOME 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 AGGRESSIVE INCOME FUND

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Board of Directors



Mr. Nausherwan Adil
Chairman



Dr. Amjad Waheed, CFA
Chief Executive Officer



Mr. Kamal Amir Chinoy
Director



Mr. Koh Boon San
Director



Mr. Aamir Sattar
Director



Mr. Shehryar Faruque
Director



Mr. Nigel Poh Cheng
Director



Mr. Abdul Hadi Palekar
Director

Senior Management*



Dr. Amjad Waheed, CFA
Chief Executive Officer



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



Mr. Sajjad Anwar, CFA
Chief Investment Officer



Mr. Zeeshan
Chief - Strategy &
Business Development



Mr. Khalid Mehmood
Chief Financial Officer



Mr. Samiuddin Ahmed
Country Head Corporate
Marketing



Mr. Ozair Khan
Chief Technology Officer



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



Syed Suleman Akhtar CFA
Head of Research



Mr. Tahir Lateef
Head of Internal Audit



Mr. Ahmad Nouman CFA, PRM
Head of Risk Management



Mr. Asim Wahab Khan, CFA
Head of Equity

NAFA ISLAMIC AGGRESSIVE INCOME FUND

DIRECTORS' REPORT

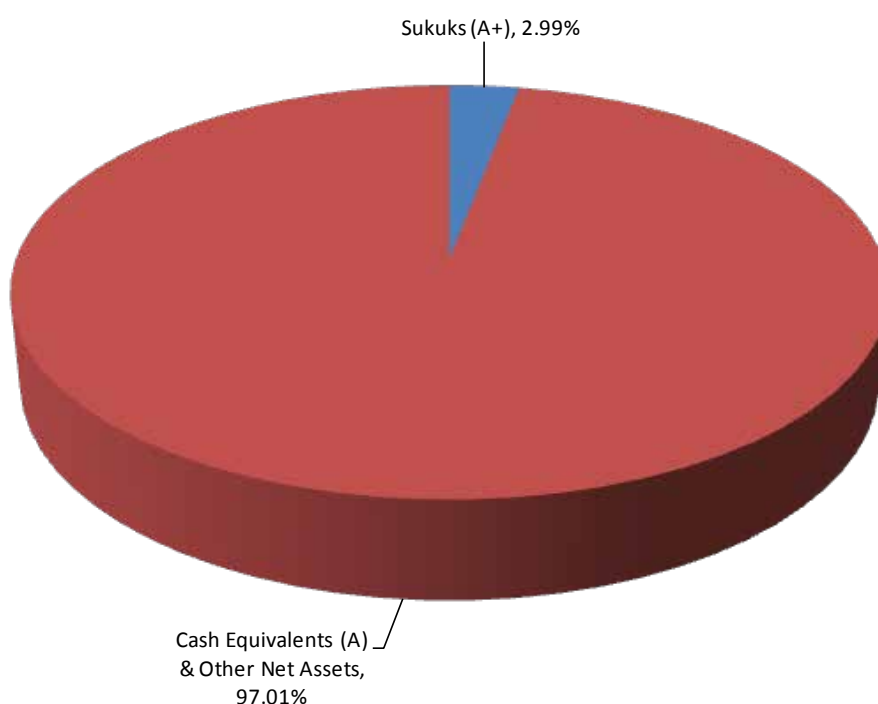
The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the Eighth Annual Report of **NAFA Islamic Aggressive Income Fund** for the year ended June 30, 2015.

Fund's Performance

The size of NAFA Islamic Aggressive Income Fund has increased from Rs. 431 million to Rs. 1,207 million during the period, i.e. a increase of 180.14%. During the said period, the unit price of the Fund has increased from Rs. 8.6754 (Ex-Div) on June 30, 2014 to Rs. 9.4745 on June 30, 2015, thus posting a return of 9.21% as compared to its Benchmark (Average 3-Month deposit rate of Islamic Banks) return of 6.56% for the same period. The return of the Fund is net of management fee and all other expenses.

NIAIF is categorized as Islamic Aggressive Income Scheme and has been awarded stability rating of A-(f) by PACRA. 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 period under review, the State Bank of Pakistan reduced the discount rate by 300 bps bringing it to a 42 year low of 7.0%. SBP highlighted i) improving external account position; ii) benign inflation reading and anchored inflation outlook; and iii) continued increase in foreign exchange reserves as the key drivers for the expansionary monetary policy decision during the year. Sovereign securities responded to the loose monetary policy period with yields on the short term and long term sovereign bonds declining sharply. All Sukuks in the Fund are floating rate linked to KIBOR with three to six month coupon resetting period.

The Fund has earned a total income of Rs.56.98 million during the year. After deducting total expenses of Rs.11.41 million, the net income is Rs.45.57 million. The asset allocation of NAFA Islamic Aggressive Income Fund as on June 30, 2015 is as follows:



NAFA ISLAMIC AGGRESSIVE INCOME FUND

Income Distribution

The Board of Directors of the Management Company has approved cash dividend of 7.61% of opening ex-NAV (7.10% of the par value) during the year.

Taxation

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

Auditors

The present auditors, KPMG Taseer Hadi & Co., Chartered Accountants, retire and, being eligible, offer themselves for re-appointment for the year ending June 30, 2016.

Directors' Statement in Compliance with Code of Corporate Governance

1. The financial statements, prepared by the management company, present fairly the state of affairs of the Fund, the result of its operations, cash flows and statement of movement in unit holders' funds.
2. Proper books of account of the Fund have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Fund's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
8. A performance table/ key financial data is given in this annual report.
9. Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements.
10. The Board of Directors of the Management Company held six meetings during the current financial year. The attendance of all directors is disclosed in the note 23 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 22 to these financial statements.
12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 19 to these financial statements.

NAFA ISLAMIC AGGRESSIVE INCOME FUND

Acknowledgement

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

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

On behalf of the Board of
NBP Fullerton Asset Management Limited

Chief Executive

Director

Date: September 30, 2015

Place: Karachi.

NAFA ISLAMIC AGGRESSIVE INCOME FUND

TRUSTEE REPORT TO THE UNIT HOLDERS NAFA ISLAMIC AGGRESSIVE INCOME FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of NAFA Islamic Aggressive Income Fund (the Fund) are of the opinion that NBP Fullerton Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the period from August 25, 2014 to June 30, 2015 in accordance with the provisions of the following:

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

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

Karachi: October 13, 2015

NAFA ISLAMIC AGGRESSIVE INCOME FUND

REPORT OF THE TRUSTEE TO THE UNIT HOLDERS NAFA ISLAMIC AGGRESSIVE INCOME FUND

Report of the Trustee Pursuant to Regulation 41 (h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

NAFA Islamic Aggressive Income Fund, an open-end Scheme established under a Trust Deed dated August 20, 2007 executed between NBP Fullerton Asset Management Limited, as the Management Company and Central Depository Company of Pakistan Limited (CDC), as the Trustee. The Scheme was authorized by Securities and Exchange Commission of Pakistan (Commission) on September 03, 2007.

CDC retired as the Trustee of the Fund and MCB Financial Services Limited (MCBFSL) was appointed as the new trustee with effect from November 22, 2011.

Thereafter, on 25th August 2014. CDC was reappointed as the new trustee of the fund, alter MC13FS1 retired on prior day.

1- NBP Fullerton Asset Management Limited, the Management Company of NAFA Islamic Aggressive Income Fund has in all material respects managed NAFA Islamic Aggressive Income Fund during the period from 1 July 2014 to 24th August 2014 in accordance with the provisions of the following:

- (i) Investment limitations imposed on the Asset Management Company and the Trustee under the trust deed and other applicable laws;
- (ii) the valuation or pricing is carried out in accordance with the deed and any regulatory requirement;
- (iii) the creation and cancellation of units are carried out in accordance with the deed;
- (iv) and any regulatory requirement.

Karachi: February 24, 2015

Khawaja Anwar Hussain
Chief Executive Officer
MCB Financial Services Limited

NAFA ISLAMIC AGGRESSIVE INCOME FUND

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2015

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

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

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

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

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

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

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

NAFA ISLAMIC AGGRESSIVE INCOME FUND

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Fund. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO have been taken by the Board. There is no other executive-director of the Company besides CEO.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. In order to apprise the directors on their duties and responsibilities the Code requires every listed company to conduct formal orientation for directors. As per the Code, by June 30, 2015 a minimum of three directors should have attended director training program. As at year end, three of the directors have attended the director's training program offered by Pakistan Institute of Corporate Governance. Other directors are also conversant with the relevant laws applicable to the Company, its policies and procedures and provisions of memorandum and articles of association and are aware of their duties and responsibilities.
10. There was no new appointment of the Chief Financial Officer (CFO), Company Secretary, or Head of Internal Audit during the year.
11. The Directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the units of the Fund other than that disclosed in note 19 to the financial statements "Transactions with Connected Persons".
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises of three members, of whom all are non-executive directors and the chairman of the committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Fund and as required by the CCG. The committee has formed the terms of reference for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises of three members. All the members are non-executive directors including an independent director and the chairman of the committee is a non-independent director.

NAFA ISLAMIC AGGRESSIVE INCOME FUND

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

For and behalf of the board

Karachi
September 30, 2015

Dr. Amjad Waheed
Chief Executive Officer

NAFA ISLAMIC AGGRESSIVE INCOME FUND

FUND MANAGER REPORT

NAFA Islamic Aggressive Income Fund

NAFA Islamic Aggressive Income Fund (NIAIF) is an open-end Shariah Compliant Aggressive Income Scheme.

Investment Objective of the Fund

The objective of NIAIF is to seek preservation of capital and earn a reasonable rate of return in a Shariah compliant manner.

Benchmark

Average 3-month deposit rate of Islamic banks.

Fund Performance Review

This is the eighth Annual report since the launch of the Fund on October 26, 2007. The Fund size increased by a staggering 180.14% during FY15 and stands at Rs 1.21 billion as on June 30, 2015. The Fund's return since inception is 6.75% versus the benchmark return of 6.71%. During FY15, the Fund posted an annualized return of 9.21% as compared to the benchmark return of 6.55%. This out-performance is net of management fee and all other expenses. Thus, the Fund has achieved its stated objectives.

Superior performance of the Fund during the year was on account of principal and profit payment of a non-performing Cable and Electrical Goods sector sukuk. The weighted average Yield-to-Maturity (YTM) of the sukuk portfolio is around 11.3% p.a. This yield does not include potential recovery in fully provided Sukuks (Face Value of Rs. 127.4 million), which is a potential upside for the Fund. Weighted average time to maturity of sukuk portfolio and the overall Fund is 1.6 and 0.05 years respectively.

Trading activity in Sukuks remains skewed towards the high quality issues. Dearth of primary issuance versus elevated demand kept the yield on the high credit quality corporate bonds depressed. Similarly, yield on the GoP Ijara Sukuk further squeezed amid demand outstripping the supply by a large margin. During the period under review, the State Bank of Pakistan reduced the discount rate by 300 bps bringing it to a 42 year low of 7.0%. SBP highlighted i) improving external account position; ii) benign inflation reading and anchored near-term inflation expectation; and iii) continued increase in foreign exchange as key drivers for the expansionary monetary policy decision during the year. Sovereign securities responded to the loose monetary policy stance with yields on the short term and long term sovereign bonds declining sharply. All Sukuks in the Fund are floating rate linked to KIBOR with three to six month coupon resetting period.

Asset Allocation of Fund (% of NAV)

Particulars	30-Jun-15	30-Jun-14
Sukuks	2.99%	12.45%
Cash Equivalents	82.79%	85.85%
Others including receivables	14.22%	1.70%
Total	100.00%	100.00%

NAFA ISLAMIC AGGRESSIVE INCOME FUND

Distribution for the Financial Year 2015

Interim / Final	Dividend as a % of Par Value (Rs.10)	Cumulative Div. Price / Unit	Ex- Div. Price
Interim	7.099%	10.1404	9.4305

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

Starting Range	Ending Range	Unit Holder
1	1000	39
1001	5000	79
5001	10000	29
10001	50000	141
50001	100000	93
100001	500000	120
500001	1000000	15
1000001	5000000	19
5000001	10000000	3
10000001	100000000	2
Total:		540

During the period under question:

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

Workers' Welfare Fund (WWF)

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs. 2.944 million. If the same were not made the NAV per unit/ FY 2015 return of scheme would be higher by Rs. 0.0231/0.26%. For details investors are advised to read note 13.1 of the Financial Statement of the Scheme for the year ended June 30, 2015.

NAFA ISLAMIC AGGRESSIVE INCOME FUND

STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

NAFA Islamic Aggressive Income Fund (the Fund) has fully complied with the Shariah principles specified in the Trust Deed and in the guidelines issued by the Shariah Advisor for its operations, investments and placements made during the year ended June 30, 2015. This has been duly confirmed by the Shariah Advisor of the Fund.

Dated : September 30, 2015
Karachi

Dr. Amjad Waheed, CFA
Chief Executive Officer

NAFA ISLAMIC AGGRESSIVE INCOME FUND

Report of the *Shar'iah* Advisor – NAFA Islamic Aggressive Income Fund

Sep 01, 2015/Ziqad 16, 1436

Alhamdulillah, the period from July 1, 2014 to June 30, 2015 was the eight year of the operations of NAFA Islamic Aggressive Income (NIAIF). This report is being issued in accordance with clause 5.D.3 of the Trust Deed of the Fund. The scope of the report is to express an opinion on the *Shari'ah* Compliance of the Fund's activity.

We have prescribed the criteria and procedures to be followed in ensuring *Shari'ah* Compliance in every investment.

It is the responsibility of the management company of the fund to establish and maintain a system of internal controls to ensure *Shari'ah* compliance with the *Shari'ah* policies & guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries of the management company's personnel and review of various documents prepared by the management company to comply with the prescribed criteria.

In light of the above, we hereby certify that:

- i. We have reviewed and approved the modes of investments of NIAIF in light of *Shari'ah* guidelines.
- ii. All the provisions of the scheme and investments made on account of NIAIF by NAFA are *Shari'ah* Compliant and are in accordance with the criteria established.
- iii. On the basis of information provided by the management, nothing has come to our attention that cause us to believe that all the operations of NIAIF for the period ended June 30, 2015 are not in compliance with *Shari'ah* principles.

May Allah bless us with best Tawfeeq to accomplish His cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes.

For and on behalf of Meezan Bank Limited
Shar'iah Technical Services & Support Provider

Bilal Ahmed Qazi
Shar'iah Advisor

NAFA ISLAMIC AGGRESSIVE INCOME FUND

Independent Assurance Report to the Unit holders' on the Statement of Compliance with the Shariah Principles

We were engaged by the Board of Directors of NBP Fullerton Asset Management Limited, Management Company of **NAFA Islamic Aggressive Income Fund** ("the Fund"), to report on Fund's Compliance with the shariah principles as set out in the annexed statement prepared by the management company for the year ended 30 June 2015 in the form of an independent reasonable assurance conclusion about whether the annexed statement presents fairly, in all material respects, the status of the Fund's compliance with Shariah principles specified in the Trust Deed and in the guidelines issued by the Shariah Advisor as required under clause 5.D.3 of the Trust Deed of the Fund.

Management Company's Responsibilities

The Management Company of the Fund is responsible for preparing the annexed statement that is free from material misstatement in accordance with the Shariah principles specified in the Trust Deed and in the guidelines issued by the Shariah Advisor. This responsibility includes designing, implementing and maintaining internal control relevant to the operations of the Fund in accordance with the shariah principles and to ensure that Fund's investments and placements are made in compliance with shariah principles.

Our Responsibilities

Our responsibility is to examine the annexed statement prepared by the Management Company and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE 3000) 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board. That standard requires that we comply with ethical requirements, including independence requirements, and plan and perform our procedures to obtain reasonable assurance about whether the annexed statement fairly presents the status of the Fund's compliance with the Shariah principles specified in the Trust Deed and in the guidelines issued by the Shariah Advisor.

The procedures selected depend on our judgment, including the assessment of the risks of material non-compliance with Shariah principles whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the operations of the Fund in accordance with the Shariah principles in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Fund's internal control.

The procedures performed included:

1. Checking compliance of specific guidelines issued by the Shariah Advisor relating to charity, maintaining bank accounts and for making investments of the Fund.
2. Check that the Shariah Advisor has certified that investments made by the Fund during the year ended 30 June 2015 are in compliance with the shariah principles and where required purification of income from non-compliant sources has been made in consultation with the Shariah Advisor.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In our opinion, the annexed statement, in all material respects, presents fairly the status of the Fund's compliance with the Shariah principles specified in the Trust Deed and in the guidelines issued by the Shariah Advisor for the year ended 30 June 2015.

Date: 30 September 2015

Karachi

Annual Report 2015

KPMG Taseer Hadi & Co.
Chartered Accountants

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NAFA ISLAMIC AGGRESSIVE INCOME FUND

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

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

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

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

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

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

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

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

Date: 30 September 2015

Place: Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

NAFA ISLAMIC AGGRESSIVE INCOME FUND

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

Report on the Financial Statements

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

Management's responsibility for the financial statements

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

Auditors' responsibility.

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

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

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

Date: September 30, 2015

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Nadeem

NAFA ISLAMIC AGGRESSIVE INCOME FUND

Statement of Assets and Liabilities As at 30 June 2015

	Note	2015 (Rupees in '000)	2014
Assets			
Bank balances	5	999,642	369,986
Investments	6	36,084	53,679
Profit receivables	7	4,036	11,801
Receivable against conversion of units	8	268,776	-
Deposits, advance and prepayment	9	272	354
Total assets		<u>1,308,810</u>	<u>435,820</u>
Liabilities			
Payable to NBP Fullerton Asset Management Limited - Management Company	10	3,875	993
Payable to Trustee	11	150	31
Payable to Securities and Exchange Commission of Pakistan	12	572	149
Payable against redemption of units		76,695	700
Payable against conversion of units	8	7,316	-
Dividend payable		5,701	-
Accrued expenses and other liabilities	13	7,107	2,943
Total liabilities		<u>101,416</u>	<u>4,816</u>
Net assets		<u>1,207,394</u>	<u>431,004</u>
Unit holders' fund (as per statement attached)		<u>1,207,394</u>	<u>431,004</u>
Contingency and commitment	14	-----Number of units-----	
Number of units in issue	15	<u>127,435,777</u>	<u>46,203,116</u>
Net assets value per unit		<u>9.4745</u>	<u>9.3285</u>

The annexed notes 1 to 28 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC AGGRESSIVE INCOME FUND

Income Statement For the year ended 30 June 2015

	Note	2015 (Rupees in '000)	2014
Income			
Income from sukuk bonds		12,201	14,383
Profit on bank deposits		61,377	11,424
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.4	(419)	443
Gain on sale of investments - net		-	275
Total income		<u>73,159</u>	<u>26,525</u>
Expenses			
Remuneration of NBP Fullerton Asset Management Limited - Management Company	10.1	7,626	2,883
Sindh Sales Tax on remuneration of Management Company	10.1	1,327	539
Federal Excise Duty on remuneration of Management Company	10.2	1,220	461
Remuneration of Trustees	11	1,232	198
Annual fee - Securities and Exchange Commission of Pakistan	12	572	149
Settlement and bank charges		40	113
Annual listing fee		30	30
Auditors' remuneration	16	496	424
Legal and professional fees		125	460
Mutual fund rating fee		260	233
Printing charges		50	31
Reversal of provision against non-performing sukuk classified as available for sale	6.5	(2,500)	(10,559)
Total expenses		<u>10,478</u>	<u>(5,038)</u>
Net income from operating activities		<u>62,681</u>	<u>31,563</u>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		(16,178)	-
Provision for Workers' Welfare Fund	13.1	(930)	(631)
Net income before taxation		<u>45,573</u>	<u>30,932</u>
Taxation	17	-	-
Net income for the year		<u><u>45,573</u></u>	<u><u>30,932</u></u>

The annexed notes 1 to 28 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC AGGRESSIVE INCOME FUND

Statement of Comprehensive Income For the year ended 30 June 2015

	Note	2015 (Rupees in '000)	2014
Net income for the year		45,573	30,932
Other comprehensive income for the year			
<i>Items to be reclassified to income statement in subsequent periods:</i>			
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'available for sale'	6.3	3,453	(1,525)
Total comprehensive income for the year		<u>49,026</u>	<u>29,407</u>

The annexed notes 1 to 28 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC AGGRESSIVE INCOME FUND

Distribution Statement For the year ended 30 June 2015

	2015	2014
	(Rupees in '000)	
Undistributed income brought forward comprising:		
- Realised income	20,960	1,987
- Unrealised income	443	30
	21,403	2,017
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing income / (loss) that form part of unit holder's fund - net	19,661	23,706
Net income for the year	45,573	30,932
Interim distribution for the year ended 30 June 2015: 7.099% per unit (Date of distribution: 29 June 2015) [(2014: 6.592% per unit) (Date of Distribution: 26 June 2014)]		
- Issue of bonus units	-	(28,081)
- Cash distribution	(50,076)	(99)
Final distribution for the year ended 30 June 2014: Nil [(2013: 3.911% per unit) (Date of Distribution: 11 July 2013)]		
- Issue of bonus units	-	(4,075)
- Cash distribution	-	(2,997)
Total distributions	(50,076)	(35,252)
Undistributed income carried forward	36,561	21,403
Undistributed income comprising:		
- Realised income	36,537	20,960
- Unrealised income	24	443
	36,561	21,403

The annexed notes 1 to 28 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC AGGRESSIVE INCOME FUND

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

	2015	2014
	(Rupees in '000)	
Net assets at beginning of the year	431,004	165,611
Issue of 250,912,866 units (2014: 34,591,763 units)	2,417,811	333,974
Issue of Nil bonus units (2014: 3,480,088 bonus units)	-	32,156
Redemption of 169,680,205 units (2014: 9,908,668 units)	(1,656,549)	(94,892)
	761,262	271,238
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net		
- amount representing loss transferred to income statement	16,178	-
- amount representing (income) transferred to distribution statement	(19,661)	(23,706)
	(3,483)	(23,706)
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'available for sale'	3,453	(1,525)
Gain on sale of investments - net	-	275
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(419)	443
Other net income for the year	45,992	30,214
Total comprehensive income for the year	49,026	29,407
Final distribution for the year ended 30 June 2014: Nil [(2013: 3.911% per unit) (Date of Distribution: 11 July 2013)]		
- Issue of bonus units	-	(4,075)
- Cash distribution	-	(2,997)
Interim distribution for the year ended 30 June 2015: 7.099% per unit (Date of distribution: 29 June 2015) [(2014: 6.592% per unit) (Date of Distribution: 26 June 2014)]		
- Issue of bonus units	-	(28,081)
- Cash distribution	(50,076)	(99)
Total distributions	(50,076)	(35,252)
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing income / (loss) that form part of unit holder's fund - net	19,661	23,706
Net assets at end of the year	<u>1,207,394</u>	<u>431,004</u>
Net assets value per unit at beginning of the year	<u>9.3285</u>	<u>9.1803</u>
Net assets value per unit at end of the year	<u>9.4745</u>	<u>9.3285</u>

The annexed notes 1 to 28 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC AGGRESSIVE INCOME FUND

Cash Flow Statement For the year ended 30 June 2015

	Note	2015 (Rupees in '000)	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income before taxation		45,573	30,932
Adjustments:			
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net		16,178	-
Reversal of provision against non-performing sukuks classified as available for sale		(2,500)	(10,559)
Net unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		419	(443)
		<u>59,670</u>	<u>19,930</u>
Decrease / (increase) in assets			
Investments		23,129	75,367
Profit receivables		7,765	(918)
Deposits, advance and prepayment		82	(10)
		<u>30,976</u>	<u>74,439</u>
Increase in liabilities			
Payable to NBP Fullerton Asset Management Limited - Management Company		2,882	649
Payable to Trustee		119	18
Payable to Securities and Exchange Commission of Pakistan		423	16
Accrued expenses and other liabilities		4,164	702
		<u>7,588</u>	<u>1,385</u>
Net cash generated from operating activities		<u>98,234</u>	<u>95,754</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Amount received on issuance of units		2,149,035	333,974
Payment against redemption of units		(1,573,238)	(94,192)
Distributions paid		(44,375)	(3,096)
Net cash from financing activities		<u>531,422</u>	<u>236,686</u>
Net increase in cash and cash equivalents during the year		<u>629,656</u>	<u>332,440</u>
Cash and cash equivalents at beginning of the year		369,986	37,546
Cash and cash equivalents at end of the year	5	<u><u>999,642</u></u>	<u><u>369,986</u></u>

The annexed notes 1 to 28 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC AGGRESSIVE INCOME FUND

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

1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Islamic Aggressive Income 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.

Central Depository Company of Pakistan Limited (CDC) retired as the Trustee of the Fund and MCB Financial Services Limited (MCBFSL) was appointed as the new Trustee with effect from 22 November 2011. The SECP approved the appointment of MCBFSL as the Trustee in place of CDC and further approved the amendments to the Trust Deed vide its letter number SCD/AMCWING/VS/NIF/458/2011 dated 15 November 2011. Accordingly, the Trust Deed of the Fund was revised through a supplemental Trust Deed executed between the Management Company, CDC and MCBFSL. Thereafter, on 25 August 2014, CDC was re-appointed as the new Trustee of the fund, after MCBFSL retired on prior day.

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 Fund is categorised as an income scheme and its core objective is to provide preservation of capital and earn a reasonable rate of return. The principal activity of the Fund is to make investments in Shariah compliant securities, having a good credit rating and liquidity subject to the guidelines prescribed by SECP.

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

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Accounting convention

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

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgments

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

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

NAFA ISLAMIC AGGRESSIVE INCOME FUND

- Classification, valuation of investments and impairment thereagainst, if any (refer note 4.1 and note 6); and
- Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed (refer note 4.9).

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

- 3.1 There are new and amended standards and interpretations that are mandatory for accounting periods beginning 01 July 2014 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not stated in these financial statements.
- 3.2 **New standards, amendments to approved accounting standards and a new interpretation to existing standard that are not yet effective**

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

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on the Fund's financial statements.
- IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. Certain further amendments have been made to IFRS 10, IFRS 12 and IAS 28 clarifying the requirements relating to accounting for investment entities and would be effective for annual periods beginning on or after 1 January 2016. The adoption of this standard is not likely to have an impact on the Fund's financial statements.
- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016. The adoption of this standard is not likely to have an impact on the Fund's financial statements.
- IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place. The adoption of this standard is not likely to have an impact on the Fund's financial statements.
- IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after 1 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The adoption of this standard is not likely to have an impact on the Fund's financial statements.
- Amendments to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The adoption of the amended standard is not likely to have an impact on the Fund's financial statements.
- Agriculture: Bearer Plants [Amendments to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The adoption of the amended standard is not likely to have an impact on the Fund's financial statements.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) [effective for annual periods beginning on or after 1 January 2016]. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The adoption of these amendments is not likely to have an impact on the Fund's financial statements.

NAFA ISLAMIC AGGRESSIVE INCOME FUND

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

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Financial assets

4.1.1 Classification

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

a) Loans and receivables

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

b) Financial assets at fair value through profit or loss

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

c) Available for sale

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

4.1.2 Regular way contracts

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

4.1.3 Initial recognition and measurement

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

4.1.4 Subsequent measurement

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

NAFA ISLAMIC AGGRESSIVE INCOME FUND

a) Basis of valuation of debt securities

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

b) Basis of valuation of equity securities

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

c) Basis of valuation of government securities

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

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

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

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

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

4.1.5 Impairment of financial assets

The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement. In case of debt instruments classified as available-for-sale, if any such evidence exists, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in unit holders fund through comprehensive income is reclassified from unit holders fund through other comprehensive income to income statement. Impairment losses recognised on debt instruments in the income statement are reversed subsequently from income statement to unit holders fund through comprehensive income.

a) Debt securities

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

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

b) Loans and receivables

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

4.1.6 Derecognition

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

4.1.7 Offsetting of financial assets and financial liabilities

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

NAFA ISLAMIC AGGRESSIVE INCOME FUND

4.2 Cash and cash equivalents

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

4.3 Financial liabilities

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

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

4.4 Derivatives

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

4.5 Provisions

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

4.6 Taxation

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

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

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

4.7 Proposed distribution

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

4.8 Issue and redemption of units

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

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

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

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

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

NAFA ISLAMIC AGGRESSIVE INCOME FUND

4.9.1 Change in accounting estimate

From 1 April 2015, the Fund has revised its methodology for recognition of element of income / (loss) and capital gains / (losses) included in the prices of units issued less those redeemed. As per the revised methodology, the element of income / (loss) and capital gains / (losses) included in the prices of units issued less those redeemed is now apportioned between the distribution statement and the income statement in proportion of the relative change in net assets for the period of available for sale investments and other net assets. Previously, full amount of the element was taken directly to the distribution statement. The management considers that the revised methodology reflects a more appropriate manner for recognition of element and moreover is in conformity with the general industry practice. The new methodology is being consistently implemented across all funds managed by the Management Company. Management has treated the revision in methodology as change in accounting estimate. Had there been no change in estimate, the net profit for the year would have been higher by Rs. 15.854 million (net of WWF).

4.10 Earnings per unit

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

4.11 Net assets value per unit

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

4.12 Revenue recognition

- Realised gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Unrealised appreciation / (diminution) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are included in the income statement in the period in which they arise.
- Unrealised appreciation / (diminution) arising on re-measurement of investments classified as 'available for sale' investments are included in the other comprehensive income in the period in which they arise.
- Profit on bank deposits, mark-up / return on investments in debt securities and income from government securities is recognised using the effective yield method.

		Note	2015	2014
			(Rupee in '000)	
4	BALANCES WITH BANKS			
	In current accounts		19,995	5,612
	In savings accounts	5.1	<u>979,647</u>	<u>364,374</u>
			<u>999,642</u>	<u>369,986</u>
5.1	These accounts carry profit at rates ranging from 5.50% to 10.20% (2014: 6.50% to 10.00%) per annum.			
5.2	These have been adjusted with cheques of Rs. 4.198 million issued on account of redemption of units and cheques of Rs. 8.930 million received on account of issuance of units at close of financial year which have cleared subsequent to year end.			
6	INVESTMENTS			
	Available for sale			
	Sukuk bonds	6.1	21,060	38,236
	Financial assets at fair value through profit or loss - held for trading			
	Sukuk bonds	6.2	<u>15,024</u>	<u>15,443</u>
			<u>36,084</u>	<u>53,679</u>

NAFA ISLAMIC AGGRESSIVE INCOME FUND

6.1 Sukuk bonds - available for sale

Name of the investee company	Number of bonds				Market value / carrying value *as at 30 June 2015	Market value as a percentage of net assets	Market value as a percentage of total investment	Percent-age issue size of sukuk held
	As at July 1, 2014	Purchases during the year	Sales / *Matured during the year	As at June 30, 2015				
----- (Number of certificates)----- (Rupees in '000)								
Engro Fertilizer Limited	4,600	-	-	4,600	11,483	0.95	31.82	0.77
Kohat Cement Company Limited	20,000	-	-	20,000	-	-	-	1.21
Maple Leaf Cement Factory Limited	5,312	-	-	5,312	9,577	0.79	26.54	0.33
New Allied Electronics Industries (Private) Limited-1st issue (note 6.1.4 and 6.1.6)	352,000	-	-	352,000	-	-	-	18.33
New Allied Electronics Industries (Private) Limited-2nd issue (note 6.1.4 and 6.1.6)	1,000	-	-	1,000	-	-	-	0.65
Pak Elektron Limited (note 6.1.5 and 6.1.6)	7,000	-	-	7,000	-	-	-	1.25
					21,060			
Carrying value of investments as at 30 June 2015					145,012			
Provision for impairment losses as at 30 June 2015					127,405			

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

6.1.1 Significant terms and conditions of sukuk bonds outstanding as at 30 June 2015 are as follows:

Remaining principal (per TFC)	Remaining principal (per TFC)	Mark-up rate (per annum)	Issue date	Maturity date
Engro Fertilizer Limited				
Kohat Cement Company Limited	2,500	1.5% + 6 Month KIBOR	06 September 2007	06 September 2015
Maple Leaf Cement Factory Limited	-	1.8% + 6 Month KIBOR	20 December 2007	20 December 2012
New Allied Electronics Industries (Private) Limited-1st issue	2,146	1.7% + 3 Month KIBOR	03 December 2007	03 December 2018
New Allied Electronics Industries (Private) Limited-2nd issue	313	2.6% + 3 Month KIBOR	27 July 2007	27 July 2012
Pak Elektron Limited	4,905	2.2% + 6 Month KIBOR	03 December 2007	03 December 2012
	1,786	1.75% + 3 Month KIBOR	28 September 2007	28 September 2012

6.1.2 All sukuk bonds have a face value of Rs 5,000 each except sukuk bonds of New Allied Electronics (Private) Limited - 1st issue which have a face value of Rs. 312.5.

6.1.3 Fair value of all sukuk bonds are determined using rates notified by the Mutual Funds Association of Pakistan (MUFAP).

6.1.4 These represent investments in privately placed Sukuk bonds of the investee company. The investment has been fully provided. The income suspended on these term finance certificate and sukuk up to 30 June 2015 amounted to Rs. 103.65 million (30 June 2014: Rs. 90.361 million) and Rs. 4.632 million respectively (30 June 2014: Rs. 4.052 million).

6.1.5 This represents investment in privately placed sukuk bonds. The investment has been fully provided. The income suspended on these sukuk bonds up to 30 June 2015 amounted to Rs. 0.009 million (30 June 2014: Rs. 0.465 million).

6.1.6 Circular no. 7 of 2009 dated 6 March 2009 issued by SECP requires vide circular no. 16 dated 7 July 2010 that rating of any security in the portfolio shall not be lower than investment grade. As of 30 June 2015 ratings of these sukuk bonds were below investment grade, however at the time of investment these securities were of the investment grade.

6.1.7 The sukuk bonds held by the Fund are generally secured against hypothecation of stocks and receivables and mortgage / pledge of fixed assets of the issuer.

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

Name of the investee company	Number of bonds				Market value	Market value as a percentage of net assets	Market value as a percentage of total investment	Percent-age issue size of sukuk held
	As at July 1, 2014	Purchases during the year	Sales / Matured during the year	As at June 30, 2015				
----- Rupees in '000 -----								
Sukuk bonds								
K-Electric Limited - AZM Sukuk	3,000	-	-	3,000	15,024	1.24	41.64	0.25
					15,024			
Carrying value of investments as at 30 June 2015					15,443			

6.2.1 Significant terms and conditions of sukuk bond outstanding as at 30 June 2015 are as follows:

	Remaining principal (per TFC)	Mark-up rate (per annum)	Issue date	Maturity date
Sukuk bonds				
K-Electric Limited - AZM Sukuk	5,000	2.25% + 3 month KIBOR	19 March 2014	19 March 2017

NAFA ISLAMIC AGGRESSIVE INCOME FUND

6.2.2 Sukuk bonds have a face value of Rs 5,000 each.

6.2.3 Sukuk bonds of K- Electric Limited are valued at discretionary rate with the limits prescribed by SECP circular no. 33 of 2012.

	Note	2015	2014
		(Rupees in '000)	
6.3 Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'available for sale'			
Market value of investments			
Less:	6.1	21,060	38,236
Carrying value of investments			
Provision against non-performing sukuku		145,012	173,456
		(127,405)	(129,905)
		(17,607)	(43,551)
Add: Reversal of unrealized diminution on sale of investment		-	3,790
		3,453	(1,525)
6.4 Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'			
Market value of investments	6.2	15,024	15,443
Less: Carrying value of investments		(15,443)	(15,000)
		(419)	443
6.5 Movement in provision against non-performing sukuku			
Balance as at 1 July		129,905	140,464
Provision made during the year		-	3,750
Less: Reversal of provision due to change in classification		-	(14,309)
Less: Reversal of provision due to recovery		(2,500)	-
		(2,500)	(10,559)
Balance as at 30 June		127,405	129,905
7 PROFIT RECEIVABLES			
Profit on savings deposits		3,178	2,618
Income accrued on sukuk bonds - net		858	9,183
		4,036	11,801
8 RECEIVABLE / (PAYABLE) AGAINST CONVERSION OF UNITS			
At year end, units of Rs. 954.843 million have been issued and units of Rs. 693.383 million have been redeemed (conversion / switching of units) as per the instructions of units holders of the respective funds between funds managed by the Management Company. However, receivable and payable have "been stated based on net settlement basis among funds made subsequent to year end (refer note 19.6).			
9 DEPOSITS, ADVANCE AND PREPAYMENT	Note	2015	2014
		(Rupees in '000)	
Security deposits with:			
- Central Depository Company of Pakistan Limited		100	100
- MCB Financial Services Limited		-	100
Advance tax		33	33
Prepaid rating fee		139	121
		272	354
10 PAYABLE TO NBP FULLERTON ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Management remuneration	10.1	872	59
Sindh Sales Tax	10.1	152	10
Federal Excise Duty	10.2	1,637	417
Sindh Sales Tax and Federal Excise Duty on sales load		499	127
Front end load		715	380
		3,875	993

NAFA ISLAMIC AGGRESSIVE INCOME FUND

- 10.1 Under the provisions of the NBFC Regulations, 2008, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such assets of the Fund. The Management Company has charged its remuneration at the rate of one percent per annum of the average annual net assets of the Fund for the current year. The remuneration is paid on a monthly basis in arrears. The Sindh Government has levied Sindh Sales Tax at the rate of 16% on the remuneration of the Management Company through Sindh Sales Tax Act, 2011 upto 30 June 2014. However, the rate has been changed to 15% effective from 01 July 2014.
- 10.2 As per the requirement of Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective 13 June 2013. The Management Company is of the view that since the remuneration is already subject to provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law. The matter has been taken up collectively by the Mutual Fund Association of Pakistan where various options are being considered. The High Court of Sindh in its order dated 09 September 2013 granted stay to the various funds for the recovery of FED. As a matter of abundant caution, the Management Company has made a provision with effect from 13 June 2013, aggregating to Rs. 1,707 thousand out of which Rs. 70 thousand have been paid to the Management Company. Had the provision not been made, the net assets value (NAV) per unit of the fund as at 30 June 2015 would have been higher by Rs. 0.0134 per unit.

11 PAYABLE TO TRUSTEE

The Trustee is entitled to a monthly remuneration for services rendered to the Fund. Upto 25 August 2014, the tariff rate applicable to the Fund was 0.1% of daily net assets value as per provisions of the Trust Deed. Due to change of Trustee, the tariff structure was revised and applicable to the Fund from 26 August 2014 is as follows:

Net assets	Tariff
Upto Rupees 1 billion	0.17% per annum of NAV
Over Rupees 1 billion to Rupees 5 billion	Rs 1.7 million plus 0.085% per annum of NAV exceeding Rupees 1 billion
Exceeding Rupees 5 billion	Rs 5.1 million plus 0.07% per annum of NAV exceeding Rupees 5 billion

12 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Under the provisions of the NBFC Regulations, a collective investment scheme categorized as an income scheme is required to pay an annual fee to Security and Exchange Commission of Pakistan, an amount equal to 0.075 percent of the average annual net assets of the Fund. The fee is payable annually in arrears.

	Note	2015 (Rupees in '000)	2014
13 ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration		360	320
Bank charges		4	36
Brokers		23	22
Provision for Workers' Welfare Fund	13.1	2,944	2,014
Printing charges		100	100
Legal fee		125	50
Settlement charges		6	50
Withholding tax		1,985	39
Capital gain tax		1,248	-
Others		312	312
		<u>7,107</u>	<u>2,943</u>

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

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

NAFA ISLAMIC AGGRESSIVE INCOME FUND

During the year ended 30 June 2012, the Honorable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, had declared the said amendments as unlawful and unconstitutional. In March 2013, a larger bench of the Sindh High Court (SHC) passed an order declaring that the amendments introduced in the WWF Ordinance, 1971 through the Finance Act 2006 and 2008 respectively do not suffer from any constitutional or legal infirmity. However, the Honourable High Court of Sindh has not addressed the other amendments made in the WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before the Court. The decisions of SHC (in against) and LHC (in favour) are pending before Supreme Court. However, the Management Company, as a matter of abundant caution, has decided to continue to maintain the provision for WWF amounting to Rs. 2.944 million (including Rs. 0.930 million for the current year). Had the same not been made the net assets value per unit of the Fund as at 30 June 2015 would have been higher by Rs. 0.0231 per unit.

14 CONTINGENCY AND COMMITMENT

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

15 NUMBER OF UNITS IN ISSUE

		2015	2014
		(Number of Units)	
Total units in issue at beginning of the year		46,203,116	18,039,933
Add: Units issued	15.1	250,912,866	34,591,763
Add: Bonus issued		-	3,480,088
Less: Units redeemed		(169,680,205)	(9,908,668)
Total units in issue at end of the year		<u>127,435,777</u>	<u>46,203,116</u>

This includes 4,479,179 units issued against Dividend Reinvestment Plan amounting to Rs. 42.425 million, net of taxation.

16 AUDITORS' REMUNERATION

	(Rupees in '000)	
Audit fee	280	280
Half yearly review fee	112	112
Out of pocket expenses and others including government levy	104	32
	<u>496</u>	<u>424</u>

17 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. The Board of Directors of the Management Company in their meeting held on 29 June 2015 has distributed more than ninety percent of the Fund's accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders. Accordingly, no provision has been made in these financial statements.

18 FINANCIAL INSTRUMENTS BY CATEGORY

	-----as at June 30, 2015-----			
Assets	Loans and receivables	At fair value through profit or loss	Available for sale	Total
	----- Rupees in '000 -----			
Bank balances	999,642	-	-	999,642
Investments	-	15,024	21,060	36,084
Profit receivables	4,036	-	-	4,036
Receivable against conversion of units	268,776	-	-	268,776
Deposits	100	-	-	100
	<u>1,272,554</u>	<u>15,024</u>	<u>21,060</u>	<u>1,308,638</u>
Liabilities	-----as at June 30, 2015-----			Total
	At fair value through profit or loss	Other financial liabilities	----- Rupees in '000 -----	
Payable to NBP Fullerton Asset Management Limited - Management Company	-	3,875	3,875	
Payable to Trustee	-	150	150	
Payable against redemption of units	-	76,695	76,695	
Payable against conversion of units	-	7,316	7,316	
Dividend payable	-	5,701	5,701	
Accrued expenses and other liabilities	-	2,178	2,178	
	-	<u>95,915</u>	<u>95,915</u>	

NAFA ISLAMIC AGGRESSIVE INCOME FUND

-----as at June 30, 2014-----

Assets	Loans and receivables	At fair value through profit or loss	Available for sale	Total
----- Rupees in '000 -----				
Bank balances	369,986	-	-	369,986
Investments	-	15,443	38,236	53,679
Profit receivables	11,801	-	-	11,801
Deposits	200	-	-	200
	<u>381,987</u>	<u>15,443</u>	<u>38,236</u>	<u>435,666</u>

-----as at June 30, 2014-----

Liabilities	At fair value through profit or loss	Other financial liabilities	Total
----- Rupees in '000 -----			
Payable to NBP Fullerton Asset Management Limited - Management Company	-	993	993
Payable to Trustee	-	31	31
Payable against redemption of units	-	700	700
Accrued expenses and other liabilities	-	890	890
	<u>-</u>	<u>2,614</u>	<u>2,614</u>

19 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

19.1 Connected persons include NBP Fullerton Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, MCB Financial Services Limited being the ex - Trustee, National Bank of Pakistan and its connected persons and Alexandra Fund Management Pte. Limited being the sponsors, other collective investment schemes managed by the Management Company, directors and officers of the Management Company, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund and unit holders holding 10 percent or more units of the Fund.

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

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

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

19.5 Transactions during the year	2015	2014
(Rupees in '000)		
NBP Fullerton Asset Management Limited - Management Company		
Remuneration of the Management Company	7,626	2,883
Sindh Sales Tax	1,327	539
Federal Excise Duty	1,220	461
Front end load	1,295	374
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	1,156	-
CDS charges	13	52
MCB Financial Services Limited -Ex - Trustee		
Remuneration of the Trustee	76	198
National Bank of Pakistan - Sponsor		
Cash dividend	5,701	2,933
Bonus units issued: Nil (2014: 531,156 bonus units)	-	-
Redemption / transfer out of 8,031,156 units (2014: Nil)	76,091	-

NAFA ISLAMIC AGGRESSIVE INCOME FUND

	2015	2014
	(Rupees in '000)	
Alexandra Fund Management Pte. Limited - Sponsor		
Units redeemed / transferred out: Nil (2014: 5,290,613 units)	-	50,000
Issue of 306,509 units under Dividend Reinvestment (2014: Nil)	2,903	-
Bonus units issued: Nil (2014: 766,450 bonus units)	-	-
Cash dividend	3,629	-
Employees of Management Company		
Issue / transfer in of 4,404,624 units (2014: 1,927,499 units)	42,934	18,111
Redemption / transfer out of 4,102,692 units (2014: 500,996 units)	40,330	4,771
Bonus units issued: Nil (2014: 100,851 bonus units)	-	-
Akhuwat - Discretionary Portfolio managed by NAFA		
Sale of GOP Ijarah Sukuk	-	20,000
Hamdard Laboratories (WAQF) Pakistan		
Issue / transfer in of 17,270,079 units (2014: Nil)	166,866	-
Issue of 1,294,413 units under Dividend Reinvestment (2014: Nil)	12,260	-
Cash Dividend	12,260	-
Askari General Insurance Company Limited		
Units issued / transferred out: Nil (2014: 4,603,947 units)	-	45,000
Bonus units issued: Nil (2014: 326,055 units)	-	-
JDW Sugar Mills Limited Employees Provident Fund Trust		
Units issued / transferred in: Nil (2014: 5,130,520 units)	-	50,000
Bonus units issued: Nil (2014: 363,348 units)	-	-
19.6 Amounts outstanding at year end		
NBP Fullerton Asset Management Limited - Management Company		
Management remuneration payable	872	59
Sindh Sales Tax payable	152	10
Federal Excise Duty payable	1,637	417
Sindh Sales Tax and Federal Excise Duty on sales load	499	127
Front end load	715	380
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	150	-
CDS charges payable	6	50
Security deposit	100	100
MCB Financial Services Limited - Ex - Trustee		
Remuneration payable	-	31
Security deposit	-	100
National Bank of Pakistan - Sponsor		
Units held: Nil (2014: 8,031,156 units)	-	74,919
Balance in current account	1,215	268
Alexandra Fund Management Pte. Limited - Sponsor		
Units held: 5,418,327 (2014: 5,111,818 units)	51,336	47,686
Employees of Management Company		
Units held: 2,739,627 units (2014: 1,527,354 units)	25,957	14,248
Hamdard Laboratories (WAQF) Pakistan		
Units held: 18,564,492 (2014: Nil)	175,889	-
Askari General Insurance Company Limited		
Units held: Nil (2014: 4,930,002 units)	-	45,990
JDW Sugar Mills Limited Employees Provident Fund Trust		
Units held: Nil (2014: 5,493,868 units)	-	51,250

NAFA ISLAMIC AGGRESSIVE INCOME FUND

	2015	2014
	(Rupees in '000)	
NAFA Asset Allocation Fund		
Net payable against conversion of units	1,234	-
NAFA Islamic Asset Allocation Fund		
Net payable against conversion of units	2,097	-
NAFA Income Opportunity Fund		
Receivable against conversion of units	544	-
NAFA Islamic Stock Fund		
Net payable against conversion of units	3,985	-
NAFA Money Market Fund		
Net receivable against conversion of units	8,777	-
NAFA Riba Free Savings Fund		
Net receivable against conversion of units	259,455	-

20 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

S.No.	Name	Qualification	Experience in years
1	Dr. Amjad Waheed	MBA / Doctorate in Business Administration / CFA	27
2	Sajjad Anwar	CFA / MBA Finance	15
3	Syed Suleman Akhtar	CFA	15
4	Muhammad Ali Bhabha	MBA / MS (CS) / CFA / FRM	20.5
5	Asim Wahab Khan	CFA	9
6	Muhammad Imran*	CFA, ACCA	9

20.1 *Muhammad Imran is the Fund Manager. He is also managing NAFA Asset Allocation Fund and NAFA Income Opportunity Fund.

21 BROKER / DEALER BY PERCENTAGE OF COMMISSION PAID

	2015	2014
Pearl Securities (Private) Limited	-	100%

22 PATTERN OF UNIT HOLDING

Category	As at June 30, 2015		
	Number of unit holders	Investment amount	Percentage investment
	----- (Rupees in '000) -----		
Individuals	512	530,710	43.95
Retirement Funds	13	307,235	25.45
Asset Management Company	1	22,095	1.83
Associated Company	1	51,336	4.25
Insurance Companies	2	32,424	2.69
Commercial Bank	1	102,227	8.47
Other Corporate	10	161,367	13.36
	540	1,207,394	100.00
	----- (Rupees in '000) -----		
Category	As at June 30, 2014		
	Number of unit holders	Investment amount	Percentage investment
	----- (Rupees in '000) -----		
Individuals	250	152,267	35.33
Retirement Funds	6	34,721	8.06
Asset Management Company	1	47,686	11.06
Associated Companies	1	74,918	17.38
Other Corporate	6	121,412	28.17
	264	431,004	100.00

NAFA ISLAMIC AGGRESSIVE INCOME FUND

23 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

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

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

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

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

24 FINANCIAL RISK MANAGEMENT

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are based on limits established by the Management Company, Fund's constitutive documents and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed by Board of Directors and Audit Committee regularly to reflect changes in market conditions and the Fund's activities.

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

The Fund primarily invests in a portfolio of money market investments such as investment-grade debt securities, government securities and other money market instruments. These activities are exposed to a variety of financial risks i.e market risk (which includes currency risk, interest rate risk and price risk), credit risk and liquidity risk arising from the financial instruments it holds.

24.1 Market risk

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

Management of market risk

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

24.2 Currency risk

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

24.3 Interest rate risk

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

NAFA ISLAMIC AGGRESSIVE INCOME FUND

(a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds KIBOR based interest bearing sukuk bonds exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR on 30 June 2015, with all other variables held constant, the net assets of the Fund and net income for the year would have been higher / lower by Rs. 0.357 million (2014: Rs 0.835 million).

(b) Sensitivity analysis for fixed rate instruments

Presently, the Fund holds no fixed rate instruments.

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

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

----- As at June 30, 2015 -----

Yield / interest rate (%)	Exposed to yield/interest rate risk			Not exposed to Yield / Interest risk	Total
	Upto three months	Over three months and upto one year	Over one year		
On-balance sheet financial instruments					
Financial Assets					
------(Rupees in '000)-----					
Bank balances	5.50 - 10.20	979,647	-	19,995	999,642
Investments	8.43 - 12.44	11,483	-	24,601	36,084
Profit receivables		-	-	4,036	4,036
Receivable against conversion of units		-	-	268,776	268,776
Deposits		-	-	100	100
		<u>991,130</u>	<u>-</u>	<u>292,907</u>	<u>1,308,638</u>
Financial Liabilities					
Payable to NBP Fullerton Asset Management Limited - Management Company		-	-	3,875	3,875
Payable to Trustee		-	-	150	150
Payable against redemption of units		-	-	76,695	76,695
Payable against conversion of units		-	-	7,316	7,316
Dividend payable		-	-	5,701	5,701
Accrued expenses and other liabilities		-	-	2,178	2,178
		-	-	95,915	95,915
On-balance sheet gap		<u>991,130</u>	<u>-</u>	<u>196,992</u>	<u>1,212,723</u>
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap		-	-	-	-
Total interest rate sensitivity gap		<u>991,130</u>	<u>-</u>	<u>196,992</u>	<u>1,212,723</u>
Cumulative interest rate sensitivity gap		<u>991,130</u>	<u>991,130</u>	<u>1,015,731</u>	

----- As at June 30, 2014 -----

Yield / interest rate (%)	Exposed to yield/interest rate risk			Not exposed to Yield / Interest risk	Total
	Upto three months	Over three months and upto one year	Over one year		
On-balance sheet financial instruments					
Financial Assets					
------(Rupees in '000)-----					
Bank balances	6.50 - 10.00	364,374	-	5,612	369,986
Investments	8.99 - 12.62	-	-	53,679	53,679
Profit receivables		-	-	11,801	11,801
Deposits		-	-	200	200
		<u>364,374</u>	<u>-</u>	<u>53,679</u>	<u>435,666</u>
Financial Liabilities					
Payable to NBP Fullerton Asset Management Limited - Management Company		-	-	993	993
Payable to Trustee		-	-	31	31
Payable against redemption of units		-	-	700	700
Accrued expenses and other liabilities		-	-	890	890
		-	-	2,614	2,614
On-balance sheet gap		<u>364,374</u>	<u>-</u>	<u>14,999</u>	<u>433,052</u>
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap		-	-	-	-
Total interest rate sensitivity gap		<u>364,374</u>	<u>-</u>	<u>14,999</u>	<u>433,052</u>
Cumulative interest rate sensitivity gap		<u>364,374</u>	<u>364,374</u>	<u>418,053</u>	

NAFA ISLAMIC AGGRESSIVE INCOME FUND

24.4 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. Presently, the Fund is not exposed to equity securities price risk as the Fund does not hold any equity securities as at 30 June 2015.

24.5 Credit risk

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

Management of credit risk

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

Concentration of the credit risk

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

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

Balances with banks	2015	2014
	(Rupees in '000)	
AAA	2,178	343
AA+	5	-
AA-	10,186	3,118
AA	7,712	3,902
A+	5	406
A-	978,180	-
A	1,376	362,217
	<u>999,642</u>	<u>369,986</u>
Investments - Sukuk bonds		
AA, AA-, AA+	15,024	-
A, A-, A+	21,060	38,423
BB+, BBB, BBB+, BBB-	-	15,256
	<u>36,084</u>	<u>53,679</u>

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

24.6 Liquidity risk

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

Management of liquidity risk

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

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

NAFA ISLAMIC AGGRESSIVE INCOME FUND

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

Maturity analysis for financial liabilities

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

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

-----As at June 30, 2015-----				
	Total	Upto three months	Over three months and upto one year	Over one year
------(Rupees in '000)-----				
Financial liabilities				
Payable to NBP Fullerton Asset Management Limited - Management Company	3,875	3,875	-	-
Payable to Trustee	150	150	-	-
Payable against redemption of units	76,695	76,695	-	-
Payable against conversion of units	7,316	7,316	-	-
Dividend payable	5,701	5,701	-	-
Accrued expenses and other liabilities	2,178	2,178	-	-
	<u>95,915</u>	<u>95,915</u>	-	-
Unit holders' fund	<u>1,207,394</u>	<u>1,207,394</u>	-	-

-----As at June 30, 2014-----				
	Total	Upto three months	Over three months and upto one year	Over one year
------(Rupees in '000)-----				
Financial liabilities				
Payable to NBP Fullerton Asset Management Limited - Management Company	993	993	-	-
Payable to Trustee	31	31	-	-
Payable against redemption of units	700	700	-	-
Accrued expenses and other liabilities	890	890	-	-
	<u>2,614</u>	<u>2,614</u>	-	-
Unit holders' fund	<u>431,004</u>	<u>431,004</u>	-	-

25 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

The fair value of financial assets and liabilities traded in active markets are based on the quoted market prices at the close of trading on the year end date. The Fund does not hold any securities that are based on quoted market prices.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

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

NAFA ISLAMIC AGGRESSIVE INCOME FUND

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

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

IFRS 7, 'Financial instruments: Disclosures' requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

	-----As at June 30, 2015-----			
	Level 1	Level 2	Level 3	Total
	------(Rupees in '000)-----			
Assets				
Investment in securities - available for sale	-	21,060	-	21,060
Investment in securities - at fair value through profit and loss	-	15,024	-	15,024
	-----As at June 30, 2014-----			
	Level 1	Level 2	Level 3	Total
	------(Rupees in '000)-----			
Assets				
Investment in securities - available for sale	-	38,236	-	38,236
Investment in securities - at fair value through profit and loss	-	15,443	-	15,443

The reconciliation of provision in respect of level 3 is stated in note 6.5 to the financial statements.

26 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

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

In accordance with the risk management policies stated in note 24, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption, such liquidity being augmented by short term borrowing arrangements (which can be entered if necessary) or disposal of investments where necessary.

27 DATE OF AUTHORISATION FOR ISSUE

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

28 GENERAL

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC AGGRESSIVE INCOME FUND

PERFORMANCE TABLE

Particulars	For the year ended June 30, 2015	For the year ended June 30, 2014	For the year ended June 30, 2013	For the year ended June 30, 2012	For the year ended June 30, 2011	For the year ended June 30, 2010
Net assets at the year / period ended (Rs '000)	1,207,394	431,004	165,611	178,615	178,436	202,310
Net income for the year / period ended (Rs '000)	45,573	30,932	7,923	(5,329)	28,973	30,124
Net Asset Value per unit at the year / period ended (Rs)	9.4745	9.3285	9.1803	8.5954	8.2457	8.9486
Offer Price per unit	9.6009	9.4540	9.2721	8.6814	7.2911	7.8267
Redemption Price per unit	9.4745	9.3285	9.1803	8.5954	7.2189	7.7492
Highest offer price per unit (Rs)	9.6009	9.4540	9.2721	8.6814	8.3672	9.6091
Lowest offer price per unit (Rs)	8.7930	8.3199	8.6849	6.3854	7.2903	7.0533
Highest redemption price per unit (Rs)	9.4745	9.3285	9.1803	8.5954	8.2844	9.5140
Lowest redemption price per unit (Rs)	8.6772	8.2094	8.5989	6.3222	7.2181	6.9835
Fiscal Year Opening Ex NAV	8.6754	8.2082	8.5954	7.2189	7.5621	9.4069
Total return of the fund	9.21%	13.65%	6.80%	19.07%	9.04%	-4.87%
Capital growth	1.03%	5.62%	2.25%	19.07%	-7.10%	-17.62%
Income distribution as % of Ex-NAV	8.18%	8.03%	4.55%	0.00%	16.14%	12.75%
Income distribution as % of Par Value	7.10%	6.59%	3.91%	0.00%	12.21%	11.99%
Distribution						
Interim distribution per unit	0.7099	-	-	-	0.1937	-
Final distribution per unit	-	0.6592	0.3911	-	1.0268	1.1994
Distribution Dates						
Interim	29-Jun-15	-	-	-	19-Apr-11	-
Final	-	26-Jun-14	11-Jul-13	-	4-Jul-11	5-Jul-10
Average annual return of the fund (launch date October 26, 2007)						
(Since inception to June 30, 2015)	6.80%					
(Since inception to June 30, 2014)		6.39%				
(Since inception to June 30, 2013)			5.16%			
(Since inception to June 30, 2012)				4.82%		
(Since inception to June 30, 2011)					1.25%	
(Since inception to June 30, 2010)						-1.51%
Portfolio Composition (Please see Fund Manager Report)						
Weighted average portfolio duration	2 Days	9 Days	65 Days	80 Days	64 Days	31 Days








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



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