



NBP Fullerton
Asset Management Ltd.

A Subsidiary of
National Bank of Pakistan

Your investments & "NAFA" grow together




Joint - Venture Partners

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-I

QUARTERLY REPORT
**MARCH 31
2014**



MISSION STATEMENT



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

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NAFA ISLAMIC PRINCIPAL PROTECTED FUND-I

FUND'S INFORMATION

Management Company

NBP Fullerton Asset Management Limited – Management Company

Board of Directors of the Management Company

Mr. Nausherwan Adil	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Wah Geok Sum	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 Committee

Mr. Nausherwan Adil	Chairman
Mr. Wah Geok Sum	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 Bank (Pakistan) Limited
Bank Alfalah Limited
Burj Bank Limited
Habib Bank Limited
Standard Chartered Bank Pakistan Limited
United Bank Limited

Auditors

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

Legal Advisor

M/s Jooma Law Associates
205, E.I. Lines, Dr. Daudpota Road,
Karachi.

Head Office:

7th Floor Clifton Diamond Building, Block No. 4,
Scheme No. 5, Clifton Karachi.
UAN: 111-111NFA (111-111-632),
(Toll Free): 0800-20001,
Fax: (021) 35825329
Website: www.nafafunds.com

Lahore Office:

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

Islamabad Office:

Plot No. 395, 396
Industrial Area, 1-9/3 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 PRINCIPAL PROTECTED FUND-I

DIRECTORS' REPORT

The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the first unaudited financial statements of **NAFA Islamic Principal Protected Fund - I** for the period from January 28, 2014 to March 31, 2014.

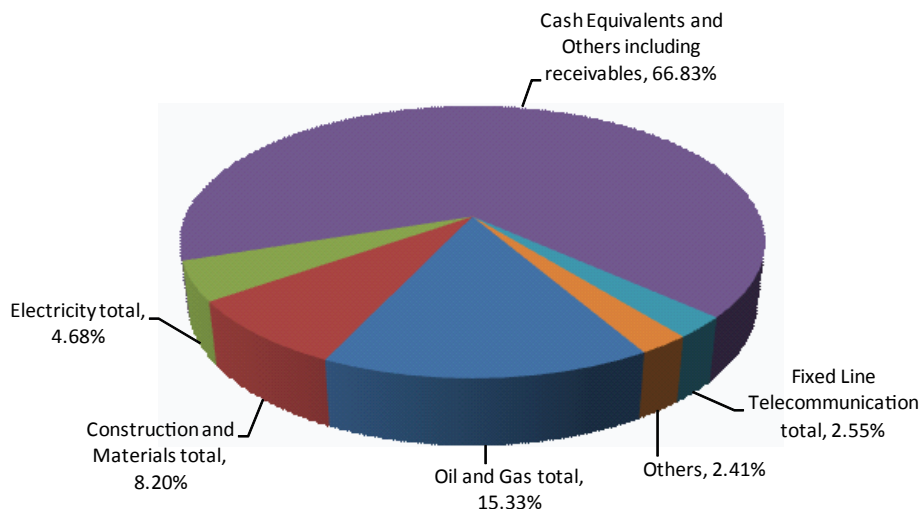
NAFA launched its first open-end Islamic capital protected fund namely NAFA Islamic Principal Protected Fund (NIPPF-I) this March. The aim of the Fund is to provide growth to the investment of Unit holders over the long-term in approved Shariah compliant equities and money market instruments while protecting initial investment value at Initial Maturity date, which is two years from launch date. The Fund is presently closed for new subscription.

Fund's Performance

During the period, the unit price of NAFA Islamic Principal Protected Fund - I has decreased from Rs. 100.00 on March 05, 2014 to Rs. 99.5975 on March 31, 2014, thus showing a decline of -0.40%. The Benchmark (Daily weighted return of KMI-30 index & Islamic Bank Deposits based on Funds's actual allocation) return during the same period was 0.06%. Thus, the Fund has underperformed its Benchmark by 0.46% during the period under review. This performance is net of management fee and all other expenses. The size of NAFA Islamic Principal Protected Fund-I is Rs.1,622 million.

The stock market continued its bull-run in 3QFY14 driven by sanguine valuations, \$1.5bn inflow from Saudia Arabia and resultant improvement in foreign reserves, benign inflation outlook, and aggressive buying by mutual funds in the initial phase and foreign investors in the latter phase. Chemicals, Automobile and Parts, General Industrials, and Non-Life Insurance sectors outperformed the market whereas Oil & Gas, Electricity, and Personal Goods sectors lagged the market. The foreign participation has seen massive surge off late owing to improved macroeconomic outlook and increase in Pakistan's weight in MSCI Frontier Market Index to 8.2% from 4.3%. Going forward, we expect that upcoming 3G/4G license auction in April, implementation of revised MSCI weights in May, CSF inflows, and development funding from World Bank and ADB will further improve country's reserve position.

The Fund has incurred loss of Rs.2.08 million during the period. After accounting for expenses of Rs.4.48 million, the total loss is Rs.6.56 million. The asset allocation of the Fund as on March 31, 2014 is as follows:



Acknowledgement

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

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

On behalf of the Board of
NBP Fullerton Asset Management Limited

Chief Executive

Director

Date: April 30, 2014
Place: Karachi.

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-I

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (Un-audited) AS AT MARCH 31, 2014

	Note	As at March 31, 2014
-----Rupees in '000-----		
ASSETS		
Bank balances		1,038,844
Investments	4	537,854
Receivable against sale of investments		52,161
Dividend and profit receivable		6,458
Deposits, prepayments and other receivables		2,828
Preliminary expenses and floatation costs		2,239
Total assets		1,640,384
LIABILITIES		
Payable to NBP Fullerton Asset Management Limited - Management Company		13,665
Payable to Central Depository Company of Pakistan Limited -Trustee		161
Payable to the Securities and Exchange Commission of Pakistan		88
Payable against purchase of investments		1,536
Accrued expenses and other liabilities		3,384
Total liabilities		18,834
NET ASSETS		1,621,550
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		1,621,550
CONTINGENCIES AND COMMITMENTS	6	
-----Number of units-----		
NUMBER OF UNITS IN ISSUE		16,281,030
-----Rupees-----		
NET ASSET VALUE PER UNIT	7	99.5975

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-I

CONDENSED INTERIM INCOME STATEMENT (Un-audited) FOR THE PERIOD FROM JANUARY 28, 2014 TO MARCH 31, 2014

Note For the period from
January 28, 2014 to
March 31, 2014

-----Rupees in '000-----

INCOME

Capital (loss) on sale of investments - net	(7,569)
Profit on bank deposits	6,935
Dividend income	3,728
Unrealised diminution in the value of investments 'at fair value through profit or loss' - net	(5,174)
Total (loss) / Income	(2,080)

EXPENSES

Remuneration of NBP Fullerton asset Management Ltd - Management Company	2,337
Sindh sales tax on Management Company's remuneration	434
FED on management fee	374
Remuneration of Central Depository Company of Pakistan Limited - Trustee	152
Annual fee - Securities and Exchange Commission of Pakistan	88
Amortisation of preliminary expenses and floatation costs	84
Auditors' remuneration	73
Annual listing fee	8
Printing charges	22
Settlement and bank charges	87
Securities transaction cost	824
Total Expenses	4,483

Net (loss) from operating activities (6,563)

(Provision) / reversal of provision for Workers' Welfare Fund -

Net (loss) for the period before taxation (6,563)

Taxation 8 -

Net (loss) for the period after taxation (6,563)

Earnings per unit 9

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-I

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited) FOR THE PERIOD FROM JANUARY 28, 2014 TO MARCH 31, 2014

For the period from
January 28, 2014 to
March 31, 2014

-----Rupees in '000-----

Net (loss) for the period after taxation	(6,563)
Other comprehensive income for the period	-
Total comprehensive (loss) for the period	<u><u>(6,563)</u></u>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-I

CONDENSED INTERIM DISTRIBUTION STATEMENT (Un-audited) FOR THE PERIOD FROM JANUARY 28, 2014 TO MARCH 31, 2014

For the period from
January 28, 2014 to
March 31, 2014

-----Rupees in '000-----

Undistributed income brought forward	-
Net (loss) for the period after taxation	(6,563)
Element of (loss) and capital (losses) included in prices of units issued less those in units redeemed	(10)
Undistributed (loss) carried forward	<u>(6,573)</u>
Undistributed income comprising of :	
Realised (loss)	(1,399)
Unrealised (loss)	(5,174)
	<u>(6,573)</u>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-I

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (Un-audited) FOR THE PERIOD FROM JANUARY 28, 2014 TO MARCH 31, 2014

For the period from
January 28, 2014 to
March 31, 2014

-----Rupees in '000-----

Net assets at the beginning of the year	-
Issue of 16,307,443 units	1,630,743
Redemption of 26,413 units	(2,630)
	1,628,113
Net element of loss and capital losses included in prices of units issued less those in units redeemed - transferred to distribution statement	10
Unrealised diminution in the value of investments 'at fair value through profit or loss' - net	(5,174)
Capital (loss) on sale of investments - net	(7,569)
Other net income for the period	6,180
Net income for the period	(6,563)
Element of (loss) and capital (losses) included in prices of prices of units issued less those in units redeemed	(10)
Net assets at the end of the period	<u>1,621,550</u>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-I

CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited) FOR THE PERIOD FROM JANUARY 28, 2014 TO MARCH 31, 2014

For the period from
January 28, 2014 to
March 31, 2014

-----Rupees in '000-----

CASH FLOW FROM OPERATING ACTIVITIES

Net (loss) for the period before taxation (6,563)

Adjustments

Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	5,174
Amortisation of preliminary expenses and floatation costs	84
(Loss) on sale of investments - net	7,569
	<u>6,264</u>

(Increase) / decrease in assets

Investments	(550,597)
Receivables against sale of investments	(52,161)
Dividend and profit receivable	(6,458)
Deposits, prepayments and other receivables	(2,828)
Preliminary expenses and floatation costs	(2,323)
	<u>(614,367)</u>

Increase / (decrease) in liabilities

Payable to NBP Fullerton Asset Management Limited - Management Company	13,665
Payable to Central Depository Company of Pakistan Limited -Trustee	161
Payable to the Securities and Exchange Commission of Pakistan	88
Payable against purchase of investments	1,536
Accrued expenses and other liabilities	3,384
	<u>18,834</u>

Net cash used in operating activities (589,269)

CASH FLOW FROM FINANCING ACTIVITIES

Receipts from issue of units	1,630,743
Payments on redemption of units	(2,630)
Net cash generated from financing activities	<u>1,628,113</u>

Net increase in cash and cash equivalents during the period 1,038,844

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-I

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-Audited) FOR THE PERIOD FROM JANUARY 28, 2014 TO MARCH 31, 2014

1. LEGAL STATUS AND NATURE OF BUSINESS

NAFA Islamic Principal Protected Fund-I (the Fund) was established under a Trust Deed executed between NBP Fullerton Asset Management Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on December 30, 2013 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on January 17, 2014. under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

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

The Fund is an open-ended mutual fund and is listed on the Lahore Stock Exchange. The units of the Fund are transferable and can be redeemed by surrendering them to the Fund. The units are listed on the Lahore Stock Exchange. The Fund is categorized as an Open-End "Shariah Compliant Capital Protected Fund Scheme" as per the criteria laid down by the Securities and Exchange Commission of Pakistan for categorization of Collective Investment Schemes (CIS).

The objective of NAFA Islamic Principal Protection Fund-I is to earn a potentially high return through dynamic asset allocation between shariah compliant Equities and Money Market investment avenues, while providing principal protection.

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

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

2 BASIS OF PREPARATION

2.1 Statement of Compliance

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

The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2013.

In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2014.

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

There are certain new standards, amendments to approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2013 but are considered not to be relevant or did not have any significant effect on the Fund's operations and are, therefore, not detailed in this condensed interim financial information.

Amendment to IFRS 7, 'Financial instruments': The amendment includes new disclosures to facilitate comparison between those entities that prepare IFRSs financial statements to those that prepare financial statements in accordance with US GAAP. The adoption of this amendment did not have any impact on the Fund's condensed interim financial information.

There are certain other new standards, amendments and interpretations that became effective during the period and are mandatory for accounting periods beginning on or after July 1, 2012 but are considered not to be relevant or did not have any significant effect on the Fund's operations and are, therefore, not disclosed in this condensed interim financial information.

2.3 Standards, interpretations and amendments to published approved accounting standards as adopted in Pakistan that are not effective:

There are certain new standards, amendments to approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2012 but are considered not to be relevant or are not expected to have any significant effect on the Fund's operations and are, therefore, not detailed in this condensed interim financial information.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Financial assets

3.1.1 Classification

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

a) Loans and receivables

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

b) Financial assets 'at fair value through profit or loss'

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

c) Held to maturity

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

d) Available for sale

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

3.1.2 Regular way contracts

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

3.1.3 Initial recognition and measurement

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

3.1.4 Subsequent measurement

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

a) Basis of valuation of debt securities

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

b) Basis of valuation of equity securities

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

c) Basis of valuation of Government Securities

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

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

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

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

3.1.5 Impairment of financial assets

The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement.

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

3.1.6 Derecognition

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

3.2 Financial liabilities

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

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

3.3 Offsetting of financial assets and liabilities

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

3.4 Derivative Financial Instruments

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

3.5 Preliminary expenses and floatation costs

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

3.6 Provision

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

3.7 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed among the unit holders. The Fund is exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes. In addition, the Fund also records deferred tax asset if any to the extent that it is probable that the related tax benefit will be realised. However, the Fund has not recognised any amount in respect of taxation in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders every year.

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3.8 Proposed distribution

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

3.9 Issue and redemption of units

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

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

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

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

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

3.11 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.

3.12 Net Assets Value Per Unit

The Net Asset Value per unit as disclosed on the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

3.13 Revenue recognition

- Realised capital gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.
- Unrealised gains / (losses) arising on revaluation of investments classified as ' Financial assets at fair value through profit or loss ' are included in the Income Statement in the period in which they arise.
- Unrealised gains / (losses) arising on revaluation of investments classified as ' Available for sale investments ' are included in the Other Comprehensive Income in the period in which they arise.
- Dividend income is recognised when the right to receive the same is established i.e. on the date of book closure of the investee company / institution declaring the dividend
- Profit on bank deposits, investments in debt securities and income from government securities is recognised using the effective interest method.

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3.14 Cash and cash equivalents

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

3.15 Foreign currency translation

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

Note
(Un-Audited)
March 31,
2014
(Rupees in '000)

4 INVESTMENTS

At fair value through profit or loss' - held for trading
- Equity securities - listed

4.1
537,854
537,854

4.1 Listed equity securities - at fair value through profit or loss

All shares have a nominal face value of Rs.10 each.

Name of the investee company	As at July 1, 2013	Purchases during the period	Bonus / right shares	Sales during the period	As at March 31, 2014	Market value as at March 31, 2014	Investment as a percentage of		
							Market value as a percentage of net assets	Market value as a percentage of total investment	Percentage of paid up capital of investee company held
-----Number of shares-----							(Rupees in '000)	-----%-----	
Oil and Gas									
Oil and Gas Development Company Limited	-	232,500	-	130,500	102,000	24,595	1.52	-	0.00
Pakistan Oilfields Limited	-	156,100	-	-	156,100	84,947	5.24	15.79	0.07
Pakistan Petroleum Limited	-	231,000	-	130,000	101,000	22,600	1.39	4.20	0.01
Pakistan State Oil Company Limited	-	272,800	-	-	272,800	116,407	7.18	21.64	0.11
Construction and Materials									
D.G. Khan Cement Company Limited	-	537,000	-	270,000	267,000	24,569	1.52	4.57	0.06
Kohat Cement Company Limited	-	142,000	-	-	142,000	16,617	1.02	3.09	0.09
Lucky Cement Limited	-	79,900	-	-	79,900	25,324	1.56	4.71	0.08
Maple Leaf Cement Factory Limited	-	1,950,000	-	-	1,950,000	57,389	3.54	10.67	0.37
Pioneer Cement Limited	-	193,000	-	-	193,000	9,011	0.56	1.68	0.08
Personal Goods									
Nishat Mills Limited	-	485,000	-	287,000	198,000	23,077	1.42	4.29	0.06
Fixed Line Telecommunication									
Pakistan Telecommunication Company Limited	-	1,355,000	-	-	1,355,000	41,422	2.55	7.70	0.04
Electricity									
The Hub Power Company Limited	-	628,000	-	307,500	320,500	17,041	1.05	3.17	0.03
Kot Addu Power Company Limited	-	989,000	-	-	989,000	58,826	3.63	10.94	0.11
Banks									
Bank Islami Pakistan Limited	-	1,115,500	-	-	1,115,500	11,690	0.72	2.17	0.21
Meezan Bank Limited	-	67,000	-	-	67,000	2,650	0.16	0.49	0.01
Industrial Transportation									
Pakistan National Shipping Corporation Limited	-	23,000	-	-	23,000	1,689	0.10	0.31	0.02
						537,854	33.17	100.00	
Carrying value as at March 31, 2014						543,028			

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-I

Investments include shares with market value of Rs 66.17 million which has been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular number 11 dated October 23, 2007 issued by the SECP.

5. PROVISION FOR WORKERS' WELFARE FUND

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) / Pension Funds 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 (SHC), challenging the applicability of WWF to the CISs / pension funds, which is pending adjudication. However, without prejudice to the above, the Management Company made a provision for WWF contribution in the annual financial statements for the year ended June 30, 2010.

During the year ended June 30, 2011, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) on July 8, 2010 which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However on December 14, 2010 the Ministry filed its response against the Constitutional Petition requesting the Court to dismiss the same. This response was contradictory to the earlier clarification issued by the Ministry. Show cause notices were then issued by the Federal Board of Revenue (FBR) to several mutual funds (CISs) / pension funds for the collection of WWF. In respect of such show cause notices, certain mutual funds (CISs) / pension funds have been granted stay by the Honorable SHC on the basis of the pending Constitutional Petition as referred to above.

In March 2013, a three member bench of the Sindh High Court in its judgment on various Constitutional Petitions challenging the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, held that WWF is a tax and consequently, the amendments introduced in the Workers' Welfare Fund Ordinance, 1971 through the Finance Act, 2006 and 2008 respectively (Money Bills) do not suffer from any constitutional or legal infirmity. This judgment was in contrast to the July 2011 single member bench decision of the Honorable Lahore High Court which had held such amendments as unlawful and unconstitutional for the reason that they were made through the money bills. For the CISs and pension funds, the issue of chargeability or otherwise of WWF levy to the CISs / pension funds is currently pending before the Honorable SHC.

6. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at the period end.

7. NET ASSET VALUE PER UNIT

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

8. 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 amongst the unit holders. The Fund intends to avail such exemption in the current and future periods. Accordingly, no provision has been made for current and deferred taxation in this condensed interim financial information.

9. EARNINGS PER UNIT

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

10. TRANSACTIONS WITH CONNECTED PERSONS

10.1 Connected persons include NBP Fullerton Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan, and Alexandra Fund Management Pte. Limited being the sponsors, other collective investment schemes managed by the Management Company and directors and officers of the Management Company.

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

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

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-I

(Un-Audited)
For the period from
January 28, 2014 to
March 31, 2014

Rupees in '000

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

NBP Fullerton Asset Management Limited - Management Company	
Remuneration for the period	2,337
Sindh Sales Tax on remuneration of management company	434
FED on remuneration	374
Central Depository Company of Pakistan Limited - Trustee	
Remuneration for the period	152
CDS charges	39
Employees of the Management Company	
Units issued / transfer in 2,237 units	224
Taurus Securities Limited	
Brokerage expense	29
Kot Addu Power Company Limited	
Purchase of (989,000) equity shares	61,650
Maple Leaf Cement Factory Limited	
Purchase of (1,950,000) equity shares	58,782

(Un-Audited)
March
31, 2014
Rupees in '000

10.5 Amounts outstanding as at period end

NBP Fullerton Asset Management Limited - Management Company	
Management remuneration payable	2,337
Sindh Sales Tax on remuneration of Management Company	434
Federal Excise Duty on remuneration of Management Company	374
Preliminary expenses and floatation costs	2,322
Other payable	2,655
Sales load payable	87
Sales tax and FED payable on sales load	5,456
Central Depository Company of Pakistan Limited - Trustee	
Remuneration payable	152
CDS charges payable	9
Security deposit	100
Employees of the Management Company	
Investment held in the Fund 2,237 units	223
Taurus Securities Limited	
Brokerage expense	29
Kot Addu Power Company Limited	
Purchase of (989,000) equity shares	58,826
Maple Leaf Cement Factory Limited	
Purchase of (1,950,000) equity shares	57,389

11 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on April 30, 2014.

12 GENERAL

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director



NBP Fullerton
Asset Management Ltd.

A Subsidiary of
National Bank of Pakistan

Your investments & "NAFA" grow together



Joint - Venture Partners

Head Office

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