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

NAFA ISLAMIC PRINCIPAL PROTECTED FUND - II

QUARTERLY REPORT

MARCH 31

2016




Your investments & "NAFA" grow together



**FULLERTON FUND
MANAGEMENT**

Joint - Venture Partners

MISSION STATEMENT



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

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NAFA ISLAMIC PRINCIPAL PROTECTED FUND-II

FUND'S INFORMATION

Management Company

NBP Fullerton Asset Management Limited – Management Company

Board of Directors of the Management Company

Mr. Nausherwan Adil	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Nigel Poh Cheng	Director
Mr. Koh Boon San	Director
Mr. Kamal Amir Chinoy	Director
Mr. Shehryar Faruque	Director
Mr. Aamir Sattar	Director
Mr. Abdul Hadi Palekar	Director

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

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

Human Resource and Remuneration Committee

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

Trustee

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

Bankers to the Fund

Bank Alfalah Limited
Habib Bank Limited
United Bank Limited
Meezan Bank Limited
Sindh Bank Limited
Bank Al Habib Limited
Soneri Bank Limited
Allied Bank Limited

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-II

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, I-9/3 Islamabad.
UAN: 051-111-111-632
Phone: 051-2514987
Fax: 051-4859031

Peshawar Office:

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

Multan Office:

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

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-II

DIRECTORS' REPORT

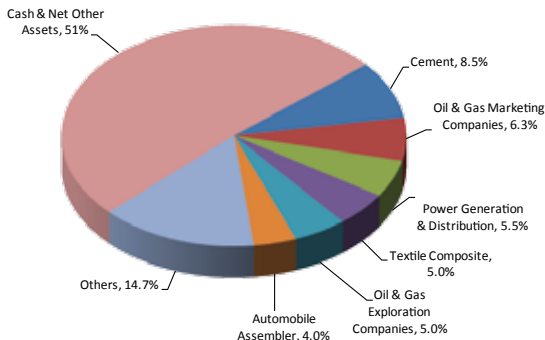
The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the unaudited financial statements of **NAFA Islamic Principal Protected Fund – II** (NIPPF – II) for the period ended March 31, 2016.

Fund's Performance

The size of NAFA Islamic Principal Protected Fund-II has decreased from Rs.1,308 million to Rs.1,193 million during the period, i.e. a decrease of 8.8%. During the third quarter, the unit price of NAFA Islamic Principal Protected Fund-II (NIPPF-II) has increased from Rs. 115.5349 on December 31, 2015 to Rs. 116.0892 on March 31, 2016, thus showing an increase of 0.48%. The Benchmark (Daily weighted return of KMI-30 index & Islamic Bank Deposits based on Funds' actual allocation) increased by 2.09% during the same period. Thus, the Fund has underperformed its Benchmark by 1.61% during the period under review. For the nine months period ended March 31, 2016, the NAV of the Fund has decreased from Rs.118.7948 (Ex-Div) on June 30, 2015 to Rs.116.0892 on March 31, 2016, thus showing a decline of 2.28%. During the said period, the Benchmark increased by 0.29%, translating into an underperformance of 2.57%. Since Inception the NAV of Fund has increased from Rs. 98.0199 (Ex-Div) on June 27, 2014 to Rs. 116.0892 on March 31, 2016, thus showing an increase of 18.43%. The Benchmark return during the same period was 12.89%. Thus, the Fund has outperformed its Benchmark by 5.54% during the period under review. This performance is net of management fee and all other expenses.

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

During the period under review, the State Bank of Pakistan reduced the discount rate by 50 bps to 6.5%. SBP highlighted: i) benign inflation readings and anchored near-term inflation expectation; ii) high real lending rates; iii) comfortable external account position; and (iv) improving law and order situation; and macroeconomic stability. In the period under review, MoF Conducted auction for a floating rate GOP Ijara Sukuk and accepted Rs.118 billion against the target of Rs.100 billion. Auctions for the Fixed Rental Rate GOP Ijara Sukuk were also conducted where an amount of Rs.196 billion was accepted against the target of Rs.180 billion. Foreign exchange reserves reached a comfortable level of USD 20 billion. Inflation as measured by the CPI clocked-in at 3.9% on a year-on-year basis in March compared with 3.2% in June 2015. The Fund has earned total income of 2.27 million during the period. After accounting for expenses of Rs.30.01 million, the net loss is Rs.27.74 million. The asset allocation of the Fund as on March 31, 2016 is as follows:



NAFA ISLAMIC PRINCIPAL PROTECTED FUND-II

Acknowledgement

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

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

On behalf of the Board of
NBP Fullerton Asset Management Limited

Chief Executive

Director

Date: April 29, 2016
Place: Karachi.

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-II

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2016

	Note	Un-Audited March 31, 2016	Audited June 30, 2015
		----- Rupees in '000 -----	
ASSETS			
Balances with banks		617,666	372,463
Investments	4	583,396	946,823
Dividend and profit receivable		9,556	4,327
Advances, deposits, prepayments and other receivables		2,644	2,600
Preliminary expenses and floatation costs		288	1,155
Total assets		1,213,550	1,327,368
LIABILITIES			
Payable to the Management Company		12,444	9,641
Payable to Central Depository Company of Pakistan Limited -Trustee		149	141
Payable to the Securities and Exchange Commission of Pakistan		704	979
Accrued expenses and other liabilities		6,858	8,532
Total liabilities		20,155	19,293
NET ASSETS		1,193,395	1,308,075
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		1,193,395	1,308,075
CONTINGENCIES AND COMMITMENTS	5		
		-----Number of units-----	
NUMBER OF UNITS IN ISSUE		10,279,986	10,991,585
		-----Rupees-----	
NET ASSET VALUE PER UNIT		116.0892	119.0069

The annexed notes 1 to 10 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-II

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2016

	Note	Nine months ended		Quarter ended	
		March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
----- Rupees in '000 -----					
INCOME					
Capital (loss) / gain on sale of investments - net		(27,327)	38,672	(23,910)	34,492
Profit on bank deposits		22,658	40,292	9,747	10,714
Dividend income		35,027	29,807	9,961	11,807
Unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net		(28,984)	43,596	19,308	(42,960)
Total Income		<u>1,374</u>	<u>152,367</u>	<u>15,106</u>	<u>14,053</u>
EXPENSES					
Remuneration of the Management Company		18,784	19,597	5,902	6,559
Sindh Sales Tax on Management Company's remuneration		3,051	3,410	958	1,141
Federal Excise Duty on Management Company's remuneration		3,005	3,136	944	1,050
Allocation of operational expenses from the Management Company		417	-	296	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee		1,221	1,274	383	427
Sindh Sales Tax on remuneration of the Trustee		171	-	54	-
Annual fee to the Securities and Exchange Commission of Pakistan		704	735	220	246
Amortisation of preliminary expenses and floatation costs		867	864	287	284
Auditors' remuneration		294	242	61	52
Annual listing fee		26	30	6	10
Printing charges		22	73	-	-
Securities transaction cost		1,095	1,697	336	443
Settlement and bank charges		358	478	112	163
Total Expenses		<u>30,015</u>	<u>31,536</u>	<u>9,559</u>	<u>10,375</u>
Net (loss) / income from operating activities		<u>(28,641)</u>	<u>120,831</u>	<u>5,547</u>	<u>3,678</u>
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - net		900	-	645	-
Provision for Workers' Welfare Fund	6	-	(2,417)	-	(74)
Net (loss) / income for the period before taxation		<u>(27,741)</u>	<u>118,414</u>	<u>6,192</u>	<u>3,604</u>
Taxation	7	-	-	-	-
Net (loss) / income for the period after taxation		<u>(27,741)</u>	<u>118,414</u>	<u>6,192</u>	<u>3,604</u>

The annexed notes 1 to 10 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-II

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2016

	<u>Nine months ended</u>		<u>Quarter ended</u>	
	<u>March 31,</u> <u>2016</u>	<u>March 31,</u> <u>2015</u>	<u>March 31,</u> <u>2016</u>	<u>March 31,</u> <u>2015</u>
	----- Rupees in '000 -----			
Net (loss) / income for the period after taxation	(27,741)	118,414	6,192	3,604
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss) / income for the period	<u>(27,741)</u>	<u>118,414</u>	<u>6,192</u>	<u>3,604</u>

The annexed notes 1 to 10 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-II

CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2016

	<u>Nine months ended</u>		<u>Quarter ended</u>	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	----- Rupees in '000 -----			
Undistributed income brought forward comprising of :				
Realised gain / (loss)	64,964	(27)	220,498	26,569
Unrealised gain / (loss)	<u>143,577</u>	<u>995</u>	<u>(48,292)</u>	<u>86,556</u>
	208,541	968	172,206	113,125
Net (loss) / income for the period	(27,741)	118,414	6,192	3,604
Element of (loss) and capital (losses) included in prices of units issued less those in units redeemed - net	-	(16,479)	-	(13,826)
Final Distributions made during the period - Re 0.2192 per unit distribution for the year ended June 30, 2015	(2,402)	-	-	-
Undistributed income carried forward	<u>178,398</u>	<u>102,903</u>	<u>178,398</u>	<u>102,903</u>
Undistributed income comprising of :				
Realised gain	207,382	59,307	159,090	145,863
Unrealised (loss)/ gain	<u>(28,984)</u>	<u>43,596</u>	<u>19,308</u>	<u>(42,960)</u>
	<u>178,398</u>	<u>102,903</u>	<u>178,398</u>	<u>102,903</u>

The annexed notes 1 to 10 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-II

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2016

	Nine months ended		Quarter ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
----- Rupees in '000 -----				
Net assets at the beginning of the period	1,308,075	792,371	1,205,251	1,365,868
Issue of 18,303 units (2015: 5,259,569 units)	2,249	525,999	-	-
Redemption of 729,902 units (2015: 1,772,955 units)	(85,886)	(193,391)	(17,403)	(126,079)
Element of (income) / loss and capital (gains) / losses included in the prices of units issued less those in units redeemed - net	(83,637)	332,608	(17,403)	(126,079)
- transferred to distribution statement	-	16,479	-	13,826
- transferred to income statement	(900)	-	(645)	-
	(900)	16,479	(645)	13,826
Unrealised (diminution) / appreciation on remeasurement of investments classified as financial assets 'at fair value through profit or loss' - net	(28,984)	43,596	19,308	(42,960)
Capital (loss) / gain on sale of investments - net	(27,327)	38,672	(23,910)	34,492
Other net income for the period	28,570	36,146	10,794	12,072
Net (loss) / income for the period	(27,741)	118,414	6,192	3,604
Final Distribution made during the period				
- Rs 0.2192 per unit distribution on for the year ended June 30, 2015	(2,402)	-	-	-
Element of (loss) capital (losses) included in prices of units issued less those in units redeemed - net				
-transferred to distribution statement	-	(16,479)	-	(13,826)
-transferred to income statement	-	-	-	-
Net assets at the end of the period	1,193,395	1,243,393	1,193,395	1,243,393

The annexed notes 1 to 10 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-II

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2016

	Nine months ended		Quarter ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
----- Rupees in '000 -----				
CASH FLOW FROM OPERATING ACTIVITIES				
Net (loss) / income for the period before taxation	(27,741)	118,414	6,192	3,604
Adjustments				
Unrealised diminuation/ (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	28,984	(43,596)	(19,308)	42,960
Amortisation of preliminary expenses and floatation costs	867	864	287	284
Element of (income) / loss and capital (gains) / losses included in the prices of units issued less those in units redeemed - net	(900)	-	(645)	-
	<u>1,210</u>	<u>75,682</u>	<u>(13,474)</u>	<u>46,848</u>
Decrease/ (Increase) in assets				
Investments	334,443	(390,784)	74,426	28,374
Receivables against sale of investments	-	(65,974)	-	(56,627)
Dividend and profit receivable	(5,229)	(12,900)	(5,309)	(8,027)
Advances, deposits, prepayments and other receivables	(44)	100,000	5	27
	<u>329,170</u>	<u>(369,658)</u>	<u>69,122</u>	<u>(36,253)</u>
Increase / (decrease) in liabilities				
Payable to the Management Company	2,803	(15,647)	803	927
Payable to Central Depository Company of Pakistan Limited -Trustee	8	136	(2)	(6)
Payable to the Securities and Exchange Commission of Pakistan	(275)	730	221	246
Payable against purchase of investments	-	(155,911)	-	-
Accrued expenses and other liabilities	(1,674)	3,267	428	473
	<u>862</u>	<u>(167,425)</u>	<u>1,450</u>	<u>1,640</u>
Net cash generated from / (used in) operating activities	<u>331,242</u>	<u>(461,401)</u>	<u>57,098</u>	<u>12,235</u>
CASH FLOW FROM FINANCING ACTIVITIES				
Receipts from issue of units	2,249	332,608	-	(193,391)
Payments on redemption of units	(85,886)	(96)	(17,404)	67,361
Cash dividend	(2,402)	-	-	-
Net cash (used in) / generated from financing activities	<u>(86,039)</u>	<u>332,512</u>	<u>(17,404)</u>	<u>(126,030)</u>
Net increase /(decrease) in cash and cash equivalents during the period	<u>245,203</u>	<u>(128,889)</u>	<u>39,694</u>	<u>(113,795)</u>
Cash and cash equivalents at the beginning of the period	372,463	710,807	577,972	695,713
Cash and cash equivalents at the end of the period	<u><u>617,666</u></u>	<u><u>581,918</u></u>	<u><u>617,666</u></u>	<u><u>581,918</u></u>

The annexed notes 1 to 10 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-II

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2016

1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Islamic Principal Protected Fund-II (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 May 07, 2014 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on May 15, 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 has been categorised 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 categorisation of Collective Investment Schemes (CIS) and is listed on the Lahore Stock Exchange (now merged into Pakistan Stock Exchange Limited).

The objective of NAFA Islamic Principal Protection Fund - II is to earn a potentially high return through dynamic asset allocation between shariah compliant equities and money market investment avenues, while providing principal protection. Principal protection means that the net realisable value of the Fund shall not fall below the initial investment value (adjusted for distributions / redemptions during the life of the Fund), provided that the units are held till the completion of the initial maturity of the Fund.

The Pakistan Credit Rating Agency (PACRA) has assigned an asset manager rating of AM2+ to the Management Company as at April 6, 2015. The Fund has not yet been rated.

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

The Fund commenced its operations from June 28, 2014. As per the offering document, the nature of the Fund is perpetual and the initial maturity of the fund is two years from the date of commencement. Principal protection will not be available if units are encashed before the expiry of initial maturity term.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

This condensed interim financial information have been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) 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 Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the 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 disclosures made in this condensed interim financial statements have, however, been limited based on the requirements of International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published financial statements of the Fund for the period ended June 30, 2015.

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, 2016.

3 Accounting Policies

The accounting policies adopted for the preparation of the condensed interim financial statements for the Nine months and quarter ended March 31, 2016 are same as those applied in the preparation of annual audited financial statements for the year ended June 30, 2015.

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-II

4 INVESTMENTS

Financial assets classified as 'at fair value through profit or loss'
- Listed equity securities

Note	Un-Audited March 31, 2016	Audited June 30, 2015
----- Rupees in '000 -----		
4.1	583,396	946,823

4.1 Listed equity securities

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

Name of the investee company	Number of shares					Market value as at March 31, 2016	Investment as a percentage of		Holding as a percentage of paid up capital of the investee company
	As at July 01, 2015	Purchases during the period	Bonus / Right Issues	Sales during the period	As at March 31, 2016		Net assets	Market value of total investments	
Rupees in '000 ----- % -----									
Oil and Gas Marketing Companies									
Attock Petroleum Limited	74,300	-	-	11,950	62,350	26,863	2.23	4.60	0.08
Hascol Petroleum Limited	63,530	-	146	62,800	876	123	0.01	0.02	0.00
Pakistan State Oil Company Limited	137,200	48,200	-	103,700	81,700	28,696	2.38	4.92	0.03
Sui Northern Gas Pipelines Limited	-	370,500	-	370,500	-	55,682	4.62	9.54	-
Oil and Gas Exploration Companies									
Pakistan Oilfields Limited	136,500	121,100	-	144,300	113,300	29,233	2.43	5.01	0.05
Pakistan Petroleum Limited	164,700	349,500	-	286,500	227,700	29,173	2.42	5.00	0.01
Mari Petroleum Company Limited	-	4,000	-	2,250	1,750	2,229	0.10	0.21	0.02
						59,635	4.95	10.22	-
Oil Refinery									
Attock Refinery Limited	125,600	41,200	-	166,800	-	-	-	-	-
National Refinery Limited	85,100	102,000	-	151,200	35,900	9,711	0.81	1.66	0.04
Shell Pakistan Limited	85,500	15,500	-	29,400	71,600	19,336	1.60	3.31	0.07
						29,046	2.41	4.98	-
Chemicals									
Engro Corporation Limited	356,800	46,100	-	342,700	60,200	19,005	1.58	3.26	0.01
Engro Fertilizers Limited	314,000	397,000	-	442,000	269,000	18,693	1.55	3.20	0.01
Fauji Fertilizer Company Limited	-	115,900	-	115,900	-	37,698	3.13	6.46	-
Construction and Materials									
Akzo Nobel Pakistan Limited	45,500	-	-	800	44,700	8,624	0.72	1.48	0.10
Attock Cement Pakistan Limited	-	81,500	-	-	81,500	16,626	1.38	2.85	0.09
D/G Khan Cement Company Limited	375,500	120,500	-	378,200	117,300	20,389	1.69	3.49	0.03
Fauji Cement Company Limited	-	823,500	-	256,000	567,500	23,784	1.97	4.08	0.04
Kohat Cement Company Limited	13,000	26,600	-	13,000	-	19,211	1.59	3.29	0.01
Lucky Cement Limited	138,700	-	-	129,600	35,700	7,285	0.60	1.25	0.01
Maple Leaf Cement Factory Limited	344,000	131,000	-	396,000	79,000	13,849	1.15	2.37	0.06
Pioneer Cement Limited	85,000	248,500	-	193,500	140,000	109,767	9.11	18.82	-
Pharma and Bio Tech									
Abbott Laboratories (Pakistan) Limited	3,000	-	-	3,000	-	-	-	-	-
Ferozsons Laboratories Limited	20,250	-	-	11,200	9,050	7,917	0.66	1.36	0.03
The Searle Company Limited	-	10,000	1,000	-	11,000	4,834	0.40	0.83	-
						12,751	1.06	2.19	-
General Industrials									
Thal Limited	78,600	-	-	-	78,600	20,020	1.66	3.43	0.10
Household Goods									
Pak Elektron Limited	290,500	145,500	54,875	126,500	364,375	22,034	1.83	3.78	0.09
Engineering									
Mughal Iron & Steel Industries Limited	125,000	319,500	26,475	120,000	350,975	24,017	1.99	4.12	0.32
Crescent Steel & Allied Products Limited	-	22,500	-	-	22,500	2,646	0.22	0.45	0.29
						26,663	2.21	4.57	-
Automobile and Parts									
Ghandhara Nissan Limited	88,500	8,000	-	96,500	-	-	-	-	-
Honda Atlas Cars (Pakistan) Limited	71,500	7,200	-	78,700	25,800	24,467	2.03	4.19	0.31
Indus Motor Company Limited	32,450	1,660	-	8,280	56,000	20,059	1.91	3.95	0.68
Pak Suzuki Motor Company Limited	33,000	48,300	-	25,300	-	47,526	3.94	8.15	-
Personal Goods									
Kohinoor Textile Mills Limited	800,500	-	94,725	369,000	526,225	37,241	3.09	6.38	0.21
Nishat Mills Limited	146,600	107,000	-	15,000	238,600	22,860	1.90	3.92	0.07
Fixed Line Telecommunication									
Pakistan Telecommunication Company Limited	-	1,235,500	-	308,000	927,500	13,931	1.16	2.39	0.02
Technology Hardware and Equipment									
Avanceon Limited	276,500	-	-	49,000	227,500	7,669	0.64	1.31	0.22
NetSol Technologies Limited	-	45,000	-	-	45,000	2,960	0.25	0.51	0.50
						10,629	0.88	1.82	-
Electricity									
K-Electric Limited	255,000	-	-	255,000	-	-	-	-	-
The Hub Power Company Limited	722,500	109,300	-	585,000	246,800	25,800	2.14	4.42	0.02
Kot Addu Power Company Limited	633,000	-	-	248,000	385,000	29,710	2.47	5.09	0.04
Lalpur Power Limited	809,500	-	-	426,000	383,500	9,572	0.79	1.64	0.10
						65,083	5.40	11.16	-
Commercial Banks									
Meezan Bank Limited	166,500	139,000	-	-	305,500	12,831	1.06	2.20	0.03
						583,396	48.40	100	-
Carrying value as at March 31, 2016						612,380			

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-II

Investments include shares with market value of Rs 55.799 million (June 30, 2015: 68.460 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular number 11 dated October 23, 2007 issued by the SECP.

5 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at March 31, 2016 and June 30, 2015.

6 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") 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 Honourable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

During the year ended June 30, 2012, the Honourable 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 Honourable Sindh High Court (SHC) passed an order declaring that the amendments introduced in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 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. In a recent judgment, the Peshawar High Court (PHC) has also held these amendments to be ultra vires as they lacked the essential mandate to be introduced and passed through the Money Bill under the Constitution. Without prejudice to the above, the Management Company, as a matter of abundant caution, has decided to retain the provision for WWF amounting to Rs 5.070 million in these condensed interim financial information. Had the same not been made the net asset value per unit of the Fund as at March 31, 2016 would have been higher by Rs 0.4932 per unit.

The Finance Act, 2015 has excluded Collective Investment Schemes (CISs) from the definition of 'industrial establishment' subject to WWF under the WWF Ordinance, 1971. Accordingly, the Management Company has discontinued further provisioning of WWF with effect from 1 July 2015. However, provision made till 30 June 2015 has not been reversed as the above law suit is still pending before the Sindh High Court (SHC).

7 TAXATION

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

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.

8 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 8.1 Related parties / 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, entities having common directorship with the Management Company and directors and officers of the Management Company.
- 8.2 The transactions with related parties / connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 8.3 Remuneration and sale load payable to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.
- 8.4 Remuneration payable to the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-II

8.5 Details of the transactions with related parties / connected persons are as follows:

	----- (Un-Audited) -----			
	Nine months ended		Quarter ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	----- Rupees in '000 -----			
NBP Fullerton Asset Management Limited - (Management Company)				
Remuneration of the Management Company	18,784	19,597	5,902	6,559
Sindh sales tax on remuneration of Management Company	3,051	3,410	959	1,141
Federal Excise Duty on remuneration of the Management Company	3,005	3,136	944	1,050
Allocation of operational expenses from the Management Company	417	-	296	-
Central Depository Company of Pakistan Limited - Trustee				
Remuneration for the period	1,221	1,274	383	427
Sindh Sales Tax on remuneration of the Trustee	171	-	54	-
CDS charges	255	342	56	119
PTCL Employees General Provident Fund				
Issue of 7,267 units (March 31, 2015: 3,999,948 units)	893	400,000	-	-
Employees of the Management Company				
Issue of 2 units (March 31, 2015: 18,006 units)	-	1,800	-	-
Redemption of Nil units (March 31, 2015: 18,006 units)	-	1,788	-	-
Taurus Securities Limited				
Brokerage expense	68	201	30	47
* Nil due to rounding off				

8.6 Balances outstanding as at period / year end

	----- (Rupees in '000) -----	
	(Un-Audited) As at March 31, 2016	(Audited) As at June 30, 2015
NBP Fullerton Asset Management Limited - (Management Company)		
Management remuneration payable	2,014	2,167
Sindh Sales Tax (SST) payable on remuneration of the Management Company	369	377
Federal Excise Duty (FED) payable on remuneration of the Management Company	7,162	4,198
Allocation of operational expenses from the Management Company	416	-
Sales load payable	2,899	2,899
Central Depository Company of Pakistan Limited - (Trustee)		
Remuneration payable	131	141
Sindh Sales Tax payable on remuneration of the Trustee	18	-
CDS charges payable	25	60
Security deposit	100	100
PTCL Employees General Provident Fund		
Units held: 4,080,242 units (June 30, 2015: 4,072,975 units)	473,672	484,712
Employees of the Management Company		
Units held: 1,534 units (June 30, 2015: 1,531 Units)	178	182

9 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on April 29, 2016.

10 GENERAL

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

10.2 Corresponding figures have been rearranged and reclassified wherever necessary for the purpose of better presentation. However, no significant reclassifications have been made during the current period.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director



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

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