



NBP Fullerton
Asset Management Ltd.

A Subsidiary of
National Bank of Pakistan

NAFA ISLAMIC PRINCIPAL PROTECTED FUND - II

HALF YEARLY REPORT DECEMBER 31

2014




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.

Contents

FUND'S INFORMATION	03
DIRECTORS' REPORT	05
REPORT OF THE TRUSTEE TO THE UNITHOLDERS	07
AUDITORS' REVIEW REPORT TO THE UNITHOLDERS	08
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES	09
CONDENSED INTERIM INCOME STATEMENT	10
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME	11
CONDENSED INTERIM DISTRIBUTION STATEMENT	12
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND	13
CONDENSED INTERIM CASH FLOW STATEMENT	14
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS	15

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. 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

Bank Alfalah Limited
Habib Bank Limited
United Bank Limited
Meezan 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, 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 PRINCIPAL PROTECTED FUND-II

DIRECTORS' REPORT

The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the reviewed financial statements of **NAFA Islamic Principal Protected Fund - II** for the half year ended December 31, 2014.

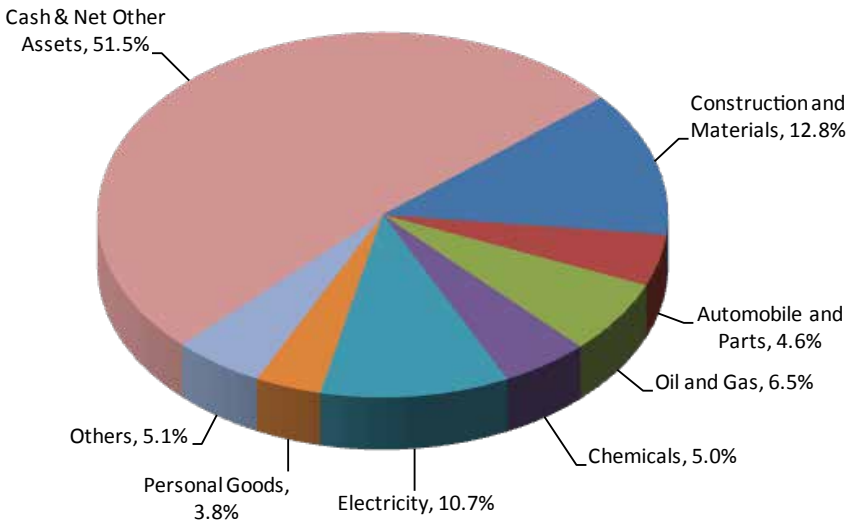
Fund's Performance

During the period, the unit price of NAFA Islamic Principal Protected Fund-II has increased from Rs. 100.1223 on June 30, 2014 to Rs. 109.0792 on December 31, 2014, thus showing an increase of 8.95%. The Benchmark (Daily weighted return of KMI-30 index & Islamic Bank Deposits based on Funds' actual allocation) return during the same period was 4.38%. Thus, the Fund has outperformed its Benchmark by 4.57% during the period under review. This performance is net of management fee and all other expenses. The size of NAFA Islamic Principal Protected Fund-II is Rs.1,366 million.

The stock market extended its bull-run in 1HFY15, despite initial hiccups caused by protests of PTI and PAT, as the market participants focused on improving macros driven primarily by the steep fall in global oil and commodity prices. The tragic incident at the Army Public School in Peshawar united the nation in its fight against terrorism and also resulted in end of the PTI protests, further consolidating Pakistan's re-rating theme. The combination of sovereign debt rating upgrade by Moodys, falling inflation amid declining oil prices, 50bps cut in discount rate, improving external account position, easy liquidity conditions, and healthy foreign investment activity perked up investors' sentiments. The index heavy Oil & Gas and Banking sectors underperformed the market whereas almost all the other sectors outperformed during the period under review.

During the period under review, the State Bank of Pakistan reduced the policy rate by 50bps to 9.5% mainly due to sharp decline in inflation and improved external account position. Sovereign securities responded to the loose monetary policy stance with yields on short term and long term sovereign bonds declining sharply. Going forward, we view that declining trend in inflation along with mitigation of risk to external account could further repress the interest rates.

The Fund has earned total income of Rs.138.31 million during the period. After deducting expenses of Rs.23.50 million, the net income is Rs.114.81 million. The asset allocation of the Fund as on December 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: February 17, 2015
Place: Karachi.

TRUSTEE REPORT TO THE UNIT HOLDERS NAFA ISLAMIC PRINCIPAL PROTECTED FUND-II

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

We, Central Depository Company of Pakistan Limited, being the Trustee of NAFA Islamic Principal Protected Fund-II (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 six months period ended December 31, 2014 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.

Aftab Ahmed Diwan
Officiating Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 26, 2015

INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE UNIT HOLDERS

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **NAFA Islamic Principal Protected Fund II** as at December 31, 2014 and the related condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' funds and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial information'), for the half year ended December 31, 2014. The Management Company (NBP Fullerton Asset Management Limited) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of unit holders' fund and condensed interim cash flow statement for the quarter ended December 31, 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2014.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants
Engagement Partner: **Rashid A. Jafer**
Dated: February 27, 2015
Karachi

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-II

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2014

	Note	(Un-Audited) December 31, 2014	(Audited) June 30, 2014
-----Rupees in '000-----			
ASSETS			
Balances with banks	4	695,713	710,807
Investments	5	662,620	156,906
Receivable against sale of investments		9,347	-
Dividend and profit receivable		5,353	480
Advances and deposits		2,627	102,600
Preliminary expenses and floatation costs		1,726	2,306
Total assets		1,377,386	973,099
LIABILITIES			
Payable to the Management Company	6	7,735	24,309
Remuneration Payable to Central Depository Company of Pakistan Limited -Trustee		150	8
Payable to the Securities and Exchange Commission of Pakistan		489	5
Payable against redemption of units		-	145
Payable against purchase of investments		-	155,911
Accrued expenses and other liabilities		3,144	350
Total liabilities		11,518	180,728
NET ASSETS		1,365,868	792,371
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		1,365,868	792,371
CONTINGENCIES AND COMMITMENTS	7		
-----Number of units-----			
NUMBER OF UNITS IN ISSUE		12,521,805	7,914,029
-----Rupees-----			
NET ASSET VALUE PER UNIT	8	109.0792	100.1223

The annexed notes 1 to 14 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014

	Half year ended December 31, 2014	Quarter ended December 31, 2014
	-----Rupees in '000-----	
INCOME		
Capital gain on sale of investments - net	4,180	1,744
Profit on bank deposits	29,578	15,437
Dividend income	18,000	9,617
Unrealised appreciation on re-measurement of investment classified as 'at fair value' through profit or loss' - net	86,556	81,330
Total Income	138,314	108,128
EXPENSES		
Remuneration of the Management Company	6.1 13,038	6,749
Sindh Sales Tax on Management Company's remuneration	6.2 2,269	1,102
Federal Excise Duty on Management Company's remuneration	6.3 2,086	1,080
Remuneration of Central Depository Company of Pakistan Limited - Trustee	847	438
Annual fee to the Securities and Exchange Commission of Pakistan	489	253
Amortisation of preliminary expenses and floatation costs	580	288
Auditors' remuneration	190	39
Annual listing fee	20	10
Printing charges	73	73
Securities transaction cost	1,254	379
Settlement and bank charges	315	194
Total Expenses	21,161	10,605
Net income from operating activities	117,153	97,523
Provision for Workers' Welfare Fund	9 (2,343)	(1,950)
Net income for the period before taxation	114,810	95,573
Taxation	10 -	-
Net income for the period after taxation	114,810	95,573
Earnings per unit	11	

The annexed notes 1 to 14 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014

	Half year ended December 31, 2014	Quarter ended December 31, 2014
	-----Rupees in '000-----	
Net income for the period after taxation	114,810	95,573
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>114,810</u>	<u>95,573</u>

The annexed notes 1 to 14 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014

	Half year ended December 31, 2014	Quarter ended December 31, 2014
	-----Rupees in '000-----	
Undistributed income brought forward comprising of :		
Realised (loss) / income	(27)	14,205
Unrealised income	995	5,226
	<u>968</u>	<u>19,431</u>
Net income for the period	114,810	95,573
Net element of loss and capital losses included in prices of units issued less those in units redeemed	(2,653)	(1,879)
Undistributed income carried forward	<u>113,125</u>	<u>113,125</u>
Undistributed income comprising of :		
Realised income	26,569	26,569
Unrealised income	86,556	86,556
	<u>113,125</u>	<u>113,125</u>

The annexed notes 1 to 14 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014

	Half year ended December 31, 2014	Quarter ended December 31, 2014
	-----Rupees in '000-----	
Net assets at the beginning of the period	792,371	1,307,355
Issue of 5,259,569 units	525,999	-
Redemption of 651,793 units	(67,312)	(37,060)
	458,687	(37,060)
Net element of loss and capital losses included in prices of units issued less those in units redeemed	2,653	1,879
Unrealised appreciation on re-measurement of investment classified as 'at fair value through profit or loss' - net	86,556	81,330
Capital gain on sale of investments - net	4,180	1,744
Other net income for the period	24,074	12,499
	114,810	95,573
Net element of loss and capital losses included in prices of units issued less those in units redeemed - transferred to distribution statement	(2,653)	(1,879)
Net assets at the end of the period	1,365,868	1,365,868

The annexed notes 1 to 14 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014

	Half year ended December 31, 2014	Quarter ended December 31, 2014
	-----Rupees in '000-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period before taxation	114,810	95,573
Adjustments		
Unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	(86,556)	(81,330)
Amortisation of preliminary expenses and floatation costs	580	288
	<u>28,834</u>	<u>14,531</u>
(Increase) / decrease in assets		
Investments	(419,158)	(39,737)
Receivables against sale of investments	(9,347)	14,132
Dividend and profit receivable	(4,873)	7,221
Advances and deposits	99,973	(27)
	<u>(333,405)</u>	<u>(18,411)</u>
Increase / (decrease) in liabilities		
Payable to the Management Company	(16,574)	(3,867)
Remuneration Payable to Central Depository Company of Pakistan Limited -Trustee	142	(105)
Payable to the Securities and Exchange Commission of Pakistan	484	253
Payable against purchase of investments	(155,911)	-
Accrued expenses and other liabilities	2,794	158
	<u>(169,065)</u>	<u>(3,561)</u>
Net cash used in operating activities	<u>(473,636)</u>	<u>(7,441)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Receipts from issue of units	525,999	-
Payments on redemption of units	(67,457)	(37,060)
Net cash generated from / (used in) financing activities	<u>458,542</u>	<u>(37,060)</u>
Net decrease in cash and cash equivalents during the period	<u>(15,094)</u>	<u>(44,501)</u>
Cash and cash equivalents at the beginning of the period	710,807	740,214
Cash and cash equivalents at the end of the period	<u><u>695,713</u></u>	<u><u>695,713</u></u>

The annexed notes 1 to 14 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 CONDENSED INTERIM FINANCIAL INFORMATION (Un-Audited) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014

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).

The core objective of the Fund is to earn a potentially high return through dynamic asset allocation between shariah compliant equity securities 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 as at April 8, 2014. The Fund has not yet been rated.

Title to the assets of the Fund is held in the name of CDC as trustee of the Fund.

1.1

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, 2014.

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 December 31, 2014.

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-II

3 SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ESTIMATES, JUDGMENTS AND CHANGES THEREIN

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Fund for the period ended June 30, 2014.

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in application of its accounting policies. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The significant judgments made by the management in applying the accounting policies and the key sources of estimation of uncertainty were the same as those that applied to the annual financial statements for the period ended June 30, 2014.

The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the period ended June 30, 2014.

Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 1, 2014. None of these amendments have a significant effect on this condensed interim financial information.

	Note	(Un-Audited) December 31, 2014	(Audited) June 30, 2014
(Rupees in '000)			
4 BALANCES WITH BANKS			
Savings accounts	4.1	652,135	493,403
Current accounts		43,578	217,404
		<u>695,713</u>	<u>710,807</u>

4.1 These carry profit at the rates ranging from 6.50% to 10.25% (June 2014: 6.5% to 8.7%) per annum.

5 INVESTMENTS

Financial assets classified as 'at fair value through profit or loss'

- Listed equity securities

5.1	<u>662,620</u>	<u>156,906</u>
-----	----------------	----------------

5.1 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 December 31, 2014	Investment as a percentage of		
	As at July 1, 2014	Purchases during the period	Bonus / right shares	Sales during the period	As at December 31, 2014		Net assets	Market value of total investments	Paid up capital of the investee company
(Rupees in '000)							-----%-----		
Oil and Gas									
National Refinery Limited	-	17,000	-	-	17,000	3,142	0.23	0.47	0.02
Oil and Gas Development Company Limited	29,400	152,000	-	181,400	-	-	-	-	-
Pakistan Oilfields Limited	23,500	133,200	-	100,700	56,000	21,244	1.56	3.21	0.02
Pakistan Petroleum Limited	68,000	372,600	-	246,600	194,000	34,245	2.51	5.17	0.01
Pakistan State Oil Company Limited	24,600	130,200	-	86,800	68,000	24,338	1.78	3.67	0.03
Shell Pakistan Limited	-	23,500	-	-	23,500	6,084	0.45	0.92	0.02
Chemicals									
Engro Corporation Limited	-	122,000	-	-	122,000	27,024	1.98	4.08	0.02
Engro Fertilizers Limited	-	315,000	-	-	315,000	24,602	1.80	3.71	0.02
Fatima Fertilizer Company Limited	-	200,000	-	-	200,000	7,154	0.52	1.08	0.23
Fauji Fertilizer Company Limited	-	137,000	-	59,000	78,000	9,135	0.67	1.38	0.01

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-II

Name of the investee company	Number of shares					Market value as at December 31, 2014	Investment as a percentage of		
	As at July 1, 2014	Purchases during the period	Bonus / right shares	Sales during the period	As at December 31, 2014		Net assets	Market value of total investments	Paid up capital of the investee company
(Rupees in '000)							-----%		
Construction and Materials									
Akzo Nobel Pakistan Limited	-	77,000	-	31,500	45,500	16,268	1.19	2.46	0.10
Cherat Cement Company Limited	-	239,000	-	239,000	-	-	-	-	-
D.G. Khan Cement Company Limited	88,000	563,000	-	268,000	383,000	42,333	3.10	6.39	0.09
Kohat Cement Company Limited	-	23,000	-	-	23,000	4,390	0.32	0.66	0.01
Lucky Cement Limited	39,000	129,400	-	85,000	83,400	41,723	3.05	6.30	0.03
Maple Leaf Cement Factory Limited	253,000	1,619,000	-	735,000	1,137,000	50,312	3.68	7.59	0.22
Pioneer Cement Limited	334,000	390,000	-	485,000	239,000	20,461	1.50	3.09	0.11
Pharma and Bio Tech									
Ferozsons Laboratories Limited	-	49,400	-	31,500	17,900	10,226	0.75	1.54	0.06
General Industrials									
Ghani Glass Limited	6,000	131,500	-	5,000	132,500	9,006	0.66	1.36	0.11
Thal Limited	36,000	31,600	-	-	67,600	18,186	1.33	2.74	0.17
Household Goods									
Tariq Glass Industries Limited	-	96,000	-	96,000	-	-	-	-	-
Automobile and Parts									
Ghandhara Nissan Limited	59,000	134,500	-	46,000	147,500	7,738	0.57	1.17	0.33
Honda Atlas Cars (Pakistan) Limited	-	146,000	-	121,500	24,500	4,855	0.36	0.73	0.02
Indus Motor Company Limited	-	23,400	-	-	23,400	20,599	1.51	3.11	0.28
Pak Suzuki Motor Company Limited	28,400	118,500	-	67,700	79,200	29,393	2.15	4.44	0.96
Personal Goods									
Kohinoor Textile Mills Limited	-	497,500	-	100,000	397,500	13,932	1.02	2.10	0.16
Nishat Mills Limited	69,000	339,000	-	99,000	309,000	37,386	2.74	5.64	0.09
Fixed Line Telecommunication									
Pakistan Telecommunication Company Limited	300,000	535,000	-	260,000	575,000	13,242	0.97	2.00	0.02
Electricity									
K-Electric Limited	450,000	280,000	-	475,000	255,000	2,351	0.17	0.35	0.00
The Hub Power Company Limited	230,000	692,500	-	157,000	765,500	59,985	4.39	9.05	0.07
Kot Addu Power Company Limited	226,000	636,000	-	105,000	757,000	59,758	4.38	9.02	0.09
Lalpur Power Limited	-	805,000	-	-	805,000	24,070	1.76	3.63	0.21
Commercial Banks									
Bank Islami Pakistan Limited (BIPL)	-	36,000	-	-	36,000	353	0.03	0.05	0.01
BIPL - Letter of rights	-	-	3,266	-	3,266	3	0.00	0.00	-
Meezan Bank Limited	-	406,000	-	-	406,000	19,082	1.40	2.88	0.04
						662,620	48.53	100.00	
Carrying value as at December 31, 2014						576,064			
Unrealised appreciation on re-measurement of investment classified as 'at fair value' through profit or loss' - net						86,556			

Investments include shares with market value of Rs 71.968 million (June 30, 2014 Nil) 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.

Note	(Un-Audited) December 31, 2014	(Audited) June 30, 2014
	(Rupees in '000)	

6 PAYABLE TO THE MANAGEMENT COMPANY

Remuneration of the Management Company	6.1	2,313	122
Sindh Sales Tax payable on remuneration of the Management Company	6.2	403	23
Federal Excise Duty on the remuneration of the Management Company	6.3	2,106	20
Sales load payable		-	14,255
Sindh Sales Tax and FED payable on sales load		2,899	4,927
Expenses paid by the Management Company on behalf of the Fund			
- Preliminary expenses and floatation costs		14	2,316
- Other payable		-	2,606
- Initial deposit on opening of bank accounts		-	20
- Listing fee		-	20
		<u>7,735</u>	<u>24,309</u>

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-II

- 6.1 Under the provisions of the Trust Deed, the Management Company has charged remuneration at the rate of 2% per annum based on the daily net assets of the Fund during the half year ended December 31, 2014. The amount of remuneration is paid monthly in arrears.
- 6.2 The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 15% (June 30, 2014: 16%) on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.
- 6.3 As per the requirements of the Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax as explained in note 6.2, further levy of FED may result in double taxation, which does not appear to be the spirit of the law.

The matter has been collectively taken up by the Management Company jointly with other Asset Management Companies together with their respective Collective Investment Schemes through their trustees, through a Constitutional Petition filed in the Honourable Sindh High Court (SHC) during September 2013 challenging the levy of FED. In this respect, the SHC has issued a stay order against the recovery of FED and the hearing of the petition is still pending.

Pending decision of the SHC, the Fund is not making payments for FED. However, the Fund, as a matter of abundant caution, has made full provision in respect of FED amounting to Rs 2.106 million. Had the provision not been made the net asset value per unit of the Fund as at December 31, 2014 would have been higher by Re 0.1682 per unit.

7 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2014 and June 30, 2014.

8 NET ASSET VALUE PER UNIT

The net asset value (NAV) per unit, as disclosed on the condensed interim statement of assets and liabilities, is calculated by dividing the net assets of the Fund by the number of units in issue at the period end.

9 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 2.361 million (including Rs 2.343 million for the current period) in this condensed interim financial information. Had the same not been made the net asset value per unit of the Fund as at December 31, 2014 would have been higher by Rs 0.1886 per unit.

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-II

10 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 atleast 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.

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.

12 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

12.1 Related parties / connected persons include NBP Fullerton Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, and National Bank of Pakistan, 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.

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.

12.3 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.

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

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

	------(Un-audited)----- Half year ended December 31, 2014	Quarter ended December 31, 2014
	----- (Rupees in '000)-----	
NBP Fullerton Asset Management Limited - (Management Company)		
Remuneration of the Management Company	13,038	6,749
Sindh sales tax on remuneration of Management Company	2,269	1,102
Federal Excise Duty on remuneration of the Management Company	2,086	1,080
Central Depository Company of Pakistan Limited - Trustee		
Remuneration for the period	847	438
CDS charges	223	137
PTCL Employees General Provident Fund		
Issue of 3,999,948 units	400,000	-
Employees of the Management Company		
Issue of 18,006 units	1,800	-
Redemption of 18,006 units	1,788	-
Taurus Securities Limited		
Brokerage expense	154	32

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-II

	(Un-audited) December 31, 2014	(Audited) June 30, 2014
	----- (Rupees in '000)-----	
12.6 Balances outstanding as at period / year end		
NBP Fullerton Asset Management Limited - (Management Company)		
Management remuneration payable	2,313	122
Sindh Sales Tax (SST) payable on remuneration of the Management Company	403	23
Federal Excise Duty (FED) payable on remuneration of the Management Company	2,106	20
SST and FED payable on sales load	2,899	4,927
Other payable	14	2,606
Preliminary expenses and floatation costs	-	2,316
Initial deposit on opening of bank accounts	-	20
Listing fee	-	20
Sales load payable	-	14,255
Central Depository Company of Pakistan Limited - (Trustee)		
Remuneration payable	150	8
CDS charges payable	24	20
Security deposit	100	100
(The Trustees) - The Mama Parsi Girls Secondary School*		
Units held: Nil units (June 30, 2014: 868,503 units)	-	86,957
PTCL Employees General Provident Fund		
Units held: 3,999,948 units (June 30, 2014: Nil units)	436,311	-
Employees of the Management Company		
Units held: 1,507 units (June 30, 2014: 1,507 units)	164	151
Taurus Securities Limited		
Brokerage payable	6	23

*Current period figures have not been presented as the entity is not classified as a related party / connected person of the Fund as at December 31, 2014.

13 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on February 17, 2015.

14 GENERAL

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

14.2 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

Head Office

7th Floor, Clifton Diamond Building, Block No.4,
Scheme No.5, Clifton, Karachi.

UAN: 021-111-111-632

Toll Free: 0800-20001

Sms: NAFA INVEST to 8080

Fax: 021-35825335

Email: info@nafafunds.com

Website: www.nafafunds.com