



NBP Fullerton
Asset Management Ltd.

A Subsidiary of
National Bank of Pakistan

NAFA ISLAMIC PRINCIPAL PROTECTED FUND - II

QUARTERLY REPORT MARCH 31 2015



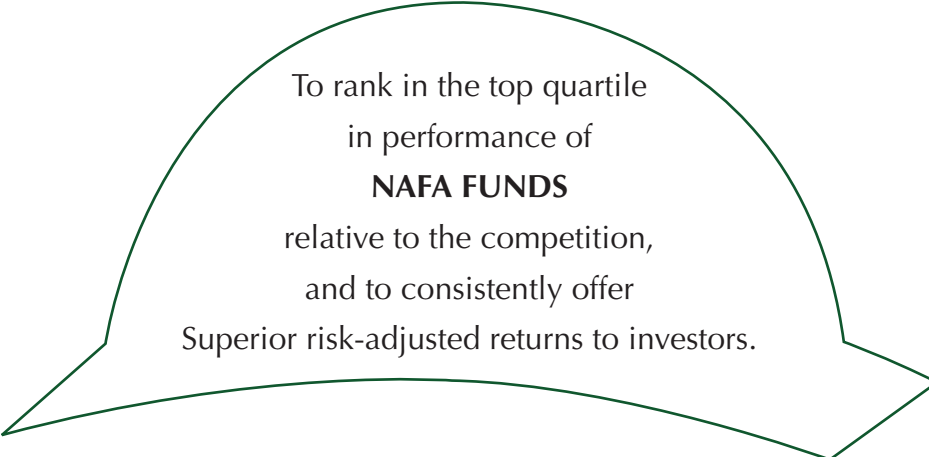
Your investments & "NAFA" grow together



**FULLERTON FUND
MANAGEMENT**

Joint - Venture Partners

MISSION STATEMENT



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

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NAFA ISLAMIC 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 & 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. 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

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

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** for the period ended March 31, 2015.

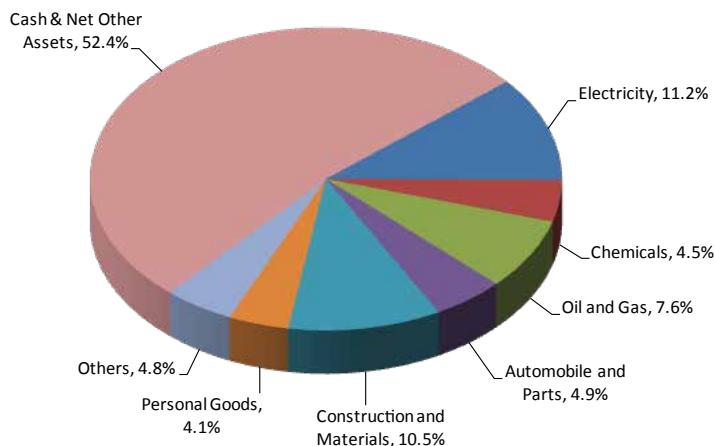
Fund's Performance

During the third quarter, the unit price of NAFA Islamic Principal Protected Fund-II (NIPPF-II) has decreased from Rs. 109.0792 on December 31, 2014 to Rs. 109.0634 on March 31, 2015, thus showing a decline of 0.0%. The Benchmark (Daily weighted return of KMI-30 index & Islamic Bank Deposits based on Funds' actual allocation) declined by 2% during the same period. Thus, the Fund has outperformed its Benchmark by 2% during the period under review. Since Inception the NAV of Fund has increased from Rs. 100.000 on June 27, 2014 to Rs. 109.0634 on March 31, 2015, thus showing an increase of 9.1%. The Benchmark return during the same period was 2.7%. Thus, the Fund has outperformed its Benchmark by 6.4% 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.1,243 million.

The stock market exhibited high volatility during the 3QFY15. The market started off the quarter on a strong note in January, posting around 6% return before taking a breather in February and finally plunging sharply in March. Overall, the benchmark KMI-30 Index fell by 2.7% during the quarter defying strong fundamentals of the economy such as sharp decline in inflation and subsequent cuts in discount rate, improving external account position and build-up in FX reserves, stabilizing political situation; and attractive stock market valuations as reflected by widening discount to the regional peers. Foreign investors turned large net sellers during the period where the major chunk reportedly came from a single hedge fund facing large redemptions. Sharp decline in market unnerved leveraged investors forcing them to liquidate their positions amid margin calls. The Index heavy Oil & Gas sector underperformed the market whereas Chemicals, Electricity and Household Goods sectors outperformed during the period under review.

On the shariah compliant securities sphere, search for yields and dearth of primary issuance versus elevated demand kept the yield on the high credit quality corporate bonds depressed. Furthermore, helped by the economic rebound, and declining interest rates, we have seen recoveries from many non-performing corporate bonds. During the period under review, the State Bank of Pakistan reduced the policy rate by 200 bps to 8.0% mainly due to sharp decline in inflation, build-up of FX reserves, largely contained fiscal deficit, and improved external account position. Sovereign securities responded to the beginning of loose monetary policy period with yields on the short term and long term sovereign bonds declining sharply. All sukuks in the Fund are floating rate linked to KIBOR with three to six month coupon resetting period.

The Fund has earned total income of Rs.152.37 million during the period. After deducting expenses of Rs.33.96 million, the net income is Rs.118.41 million. The asset allocation of the Fund as on March 31, 2015 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 21, 2015
Place: Karachi.

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-II

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2015

	Note	(Un-Audited) As at March 31, 2015	(Audited) As at June 30, 2014
-----Rupees in '000-----			
ASSETS			
Balances with banks		581,918	710,807
Investments	4	591,286	156,906
Receivable against sale of investments		65,974	-
Dividend and profit receivable		13,380	480
Advances and deposits		2,600	102,600
Preliminary expenses and floatation costs		1,442	2,306
Total assets		1,256,600	973,099
LIABILITIES			
Payable to the Management Company		8,662	24,309
Payable to Central Depository Company of Pakistan Limited -Trustee		144	8
Payable to the Securities and Exchange Commission of Pakistan		735	5
Payable against redemption of units		49	145
Payable against purchase of investments		-	155,911
Accrued expenses and other liabilities		3,617	350
Total liabilities		13,207	180,728
NET ASSETS		<u>1,243,393</u>	<u>792,371</u>
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		<u>1,243,393</u>	<u>792,371</u>
CONTINGENCIES AND COMMITMENTS			
	5		-----Number of units-----
NUMBER OF UNITS IN ISSUE		<u>11,400,643</u>	<u>7,914,029</u>
		-----Rupees-----	
NET ASSET VALUE PER UNIT	6	<u>109.0634</u>	<u>100.1223</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-II

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2015

	Note	Nine Months ended March 31, 2015	Quarter ended March 31, 2015
-----Rupees in '000-----			
INCOME			
Capital gain on sale of investments - net		38,672	34,492
Profit on bank deposits		40,292	10,714
Dividend income		29,807	11,807
Unrealised appreciation on re-measurement of investment classified as 'at fair value' through profit or loss' - net		43,596	(42,960)
Total Income		152,367	14,053
EXPENSES			
Remuneration of the Management Company		19,597	6,559
Sindh Sales Tax on Management Company's remuneration		3,410	1,141
Federal Excise Duty on Management Company's remuneration		3,136	1,050
Remuneration of Central Depository Company of Pakistan Limited - Trustee		1,274	427
Annual fee to the Securities and Exchange Commission of Pakistan		735	246
Amortisation of preliminary expenses and floatation costs		864	284
Auditors' remuneration		242	52
Annual listing fee		30	10
Printing charges		73	-
Securities transaction cost		1,697	443
Settlement and bank charges		478	163
Total Expenses		31,536	10,375
Net income from operating activities		120,831	3,678
Provision for Workers' Welfare Fund	7	(2,417)	(74)
Net income for the period before taxation		118,414	3,604
Taxation	8	-	-
Net income for the period after taxation		118,414	3,604
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-II

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2015

	Nine Months ended March 31, 2015	Quarter ended March 31, 2015
	-----Rupees in '000-----	
Net income for the period after taxation	118,414	3,604
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>118,414</u>	<u>3,604</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-II

CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2015

	Nine Months ended March 31, 2015	Quarter ended March 31, 2015
	-----Rupees in '000-----	
Undistributed income brought forward comprising of :		
Realised (loss) / income	(27)	26,569
Unrealised income	995	86,556
	<u>968</u>	<u>113,125</u>
Net income for the period	118,414	3,604
Net element of loss and capital losses included in prices of units issued less those in units redeemed	(16,479)	(13,826)
Undistributed income carried forward	<u>102,903</u>	<u>102,903</u>
Undistributed income comprising of :		
Realised income	59,307	59,307
Unrealised income	43,596	43,596
	<u>102,903</u>	<u>102,903</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-II

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2015

	Nine Months ended March 31, 2015	Quarter ended March 31, 2015
	-----Rupees in '000-----	
Net assets at the beginning of the period	792,371	1,365,868
Issue of 5,259,569 units	525,999	-
Redemption of 1,772,955 units	(193,391)	(126,079)
	332,608	(126,079)
Net element of loss and capital losses included in prices of units issued less those in units redeemed	16,479	13,826
Unrealised appreciation on re-measurement of investment classified as 'at fair value through profit or loss' - net	43,596	(42,960)
Capital gain on sale of investments - net	38,672	34,492
Other net income for the period	36,146	12,072
	118,414	3,604
Net element of loss and capital losses included in prices of units issued less those in units redeemed - transferred to distribution statement	(16,479)	(13,826)
Net assets at the end of the period	1,243,393	1,243,393

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-II

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2015

	Nine Months ended March 31, 2015 -----Rupees in '000-----	Quarter ended March 31, 2015
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period before taxation	118,414	3,604
Adjustments		
Unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	(43,596)	42,960
Amortisation of preliminary expenses and floatation costs	864	284
	<u>75,682</u>	<u>46,848</u>
(Increase) / decrease in assets		
Investments	(390,784)	28,374
Receivables against sale of investments	(65,974)	(56,627)
Dividend and profit receivable	(12,900)	(8,027)
Advances and deposits	100,000	27
	<u>(369,658)</u>	<u>(36,253)</u>
Increase / (decrease) in liabilities		
Payable to the Management Company	(15,647)	927
Payable to Central Depository Company of Pakistan Limited -Trustee	136	(6)
Payable to the Securities and Exchange Commission of Pakistan	730	246
Payable against purchase of investments	(155,911)	-
Accrued expenses and other liabilities	3,267	473
	<u>(167,425)</u>	<u>1,640</u>
Net cash used in operating activities	<u>(461,401)</u>	<u>12,235</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Receipts from issue of units	332,608	(193,391)
Payments on redemption of units	(96)	67,361
Net cash generated from / (used in) financing activities	<u>332,512</u>	<u>(126,030)</u>
Net decrease in cash and cash equivalents during the period	<u>(128,889)</u>	<u>(113,795)</u>
Cash and cash equivalents at the beginning of the period	710,807	695,713
Cash and cash equivalents at the end of the period	<u><u>581,918</u></u>	<u><u>581,918</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-II

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2015

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 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. 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 March 31, 2015.

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, 2015 are same as those applied in the preparation of annual audited financial statements for the year ended June 30, 2014.

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-II

4 INVESTMENTS

Note (Un-Audited) (Audited)
March June 30,
31, 2015 2014
(Rupees in '000)

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

4.1 591,286 156,906

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, 2015	Investment as a percentage of		
	As at July 01, 2014	Purchases during the period	Bonus / right shares	Sales during the period	As at March 31, 2015		Net assets	Market value of total investments	Paid up capital of the investee company
(Rupees in '000) ----- % -----									
Oil and Gas									
National Refinery Limited	-	29,000	-	-	29,000	5,536	0.45	0.94	0.04
Oil and Gas Development Company Limited	29,400	152,000	-	181,400	-	-	-	-	-
Pakistan Oilfields Limited	23,500	151,200	-	110,200	64,500	21,057	1.69	3.56	0.03
Pakistan Petroleum Limited	68,000	411,600	-	337,400	142,200	21,994	1.77	3.72	0.01
Pakistan State Oil Company Limited	24,600	174,400	-	112,700	86,300	29,722	2.39	5.03	0.03
Hascal Petroleum	-	157,500	-	34,500	123,000	11,297	0.91	1.91	0.14
Shell Pakistan Limited	-	23,500	-	-	23,500	5,190	0.42	0.88	0.02
Chemicals									
Engro Corporation Limited	-	227,500	-	12,000	215,500	55,362	4.45	9.36	0.04
Engro Fertilizers Limited	-	315,000	-	314,500	500	38	0.00	0.01	0.00
Falima Fertilizer Company Limited	-	292,000	-	290,000	2,000	77	0.01	0.01	0.00
Fauji Fertilizer Company Limited	-	137,000	-	137,000	-	-	-	-	-
Construction and Materials									
Alkzo Nobel Pakistan Limited	-	77,000	-	31,500	45,500	12,899	1.04	2.18	0.10
Cherat Cement Company Limited	-	239,000	-	239,000	-	-	-	-	-
D.G. Khan Cement Company Limited	88,000	811,000	-	395,500	503,500	56,291	4.53	9.52	0.11
Kohat Cement Company Limited	-	44,200	-	31,200	13,000	2,093	0.17	0.35	0.01
Lucky Cement Limited	39,000	135,900	-	105,000	69,900	31,171	2.51	5.27	0.02
Maple Leaf Cement Factory Limited	253,000	1,619,000	-	1,310,500	561,500	26,975	2.17	4.56	0.11
Pioneer Cement Limited	334,000	544,000	-	870,000	8,000	629	0.05	0.11	0.00
Technology Hardware and Equipment									
Avanceon Limited	-	276,500	-	-	276,500	9,011	0.72	1.52	0.26
Pharma and Bio Tech									
Ferozsons Laboratories Limited	-	49,400	-	31,500	17,900	8,829	0.71	1.49	0.06
General Industrials									
Ghani Glass Limited	6,000	131,500	-	48,500	89,000	6,387	0.51	1.08	0.07
Thal Limited	36,000	42,600	-	-	78,600	20,070	1.61	3.39	0.19
Household Goods									
Tariq Glass Industries Limited	-	96,000	-	96,000	-	-	-	-	-
Automobile and Parts									
Ghandhara Nissan Limited	59,000	134,500	-	73,000	120,500	5,630	0.45	0.95	0.27
Honda Atlas Cars (Pakistan) Limited	-	218,500	-	130,000	88,500	16,233	1.31	2.75	0.06
Indus Motor Company Limited	-	29,900	-	29,900	29,900	30,350	2.44	5.13	0.36
Pak Suzuki Motor Company Limited	28,400	118,500	-	120,900	26,000	9,009	0.72	1.52	0.32
Personal Goods									
Kohinoor Textile Mills Limited	-	1,068,000	-	250,000	818,000	34,479	2.77	5.83	0.33
Nishat Mills Limited	69,000	339,000	-	244,000	164,000	16,757	1.35	2.83	0.05
Fixed Line Telecommunication									
Pakistan Telecommunication Company Limited	300,000	535,000	-	835,000	-	-	-	-	-
Electricity									
K-Electric Limited	450,000	280,000	-	475,000	255,000	1,813	0.15	0.31	0.00
The Hub Power Company Limited	230,000	834,000	-	278,000	786,000	67,109	5.40	11.35	0.07
Kot Addu Power Company Limited	226,000	722,000	-	351,000	597,000	46,435	3.73	7.85	0.07
Lalpur Power Limited	-	920,000	-	110,500	809,500	24,180	1.94	4.09	0.21
Commercial Banks									
Bank Islami Pakistan Limited (BIPL)	-	36,000	-	36,000	-	-	-	-	-
BIPL - Letter of rights	-	-	3,266	3,266	-	-	-	-	-
Meezan Bank Limited	-	406,000	-	73,500	332,500	14,663	1.18	2.48	0.03
						<u>591,286</u>	<u>47.55</u>	<u>100.00</u>	
Carrying value as at March 31, 2015						<u>547,690</u>			
Unrealised appreciation on re-measurement of investment classified as 'at fair value through profit or loss' - net						<u>43,596</u>			

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-II

Investments include shares with market value of Rs 60.467 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.

5 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at March 31, 2015 and June 30, 2014.

6 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.

7 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 2.434 million (including Rs 2.417 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 March 31, 2015 would have been higher by Rs 0.2135 per unit.

8 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.

9 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.

10 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

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.

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-II

- 10.2 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.
- 10.3 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.
- 10.4 Remuneration payable to the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 10.5 Details of the transactions with related parties / connected persons are as follows:

	------(Un-audited)-----	
	Nine Months ended March 31, 2015	Quarter ended March 31, 2015
	------(Rupees in '000)-----	
NBP Fullerton Asset Management Limited - (Management Company)		
Remuneration of the Management Company	19,597	6,559
Sindh sales tax on remuneration of Management Company	3,410	1,141
Federal Excise Duty on remuneration of the Management Company	3,136	1,050
Central Depository Company of Pakistan Limited - Trustee		
Remuneration for the period	1,274	427
CDS charges	342	119
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	201	47
	(Un-audited)	(Audited)
	March 31,	June
	2015	30, 2014
	(Rupees in '000)	

10.6 Balances outstanding as at period / year end

NBP Fullerton Asset Management Limited - (Management Company)		
Management remuneration payable	2,210	122
Sindh Sales Tax (SST) payable on remuneration of the Management Company	385	23
Federal Excise Duty (FED) payable on remuneration of the Management Company	3,154	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

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-II

	(Un-audited) March 31, 2015	(Audited) June 30, 2014
	(Rupees in '000)	
Central Depository Company of Pakistan Limited - (Trustee)		
Remuneration payable	144	8
CDS charges payable	54	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)	436,248	-
Employees of the Management Company		
Units held: 1,507 units (June 30, 2014: 1,507 units)	164	151
Taurus Securities Limited		
Brokerage payable	37	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 March 31, 2015.

11 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 21, 2015.

12 GENERAL

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

12.2 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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