



NBP Fullerton
Asset Management Ltd.

A Subsidiary of
National Bank of Pakistan

NAFA ISLAMIC STOCK FUND

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.

NAFA ISLAMIC STOCK FUND

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NAFA ISLAMIC STOCK FUND

FUND'S INFORMATION

Management Company

NBP Fullerton Asset Management Limited – Management Company

Board of Directors of the Management Company

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

Company Secretary & CFO of the Management Company

Mr. Muhammad Murtaza Ali

Audit & Risk Committee

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

Human Resource 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 Shakra-e-Faisal, Karachi.

Bankers to the Fund

Bank Islami Pakistan Limited
Burj Bank Limited
Bank Alfalah Limited
Habib Bank Limited
Meezan Bank Limited
National Bank of Pakistan
NIB Bank Limited
Silk Bank Limited
Sindh Bank Limited
United Bank Limited

NAFA ISLAMIC STOCK FUND

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 STOCK FUND

DIRECTORS' REPORT

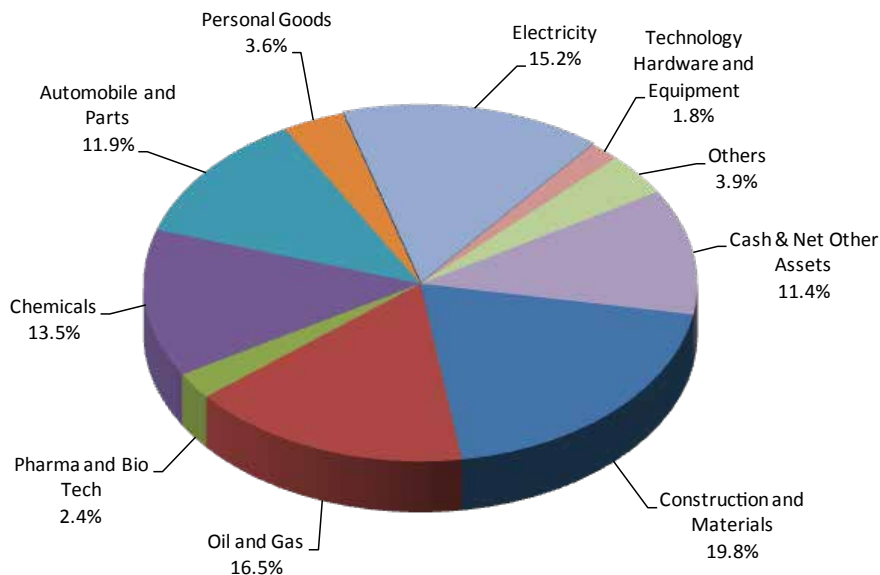
The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the unaudited financial statements of NAFA Islamic Stock Fund (NISF) for the period from January 9, 2015 to March 31, 2015.

Fund's Performance

Since Launch of the Fund, the unit price of NAFA Islamic Stock Fund (NISF) has decreased from Rs. 10.000 on January 09, 2015 to Rs. 9.3718 on March 31, 2015, thus showing a decline of 6.3%. The Benchmark (KMI-30 Index) for the same period decreased by 5.9%. Thus, the Fund has underperformed its Benchmark by 0.4% during the period under review. This performance is net of management fee and all other expenses. The size of NAFA Islamic Stock Fund is Rs. 715 million.

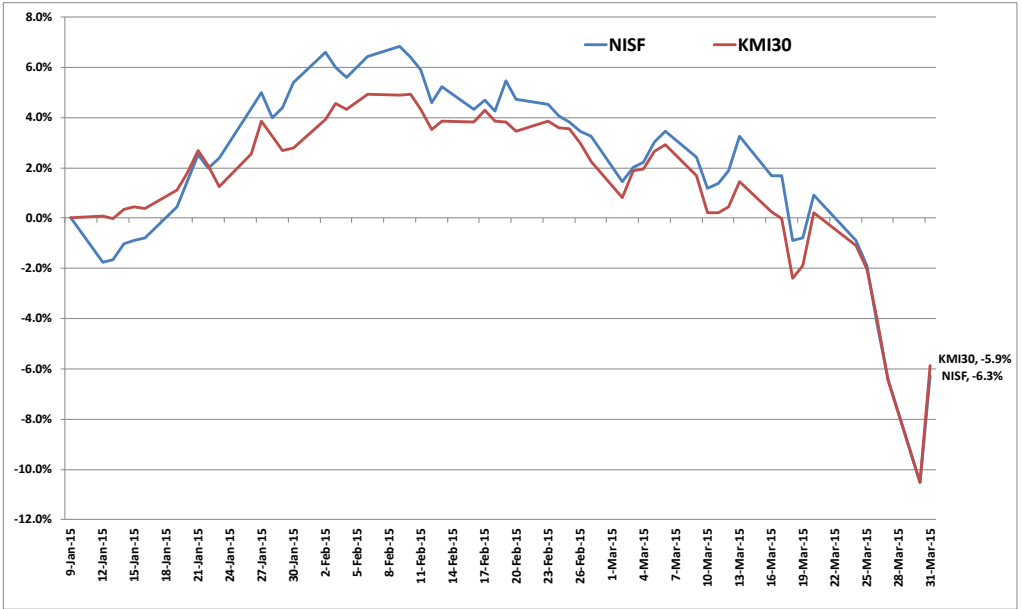
The stock market exhibited high volatility during the 3QFY15. The market started off the quarter on a strong note in January, posting around 6% return before taking a breather in February and finally plunging sharply in March. Overall, the benchmark KMI-30 Index fell by 2.7% during the quarter defying 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.

The Fund has incurred total loss of Rs.57.31 million during the period. The below chart presents the asset allocation of NISF.



NAFA ISLAMIC STOCK FUND

NISF Performance versus Benchmark (Since Inception)



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 STOCK FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED) AS AT MARCH 31, 2015

	Note	Un-Audited March 31,2015 (Rupees in '000)
ASSETS		
Balances with banks		55,672
Investments	4	633,223
Profit and Dividend receivable	5	8,128
Advances, deposits and other receivables	6	12,228
Receivable against sale of investment		18,574
Total assets		727,825
LIABILITIES		
Payable to the Management Company		11,667
Payable to Central Depository Company of Pakistan Limited - Trustee		134
Payable to Securities and Exchange Commission of Pakistan		155
Accrued expenses and other liabilities	7	897
Total liabilities		12,853
NET ASSETS		714,972
UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)		714,972
CONTINGENCIES AND COMMITMENTS	8	
Number of units in issue		76,289,863
NET ASSET VALUE PER UNIT		9.3718

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC STOCK FUND

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE PERIOD FROM JANUARY 09, 2015 TO MARCH 31, 2015

	Note	For the period from January 09, 2015 to March 31, 2015 (Rupees in '000)
INCOME		
Net (loss) on sale of investments		(4,488)
Dividend Income		8,639
Profit on bank deposits		917
Net unrealised appreciation / (diminution) on re-measurement as 'financial assets at fair value through profit or loss'		(54,066)
Total income		(48,998)
EXPENSES		
Remuneration of NBP Fullerton Asset Management Limited Management Company		4,909
Sindh sales tax on remuneration of the Management Company		854
FED on remuneration of the Management Company		785
Remuneration to Central Depository Company of Pakistan Limited- Trustee		327
Annual fee - Securities and Exchange Commission of Pakistan		155
Securities transaction cost		928
Settlement and bank charges		122
Annual listing fee		11
Auditors' remuneration		139
Fund rating fee		34
Printing charges		24
Legal & Professional charges		23
Total Expenses		8,311
Net (loss) from operating activities		(57,309)
Provision for Workers' Welfare Fund	9	-
Net (loss) for the period before taxation		(57,309)
Taxation	10	-
Net (loss) for the period after taxation		(57,309)
Earnings per unit	11	

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC STOCK FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE PERIOD FROM JANUARY 09, 2015 TO MARCH 31, 2015

	For the period from January 09, 2015 to March 31, 2015 (Rupees in '000)
Net (loss) for the period after taxation	(57,309)
Other Comprehensive Income	-
Total comprehensive (loss) for the period	<u><u>(57,309)</u></u>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC STOCK FUND

CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE PERIOD FROM JANUARY 09, 2015 TO MARCH 31, 2015

	For the period from January 09, 2015 to March 31, 2015 (Rupees in '000)
Net (loss) for the period after taxation	(57,309)
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed	9,382
Undistributed (loss) carried forward	<u>(47,927)</u>
Undistributed (loss) carried forward	<u><u>(47,927)</u></u>
Undistributed income comprising of:	
Realised income	6,139
Unrealised (loss)	(54,066)
	<u><u>(47,927)</u></u>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC STOCK FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE PERIOD FROM JANUARY 09, 2015 TO MARCH 31, 2015

	For the period from January 09, 2015 to March 31, 2015 (Rupees in '000)
Issue of 100,474,380 units	1,006,280
Redemption of 24,184,517 units	(233,999)
	772,281
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed	9,382
Net unrealised appreciation / (diminution) on re-measurement as 'financial assets at fair value through profit or loss'	(54,066)
Capital loss on sale of investments - net	(4,488)
Other income (net of expenses) for period	1,245
	(57,309)
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed	(9,382)
Net assets at the end of the period	<u><u>714,972</u></u>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC STOCK FUND

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE PERIOD FROM JANUARY 09, 2015 TO MARCH 31, 2015

For the period
from January 09, 2015 to
March 31,
2015
(Rupees in '000)

CASH FLOW FROM OPERATING ACTIVITIES

Net (loss) for the period before taxation (57,309)

Adjustments

Net unrealised appreciation / (diminution) on re-measurement
as 'financial assets at fair value through profit or loss' 54,066
(3,243)

(Increase) / decrease in assets

Investments (687,289)
Profit and Dividend receivable (8,128)
Advances, deposits and other receivables (12,228)
Receivable against sale of investment (18,574)
(726,219)

Increase / (decrease) in liabilities

Payable to the Management Company 11,667
Payable to the Trustee 134
Payable to the Securities and Exchange Commission of Pakistan 155
Accrued expenses and other liabilities 897
12,853

Net cash generated from / (used in) operating activities (716,609)

CASH FLOW FROM FINANCING ACTIVITIES

Net receipts from issue of units 1,006,280
Net payments on redemption of units (233,999)
Net cash used in financing activities 772,281

Cash and cash equivalents at the end of the period 55,672

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC STOCK FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Un-Audited) FOR THE PERIOD FROM JANUARY 09, 2015 TO MARCH 31, 2015

1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Islamic Stock Fund (the Fund) was established under a Trust Deed executed between NBP Fullerton Asset Management Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on November 18, 2014 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on November 21, 2014, under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

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

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

The objective of NAFA Islamic Stock Fund is to provide with long term capital growth from an actively managed portfolio of Shariah Compliant listed equities.

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

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

2 BASIS OF PREPARATION

2.1 Statement of Compliance

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

In compliance with schedule V of the NBFC Regulations 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.

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

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

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

NAFA ISLAMIC STOCK FUND

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

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Financial assets

3.1.1 Classification

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

a) Loans and receivables

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

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

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

c) Held to maturity

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

d) Available for sale

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

3.1.2 Regular way contracts

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

NAFA ISLAMIC STOCK FUND

3.1.3 Initial recognition and measurement

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

3.1.4 Subsequent measurement

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

a) Basis of valuation of debt securities

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

b) Basis of valuation of equity securities

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

c) Basis of valuation of Government Securities

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

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

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

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

3.1.5 Impairment of financial assets

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

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

3.1.6 Derecognition

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

3.2 Financial liabilities

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

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

NAFA ISLAMIC STOCK FUND

3.1.3 Offsetting of financial assets and liabilities

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

3.1.4 Derivative Financial Instruments

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

3.5 Preliminary expenses and floatation costs

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

3.6 Provision

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

3.7 Proposed distribution

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

3.8 Issue and redemption of units

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

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

NAFA ISLAMIC STOCK FUND

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

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

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

3.10 Net Assets Value Per Unit

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

3.11 Revenue recognition

- Realised capital gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.
- Unrealised gains / (losses) arising on revaluation of investments classified as ' Financial assets at fair value through profit or loss ' are included in the Income Statement in the period in which they arise.
- Unrealised gains / (losses) arising on revaluation of investments classified as ' Available for sale investments' are included in the Other Comprehensive Income in the period in which they arise.
- Profit on bank deposits, investments in debt securities and income from government securities is recognised using the effective interest method.

3.12 Cash and cash equivalents

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

3.13 Foreign currency translation

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

NAFA ISLAMIC STOCK FUND

4 Investments in shares of listed companies at fair value through profit or loss

Name of the investee company	As at July 1, 2014	Purchases during the period	Bonus / right shares	Sales during the period	As at March 31, 2015	Market value as at March 31, 2015	Market value as a percentage of net assets	Market value as a percentage of total investment	Paid up capital of investee company held
						(Rupees in '000)	%		
OIL AND GAS									
National Refinery Limited	-	24,700	-	-	24,700	4,715	0.66	0.74	0.03
Attock Petroleum Limited	-	15,250	-	5,500	9,750	5,070	0.71	0.80	0.01
Hascol Petroleum Limited	-	239,000	-	22,000	217,000	19,932	2.79	3.15	0.24
Pakistan Oilfields Limited	-	70,700	-	0	70,700	23,081	3.23	3.65	0.03
Pakistan Petroleum Limited	-	154,100	-	0	154,100	23,835	3.33	3.76	0.01
Pakistan State Oil Company Limited	-	109,300	-	5,200	104,100	35,852	5.01	5.66	0.04
Mari Petroleum Limited	-	10,000	-	0	10,000	5,159	0.72	0.81	0.01
FERTILIZER									
Dawood Hercules Corporation Limited	-	60,500	-	0	60,500	5,519	0.77	0.87	0.01
Fauji Fertilizer Company Limited	-	82,500	-	54,500	28,000	3,731	0.52	0.59	0.00
Engro Fertilizers Limited	-	126,000	-	125,000	1,000	77	0.01	0.01	0.00
Engro Corporation Limited	-	250,900	-	13,700	237,200	60,937	8.52	9.62	0.05
Fafima Fertilizers company Limited	-	348,000	-	0	348,000	13,419	1.88	2.12	0.02
Fauji Fertilizer Bin Qasim Company Limited	-	105,000	-	103,000	2,000	93	0.01	0.01	0.00
Automobile & Parts									
Ghandhara Nissan Limited	-	242,000	-	34,000	208,000	9,718	1.36	1.53	0.46
Indus Motor Company Limited	-	37,550	-	0	37,550	38,115	5.33	6.02	0.05
Honda Atlas Cars (Pakistan) Limited	-	132,800	-	11,900	120,900	22,177	3.10	3.50	0.08
Baluchistan Wheels Limited	-	9,000	-	0	9,000	428	0.06	0.07	0.07
Pak Suzuki Motor Company Limited	-	57,900	-	14,800	43,100	14,934	2.09	2.36	0.05
Sazgar Engineering Works Limited	-	83,000	-	0	83,000	3,290	0.46	0.52	0.46
INDUSTRIAL METALS AND MINING									
Crescent Steel and Allied Products Limited	-	227,500	-	0	227,500	10,085	1.41	1.59	0.37
CONSTRUCTION AND MATERIALS									
Attock Cement Pakistan Limited	-	63,900	-	0	63,900	11,563	1.62	1.83	0.06
D.G. Khan Cement Company Limited	-	680,000	-	131,000	549,000	61,378	8.58	9.69	0.13
Kohat Cement Limited	-	99,700	-	42,700	57,000	9,179	1.28	1.45	0.04
Lucky Cement Limited	-	73,400	-	8,000	65,400	29,165	4.08	4.61	0.02
Fecto Cement Limited	-	168,000	-	0	168,000	10,320	1.44	1.63	0.33
Pioneer Cement Limited	-	282,000	-	280,000	2,000	157	0.02	0.02	0.00
Maple Leaf Cement Limited	-	492,500	-	74,000	418,500	20,105	2.81	3.18	0.08
GENERAL INDUSTRIALS									
Thal Limited *	-	19,400	-	0	19,400	4,954	0.69	0.78	0.02
PERSONAL GOODS									
Kohinoor Textile Mills Limited	-	611,500	-	100,000	511,500	21,560	3.02	3.40	1.00
Nishat Mills Limited	-	104,800	-	62,300	42,500	4,343	0.61	0.69	0.01
Chemical									
Ittehad Chemical Limited	-	359,500	-	0	359,500	12,597	1.76	1.99	0.72
ELECTRICITY									
The Hub Power Company Limited	-	681,500	-	41,000	640,500	54,685	7.65	8.64	0.06
Kot Addu Power Company Limited	-	733,500	-	320,500	413,000	32,122	4.49	5.07	0.05
K-Electric Limited *	-	500,000	-	0	500,000	3,554	0.50	0.56	0.00
Lalpur Power Limited	-	380,500	-	99,000	281,500	8,407	1.18	1.33	0.07
Pakgen Power Limited	-	480,000	-	115,000	365,000	10,182	1.42	1.61	0.10
COMMERCIAL BANKS									
Meezan Bank Limited	-	98,500	-	29,000	69,500	3,065	0.43	0.48	0.01
MULTIUTILITIES (GAS AND WATER)									
Sui Northern Gas Pipelines Limited	-	471,500	-	214,500	257,000	5,939	0.83	0.94	0.04
PHARMA AND BIO TECH									
Abbott Laboratories (Pakistan) Limited	-	6,000	-	0	6,000	2,984	0.42	0.47	0.01
Ferozsons Laboratories Limited	-	13,000	-	0	13,000	6,412	0.90	1.01	0.04
The Searle Company Limited	-	37,000	-	0	37,000	7,805	1.09	1.23	0.04
Technology Hardware & Equipment									
Avanceon Limited	-	386,000	-	0	386,000	12,580	1.76	1.99	0.37
					7,221,300	633,223	88.57	100.00	
Carrying value as at March 31, 2015					687,289				

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

NAFA ISLAMIC STOCK FUND

- 4.1 Investments include shares with market value of Rs 62.98 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.

	As at March 31, 2015 (Rupees in '000)
5 PROFIT AND DIVIDEND RECEIVABLE	
Income accrued on savings deposits	775
Dividend	7,353
	<u>8,128</u>
6 Advances, Deposits and other receivable	
CDC Security Deposit	103
NCSS Security Deposit	2530
Receivable against transfer of sales	9595
	<u>12228</u>
7 ACCRUED EXPENSES AND OTHER LIABILITIES	
Auditors' remuneration	139
Bank charges	25
Rating fee	34
Printing charges	23
Settlement Charges	5
Others	671
	<u>897</u>

8 CONTINGENCIES AND COMMITMENTS

There were no contingencies outstanding as at March 31, 2015.

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

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. The scheme has maintained Nil provision against Workers' Welfare Fund's. Therefore, there is no impact on NAV per unit/return.

10 TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. The Fund has not recorded a tax liability in respect of income relating to the current year as the Management company has distributed the required minimum percentage of the Fund's accounting income for the year as reduced by capital gains (whether realised or unrealised) to its unit holders.

NAFA ISLAMIC STOCK FUND

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 CONNECTED PERSONS

- 12.1 Connected persons include NBP Fullerton Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan and Alexandra Fund Management Pte. Limited being the sponsors, NAFA provident Trust Fund being the employee contribution plan of the Management Company, other collective investment schemes managed by the Management Company and directors and officers of the Management Company.
- 12.2 On March 31, 2010, NIB sold out its shareholding of NAFA to NBP. Accordingly, thereafter NIB is no longer a connected person for the Fund.
- 12.3 The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 12.4 Remuneration and front-end load payable to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.
- 12.5 Remuneration payable to the Trustee is determined in accordance with the provisions of the NBFC regulation and the Trust Deed.

	Un-audited For the period from January 09, 2015 to March 31, 2015 Rupees in '000
12.6 Details of the transactions with connected persons are as follows:	
NBP Fullerton Asset Management Limited - Management Company	
Remuneration of the Management Company	4,909
Sindh sales tax on remuneration of the Management Company	854
FED on remuneration of the Management Company	785
Sales load	2,965
Transfer load	1,411
NBP Fullerton Asset Management Limited - Sponsor	
Units issued / transferred in (10,300,000 units)	103,000
NAFA Islamic Principal Preservation Fund	
Units issued / transferred In (46,186,162 units)	456,876
Units redeemed / transferred out (17,007,367 units)	164,097
Employees of the Management Company	
Units issued / transferred In (1,588,636 units)	15,971
Units redeemed / transferred out (388,696 units)	3,752
Central Depository Company of Pakistan Limited - Trustee	
Remuneration	327
Taurus Securities Limited (Common Directorship)	
Brokerage	91

NAFA ISLAMIC STOCK FUND

	Un-audited As at March 31, 2015 (Rupees in '000)
12.7 Amounts outstanding as at period end	
NBP Fullerton Asset Management Limited - Management Company	
Management remuneration payable	2,016
Sindh sales tax payable	351
F.E.D on Management Fee	785
Sales load and transfer load to management company	4,376
Other Payable	4,139
NAFA Islamic Principal Preservation Fund	
Units held: 29,178,795 units	273,458
NBP Fullerton Asset Management Limited - Sponsor	
Units issued / transferred in (10,300,000 units)	96,530
Employees of the Management Company	
Units held: 1,199,939 units	11,246
Central Depository Company of Pakistan Limited - Trustee	
Remuneration payable	139
National Bank of Pakistan	
Bank Balances	1,714

13 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on April 21, 2015.

14 GENERAL

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director



NBP Fullerton
Asset Management Ltd.

A Subsidiary of
National Bank of Pakistan

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