



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



Rated by PACRA

# Fund Manager Report of Shariah Compliant Schemes

December 2015

## Halal Munafa- Befikri Kay Saath

*Sharaee Usoolon kay Mutabiq*



Shariah Supervisory Board

- Dr. Imran Ashraf Usmani
- Mufti Ehsan Waquar
- Mufti Naveed Alam

## NAFA Islamic Active Allocation Plan-I

Aims to provide an opportunity to earn halal & attractive returns

- Managed by Professional Fund Managers via equity and income funds
- Initial maturity of 2 years
- Tax Benefits as per current Tax Laws

Your investments & "NAFA" grow together



FULLERTON FUND  
MANAGEMENT

Joint - Venture Partners

### For Information & Investment

Call : 0800-20002

info@nafafunds.com

www.nafafunds.com

SMS: NAFA INVEST to 8080

UAN: (021) 111-111-632

f /nafafunds

Your investments & "NAFA" grow together



FULLERTON FUND  
MANAGEMENT

Joint - Venture Partners

Note: Detailed monthly reports of NAFA Funds are available on our website at [www.nafafunds.com](http://www.nafafunds.com)

**Disclaimer:** All investments in mutual funds are subject to market risks. Past performance is not necessarily indicative of future results. Please read the Offering Document to understand investment policies and the risks involved. Taxes apply.

Performance Summary of NAFA's Shariah Compliant Funds	Pg. 01
CEO's Write-up	Pg. 02
Capital Markets Review	Pg. 04
NAFA Riba Free Savings Fund	Pg. 05
NAFA Islamic Aggressive Income Fund	Pg. 06
NAFA Islamic Asset Allocation Fund	Pg. 07
NAFA Islamic Stock Fund	Pg. 08
NAFA Islamic Pension Fund	Pg. 09
NAFA Islamic Principal Protected Fund-I (NIPPF-I)	Pg. 10
NAFA Islamic Principal Protected Fund-II (NIPPF-II)	Pg. 11
NAFA Islamic Principal Preservation Fund (NIPPF)	Pg. 12

# Table of Contents

## "December 2015"

Mutual Funds - Collective Investment Schemes (CISs)

Risk Profile	Fund Name	Fund Size (Rs. In Crore)	Stability Rating	Inception Date	Dec-2015	FYTD 2016	Rolling 12 Months	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	Since Inception	
														Annualized Returns
Lowest Risk NRFSF NIAIF	Islamic Income Funds													
	NAFA Riba Free Savings Fund	149	A (f)	20-Aug-10	6.0%	5.6%	6.4%	7.4%	7.8%	8.7%	10.8%	n/a	8.7%	
	Benchmark				4.8%	5.1%	5.8%	6.7%	6.7%	7.3%	8.3%	n/a	7.2%	
	NAFA Islamic Aggressive Income Fund	141	A- (f)	26-Oct-07	9.6%	7.8%	8.5%	9.2%	13.6%	6.8%	19.0%	9.0%	6.8%	
	Benchmark				4.7%	5.0%	5.6%	6.6%	6.5%	7.0%	7.9%	7.1%	6.6%	
Moderate Risk NIAAF NISF	Equity Related Islamic Funds													
			Star Ranking*		Cumulative Returns									Annualized Return
	NAFA Islamic Asset Allocation Fund	391	**** (4-star)	26-Oct-07	2.6%	2.0%	18.6%	33.8%	22.2%	36.3%	13.3%	28.4%	15.8%	
	Benchmark				1.6%	1.1%	7.9%	12.1%	17.7%	28.4%	11.1%	24.4%	11.1%	
	NAFA Islamic Stock Fund	190	-	9-Jan-15	5.3%	1.2%	n/a	n/a	n/a	n/a	n/a	n/a	12.8% **	
	Benchmark				4.0%	(2.9%)	n/a	n/a	n/a	n/a	n/a	n/a	6.0% **	

### NAFA ISLAMIC PENSION FUND (NIPF) - Voluntary Pension Scheme (VPS)

Risk Profile	Fund Name	Fund Size	Inception Date	Dec-2015	FYTD 2016	Rolling 12 Months	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	Since Inception	
													Annualized Returns
Low Risk	NAFA ISLAMIC PENSION FUND (NIPF) - Voluntary Pension Scheme (VPS)												
	NIPF - Money Market Sub-fund	10		2-Jul-13	5.9%	4.0%	5.7%	6.2%	n/a	n/a	n/a	n/a	6.3%
	NIPF - Debt Sub-fund	18		2-Jul-13	5.8%	4.3%	5.9%	5.6%	n/a	n/a	n/a	n/a	6.4%
High Risk	Cumulative Returns												
	NIPF - Equity Sub-fund	29		2-Jul-13	4.8%	3.5%	22.6%	51.5%	n/a	n/a	n/a	n/a	35.5%

**Notes:** 1) Performance is net of management fee and all expenses. The calculation of performance does not include cost of front-end load. For mutual funds the performance reported is based on dividend reinvestment (gross of with-holding tax where applicable).  
 2) Tax credit also available as per section 62 & 63 of Income Tax Ordinance.  
 3) Taxes Apply. For mutual funds Capital Gains Tax (CGT) rate for individual is 10% for up to four years holding period. For holding period of more than 4 years CGT is exempt. For NISF Capital Gains Tax (CGT) rate for individual is 12.5% for holding period up to four years if dividend receipts of the Fund are less than capital gain. For NIPF, early withdrawal will be subject to taxes as per tax laws.

n/a = Not applicable.

\*Star ranking has been assigned for 1 year performance period ending June 30, 2015 by PACRA.

Asset Manager Rating: AM2+ by PACRA (High Investment Management Standards)

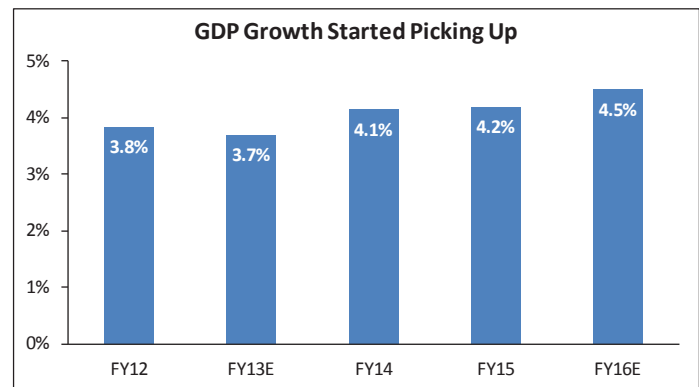
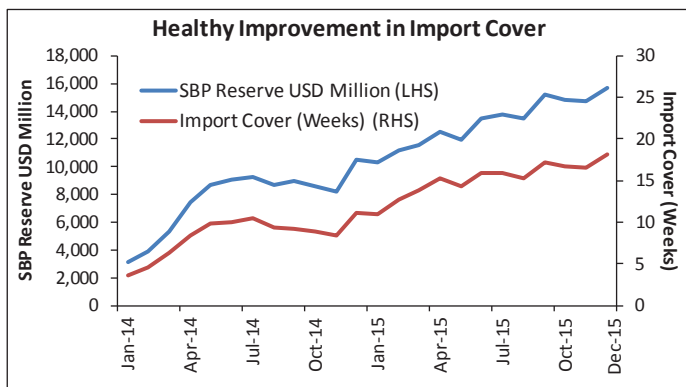
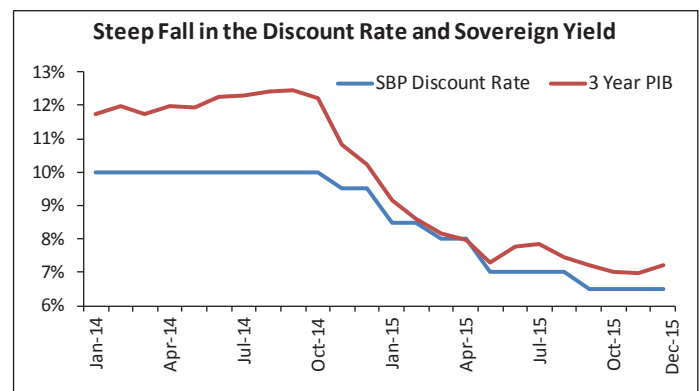
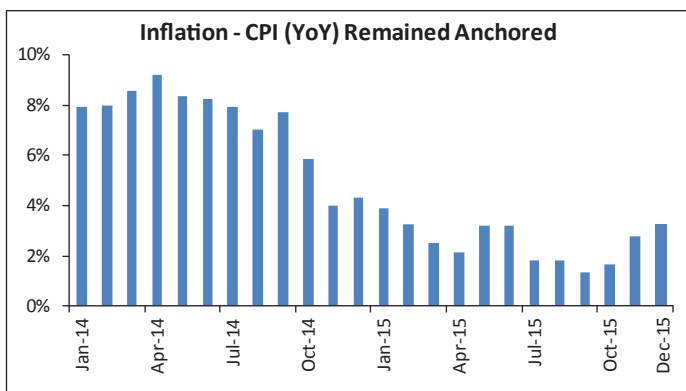
\*\*Cumulative Return

**Note: Detailed monthly reports of NAFA Funds are available on our website at [www.nafafunds.com](http://www.nafafunds.com)**



## Pakistan Economic and Investment Outlook 2016

**Economic Performance 2015:** The year 2015 concluded with notable signs of improving domestic economy primarily helped by a precipitous decline in global commodity prices, notably crude oil. Inflationary pressures remained at bay as reflected in just 2.5% average headline inflation during CY15. External account position further strengthened as captured in record foreign exchange reserves at year end. The fiscal deficit has shrunk due to lower subsidy burden, interest rates have declined to multi-year lows, and GDP growth has started picking up marginally on improving macroeconomic environment and security situation. However, transition from assisted growth to self-sustainable growth entails (i) critical structural reforms in energy generation and distribution; (ii) privatization and/or restructuring of loss making Public Sector Enterprises costing the country Rs.600 bln per annum; and (iii) widening of tax net & improvement in tax administration. However, progress on these reforms have been slow.



**Economic Outlook 2016:** With 2015 now behind us, many investors wonder how local economy and financial markets would fare in 2016. We hold an upbeat economic outlook for 2016 premised on expected persistent weakness in commodity prices over the next 12 months, further progress on structural reforms, a stable political and security situation, and tangible development on CPEC related projects. We anticipate GDP growth to accelerate to 5.0% in 2016 driven by lower input costs, enhanced household income, benign interest rates outlook, and, a modest pick-up in private and public sector investment activity, particularly due to expected progress on CPEC related development ventures.

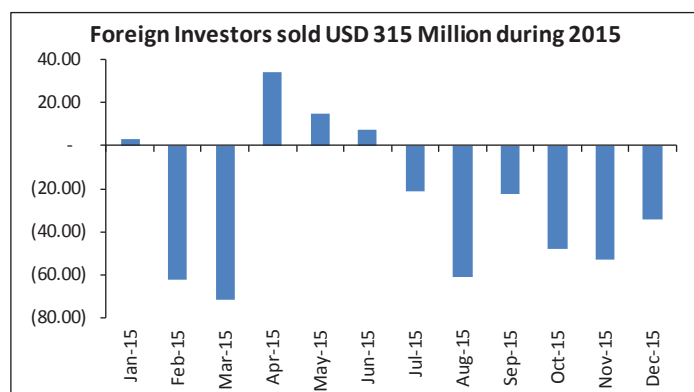
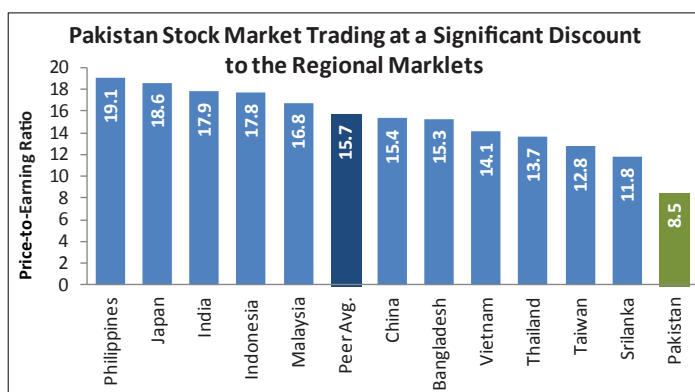
We see some increase in headline inflation numbers during the next year owing to reversal of the base effect, bottoming out of commodity prices, levying of new taxes and some PKR depreciation. However, we expect inflation to still stay subdued at 6% in 2016. External accounts position is also expected to remain comfortable due to a manageable trade deficit, healthy remittances, steady multilateral loan flows, and rising CPEC related inflows from China. Fiscal deficit is likely to remain under 5% of GDP due to lower subsidies and expected additional revenue measures.

## Pakistan Economic and Investment Outlook 2016

**Foreign Exchange Market:** In the foreign exchange market, Pak Rupee saw a modest depreciation during CY15 compared to a sharp decline in the emerging and regional currencies on tightening global financial conditions amid strengthening of US dollar. Resultantly, an overvalued PKR vis-à-vis regional currency has eroded our export competitiveness as reflected in around 9% decline in exports in CY15. Going forward, notwithstanding a benign external account position and healthy reserves accretion, rupee is likely to witness measured 6% depreciation against USD during 2016 to retain local competitiveness.

**Bond Market:** During CY15, yield on fixed income avenues declined sharply driven by falling inflation, massive liquidity injections by SBP, and subdued private sector credit growth. For instance, yield on 1 year T-bill decreased by around 290bp from 9.3% in December 2014 to 6.4% at 2015 end. We think interest rates have bottomed out now and expect around 100bp rise in SBP policy rate in CY2016. Accordingly, we expect sovereign yields to move up by 100bps in 2016 driven by higher interest rates, restricted injections by SBP, and healthy credit demand from both public and private sector. In this backdrop, we prefer shorter maturity of the fixed income portfolio considering the upside risks to inflation and interest rates.

**Stock Market:** Uncertainty on the global economic and financial fronts overwhelmed the improving domestic investment landscape, leading to a lackluster performance of the local stock market in 2015 with a paltry 2% return amid heightened volatility. During CY15, Investors in our NAFA Stock Fund earned a decent return of around 11%, net of management fee and other expenses. Thus our Fund out-performed the stock market by 9% during CY15. We attribute the dismal performance of the stock market in CY15 to significant foreign selling and corporate earnings slowdown, led by index-heavy Oil & Gas and banking sectors. Moreover, concerns on the global economic growth slowdown, rout in the emerging markets triggered by plummeting commodity prices & currencies, and rising geopolitical risks also weighed on the performance of the stock market. Going forward, we expect foreign selling to gradually subside due to (i) improving growth prospects of the Pakistani economy in a low commodity prices environment; (ii) Pakistan's expected re-entry into widely tracked MSCI EM Index in Mid-2016; and (iii) reasonable stock market valuations as captured in 8.5 times forward earnings.



The stock market is trading at a cheap forward earnings multiple of 8.5x, which is attractive in comparison with regional peers and historical levels. We believe that expected slowdown in corporate earnings growth in 2016 due to the drag from Oil & Gas and Banking stocks is already priced in the present valuations. We see strong possibility of Price-to-Earnings multiple rerating due to improving macroeconomic fundamentals, scarcity of yield on alternative fixed income avenues, and easy monetary conditions. Based on the above, we expect the stock market to deliver a decent double digit return in 2016, which will be better than the 4-7% yield expected on bank deposits and treasuries.

## Stock Market Review

Local equities rebounded modestly during December with the benchmark KMI 30 index rising by 4%. Defying improving macroeconomic prospects, the stock market closed CY15 with lackluster gains of 9.6% amid heightened volatility. On the positive side, inflation hit a multiyear low primarily due to collapsing commodity prices, allowing the central bank to cut discount rate by 300 bps during CY15; and FX reserves reached comfortable level of 4 months imports cover. Fiscal deficit is expected to come in at 5.5% amid some new taxation measures and cut in energy subsidies; and GDP growth is likely to touch 4.5% helped by lower input cost and some improvement in energy availability. We attribute the dismal performance of the stock market during CY15 to foreign selling and subdued corporate earnings growth led by Oil & Gas and Banking sectors. Concerns on the global economic growth, uncertainty linked to divergent monetary policy actions in the advanced economies, rout in the emerging market currencies, and collapsing commodity prices were also a drag on the performance of the local bourse. Similarly, growing geopolitical risks from turmoil in Middle East linked to war in Yemen and Syria; tragic terrorist attacks in Paris; China's military assertiveness in the South China Sea created bouts of volatility in the global equities, commodities, currencies and bond markets. We believe that for local equities, unabated foreign selling of US Dollar 315 million remains the swing factor for this anemic performance during CY15.

During CY15, Automobiles Assemblers, Cement, Engineering, Fertilizer, Pharmaceuticals, Power Generation & Distribution sectors performed better than the market while, Oil & Gas Exploration, Banking, Paper & Board, and Textile Composite sectors lagged behind. Automobile sector depicted strong performance on earnings growth amid healthy volumetric growth and robust profit margin. Healthy domestic dispatches and steady profit margins contributed to the robust performance of the Cement sector. Collapsing global oil prices amid supply glut triggered sell-off in Oil & Gas Exploration sector. Paltry yield on the alternative fixed income avenues resulted in the superior performance of Power Generation & Distribution sector. Strong run continued in the pharmaceutical sector on the back of robust earnings announcements amid healthy top-line growth. Banking stocks remained under pressure amid series of discount rates cuts and some other policy measures from the SBP, as well as some adverse taxation measures announced in the budget, that acted as a drag on the profitability.

Going forward, we hold a sanguine outlook on the stock market driven by relatively attractive valuations; benign near-term inflation and interest rates outlook; comfortable external account position; scarcity of yield on the alternative fixed income avenues; and improving macroeconomic prospects. We have repositioned the portfolios of our equity related funds and advisory portfolios based on our capital market expectations and macroeconomic outlook.

We also acknowledge that volatility may remain elevated in the coming months amid divergent monetary policy and economic environment with spillover on the emerging and low income economies. Moreover, any escalation of geopolitical risks from war ravaged Middle East may create bouts of volatility. To navigate this challenging investment landscape, we recommend investors to keep long-term perspective and resist the urge to head for exit amid heightened volatility. We expect the market to deliver a healthy double digit returns in CY16 driven by around 6% dividend yield; probable rerating of the market amid improving macro economy; and some capital gains.

## Money Market Review

SBP pursued aggressively accommodative monetary policy during CY15, slashing Discount Rate by 300 bps to 6.5% from 9.5%. Accordingly, the yield on T-bills decline by around 300 bps whereas, yield on PIBs saw a decline of 130-270 bps. Key underpinning of this monetary policy action was falling inflation; improving FX reserves position; largely contained fiscal position helped by new taxation measures and reduction in subsidy burden. Inflation as measured by the CPI clocked in 3.2% for December compared to 4.3% for the corresponding period last year. During December 2015, government took new tax measures of Rs 40 billion to buttress the revenue collection. SBP OMO injection closed the month at Rs.1.3 trillion after hitting Rs 1.4 trillion during the month. We expect inflation to gradually pick-up to 6% during CY16 due to reversion of base effect, new tax measures, and partial recovery in global commodities. Resultantly, we see around 100 bps increase in the sovereign yields during CY16.

In the two T-Bills auctions during the month, MoF accepted Rs. 123 billion (realized amount) against the target of Rs.275 billion and maturity of Rs.250 billion at cut-off annualized yields of 6.34%, 6.36% and 6.39% for 3, 6 and 12 months tenors respectively. Last T-Bills auctions bid pattern skewed towards the 3 and 6 months as compared to 12 months. In PIB auction held on 16th December 2015, an amount of Rs.36 billion was accepted against the target of Rs.50 billion and participation of Rs.144 billion. The cut-off yield remained at 6.99%, 7.99% and 9.1% for 3 year, 5 year and 10 year respectively. The bid pattern witnessed a major shift towards 3 year tenor followed by 5 and 10 year tenors respectively. On 15th December MoF also announced GOP Ijara Sukuk Auction and accepted Rs.118 billion against the target of Rs.100 billion at a profit rate of 6-Month T-bill minus 50bps.

We have adjusted the portfolio of our money market and income funds based on our capital market expectations. We are closely monitoring the developments in the capital markets and will rebalance the portfolio accordingly.

## Our Contacts

Contact our Investment Consultant for free Investment advice

Call 0800-20002 || UAN 111-111-632 || sms NAFA INVEST to 8080 || [www.nafafunds.com](http://www.nafafunds.com) || [info@nafafunds.com](mailto:info@nafafunds.com)

*Disclaimer: This publication is for informational purpose only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell the fund. All investments in mutual funds and pension funds are subject to market risks. The price of units may go up as well as down. Past Performance is not necessarily indicative of future results.*



MONTHLY REPORT (MUFAP's Recommended Format)  
Unit Price (31/12/2015): Rs. 10.4501

December 2015

## Performance %

Performance Period	Dec 2015	FYTD 2016	Rolling 12Months Jan 15 - Dec 15	FY 2015	FY 2014	FY 2013	FY 2012	Since Launch August 20, 2010 *
NAFA Riba Free Savings Fund	6.0%	5.6%	6.4%	7.4%	7.8%	8.7%	10.8%	8.7%
Benchmark	4.8%	5.1%	5.8%	6.7%	6.7%	7.3%	8.3%	7.2%

\* Annualized Return Based on Morning Star Methodology  
All other returns are Annualized Simple Return

The performance reported is net of management fee & all other expenses and based on dividend reinvestment gross of with-holding tax where applicable.

## General Information

Launch Date:	August 20, 2010
Fund Size:	Rs. 1,486 million
Type:	Open-end – Shariah Compliant Income Fund
Dealing Days:	Daily – Monday to Saturday
Dealing Time:	(Mon - Thr) 9:00 A.M to 5:00 P.M (Friday) 9:00 A.M to 5:30 P.M (Saturday) 9:00 A.M to 1:00 P.M
Settlement:	2-3 business days
Pricing Mechanism:	Forward Pricing
Load:	Front end: without Life Takaful: 0.5%, with Life Takaful 3% (Nil on investment above Rs. 16 million), Back end: 0%
Management Fee:	10% of Net Income (Min 0.5% p.a., Max 1.25% p.a.)
Risk Profile:	Very Low
Fund Stability Rating:	"A(f)" by PACRA
Listing:	Lahore Stock Exchange
Custodian & Trustee:	Central Depository Company (CDC)
Auditors:	Deloitte Yousuf Adil Chartered Accountants
Benchmark:	Average 6-month deposit rate of A- and above rated Islamic Banks
Fund Manager:	Salman Ahmed
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-
Asset Manager Rating:	AM2+ by PACRA (High Investment Management Standards)

## Investment Objective

To provide preservation of capital and earn a reasonable rate of return along with a high degree of liquidity by investing in short-term Shariah compliant banks and money market / debt securities.

## Fund Manager Commentary

The Fund generated an annualized return of 6.0% for the month of December 2015 versus the Benchmark return of 4.8% thus registering an outperformance of 1.2% p.a due to mark-to-market gain on GOP Ijarah Sukuk. During CY 15 the Fund has outperformed its Benchmark by 0.6% by earning an annualized return of 6.4%. This outperformance is net of management fee and all other expenses.

The Fund aims to consistently provide better return than the profit rates offered by Islamic Banks / Islamic windows of commercial banks, while also providing easy liquidity along with a high quality credit profile. The Fund is allowed to invest in short-term Shariah compliant money market securities of up to six months maturity rated AA- or better. The Fund is not authorized to invest in corporate debt securities and the Equities.

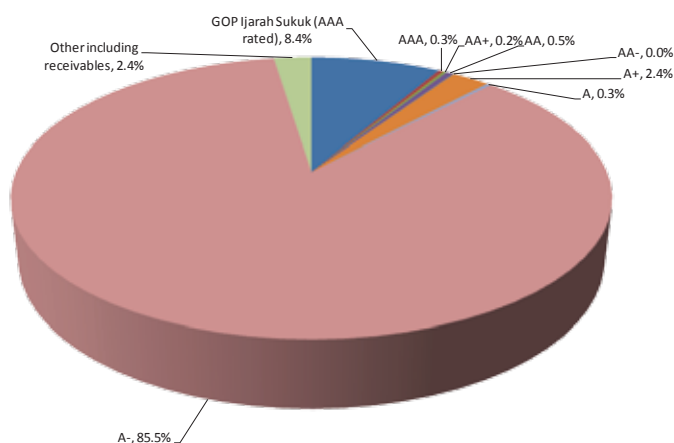
The allocation of the Fund is around 8.4% in GOP Ijarah Sukuks, which are floating rate instruments with 6-months coupon re-setting. Around 89.2% of the portfolio is invested in bank deposits which enhances the liquidity profile of the Fund. The weighted average time to maturity of the fund is 75 days.

We will rebalance the allocation of the fund proactively based on the capital market outlook.

## Asset Allocation (% of Total Assets)

	31-Dec-15	30-Nov-15
GOP Ijarah Sukuk	8.4%	1.7%
Bank Deposits	89.2%	96.8%
Other including receivables	2.4%	1.5%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>
Leverage	Nil	Nil

## Credit Quality of the Portfolio as of Dec 31, 2015 (% of Total Assets)



## WORKERS' WELFARE FUND (WWF)

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs. 10,079,475/-. If the same were not made the NAV per unit/last one year return of scheme would be higher by Rs.0.0709/0.72%. For details investors are advised to read note 8 of the Financial Statements of the Scheme for the period ended September 30, 2015. From July 01, 2015 Workers Welfare Fund (WWF) is not being charged.

## Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA  
Sajjad Anwar, CFA  
Muhammad Ali Bhabha, CFA, FRM  
Syed Suleman Akhtar, CFA  
Salman Ahmed

Notes: 1) The calculation of performance does not include cost of front end load.  
2) Taxes apply. Further, tax credit also available as per section 62 of Income Tax Ordinance.

**Disclaimer:** This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any fund. All investments in mutual funds are subject to market risks. Past performance is not necessarily indicative of future results. Please read the Offering Document to understand investment policies and the risks involved.

MONTHLY REPORT (MUFAP's Recommended Format)  
Unit Price (31/12/2015): Rs. 9.8493

December 2015

## Performance %

Performance Period	Dec 2015	FYTD 2016	Rolling 12Months Jan 15 - Dec 15	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	Since Launch October 26, 2007*
NAFA Islamic Aggressive Income Fund	9.6%	7.8%	8.5%	9.2%	13.6%	6.8%	19.0%	9.0%	6.8%
Benchmark	4.7%	5.0%	5.6%	6.6%	6.5%	7.0%	7.9%	7.1%	6.6%

\* Annualized Return Based on Morning Star Methodology  
All other returns are Annualized Simple Return

The performance reported is net of management fee & all other expenses and based on dividend reinvestment gross of with-holding tax where applicable.

## General Information

Launch Date:	October 26, 2007
Fund Size:	Rs. 1,407 million
Type:	Open-end – Shariah Compliant Aggressive Income Fund
Dealing Days:	Daily – Monday to Friday
Dealing Time:	(Mon - Thr) 9:00 A.M to 5:00 P.M (Friday) 9:00 A.M to 5:30 P.M
Settlement:	2-3 business days
Pricing Mechanism:	Forward Pricing
Load:	Front end: 1% (Nil on investment above Rs. 16 million), Back end: 0%
Management Fee:	10% of Net Income (Min 0.5% p.a., Max 1.00% p.a.)
Risk Profile:	Low to Medium
Fund Stability Rating:	"A-(f)" by PACRA
Listing:	Lahore Stock Exchange
Custodian & Trustee:	Central Depository Company (CDC)
Auditors:	KPMG Taseer Hadi & Co. Chartered Accountants
Benchmark:	Average 3-month deposit rate of Islamic Banks
Fund Manager:	Muhammad Imran, CFA, ACCA
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-
Asset Manager Rating:	AM2+ by PACRA (High Investment Management Standards)

## Investment Objective

To seek preservation of capital and earn a reasonable rate of return in a Shariah compliant manner.

## Fund Manager Commentary

During the month under review, the Fund posted an annualized return of 9.6% as compared to the Benchmark return of 4.7% thus registering an outperformance of 4.9% p.a due to principal and markup payment of non performing Cable & Electrical Goods sector Sukuk. During CY15, the Fund has posted 8.5% annualized return versus 5.6% by the Benchmark, hence an outperformance of 2.9% p.a. This outperformance is net of management fee and all other expenses.

The allocation in corporate Sukuks stood at around 3.6% of the total assets. Around 87.6% of the portfolio is allocated in bank deposits. The higher allocation in bank deposits is due to better yields as compared to other authorized alternative investment avenues.

The weighted average Yield-to-Maturity (YTM) of the Sukuk portfolio is around 6.3% p.a. and weighted average time to maturity is 2.8 years. The weighted average time to maturity of the Fund is 112 days.

We will rebalance the allocation of the fund proactively based on the capital market outlook.

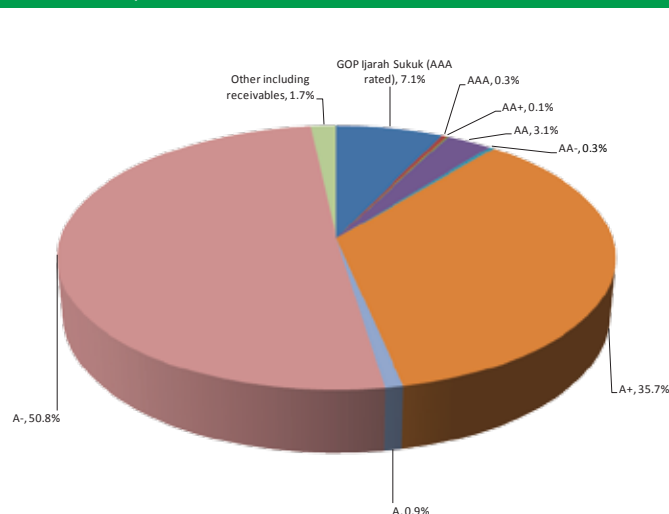
## Asset Allocation (% of Total Assets) 31-Dec-15 30-Nov-15

	31-Dec-15	30-Nov-15
Sukuks	3.6%	2.6%
GOP Ijarah Sukuks - Govt. Backed	7.1%	-
Bank Deposits	87.6%	91.6%
Other including receivables	1.7%	5.8%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>
Leverage	Nil	Nil

## Top Sukuk Holdings (as at Dec 31, 2015)

Name of Sukuk	% of Total Assets
K Electric Azm Sukuk - 5 Yrs	1.9%
K Electric Azm Sukuk - 3 Yrs	1.1%
Maple Leaf Cement (Sukuk I)	0.6%
<b>Total</b>	<b>3.6%</b>

## Credit Quality of the Portfolio as of Dec 31, 2015 (% of Total Assets)



## WORKERS' WELFARE FUND (WWF)

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs. 2,944,049/-. If the same were not made the NAV per unit/ last one year return of scheme would be higher by Rs.0.0206/0.23%. For details investors are advised to read note 7 of the Financial Statements of the Scheme for the period ended September 30, 2015. From July 01, 2015 Workers Welfare Fund (WWF) is not being charged.

## Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA  
Sajjad Anwar, CFA  
Muhammad Ali Bhabha, CFA, FRM  
Syed Suleman Akhtar, CFA  
Muhammad Imran, CFA, ACCA

Notes: 1) The calculation of performance does not include cost of front end load.  
2) Taxes apply. Further, tax credit also available as per section 62 of Income Tax Ordinance.

**Disclaimer:** This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any fund. All investments in mutual funds are subject to market risks. Past performance is not necessarily indicative of future results. Please read the Offering Document to understand investment policies and the risks involved.



## Performance %

Performance Period	Dec 2015	FYTD 2016	Rolling 12 Months Jan 15 - Dec 15	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	Since Launch October 26, 2007*
NAFA Islamic Asset Allocation Fund	2.6%	2.0%	18.6%	33.8%	22.2%	36.3%	13.3%	28.4%	15.8%
Benchmark**	1.6%	1.1%	7.9%	12.1%	17.7%	28.4%	11.1%	24.4%	11.1%

\* Annualized Return  
All Other returns are Cumulative

The performance reported is net of management fee & all other expenses and based on dividend reinvestment gross of with-holding tax where applicable.

Note:\*\* KSE-30 is used as equity component for the Benchmark before June 30, 2008, the launch date of KMI-30 Index. The fund category was changed to Islamic Asset Allocation from Islamic Balanced with effect from April 22, 2014. Consequently, allowed equity range is now 0% to 90% which previously was 30% to 70%. Previous benchmark was 50% KMI-30 Index & 50% Islamic Bank Deposit.

## General Information

Launch Date:	October 26, 2007
Fund Size:	Rs. 3,910 million
Type:	Shariah Compliant - Open end - Asset Allocation Fund
Dealing Days:	Daily - Monday to Friday
Dealing Time:	(Mon-Thr) 9:00 A.M to 5:00 P.M (Friday) 9:00 A.M to 5:30 P.M
Settlement:	2-3 business days
Pricing Mechanism:	Forward Pricing
Load:	Front end: 3%, (Nil on investment above Rs. 50 million), Back end: 0%
Management Fee:	2% per annum
Risk Profile:	Moderate
Listing:	Lahore Stock Exchange
Custodian & Trustee:	Central Depository Company (CDC)
Auditors:	KPMG Taseer Hadi & Co. Chartered Accountants
Benchmark:**	Average of (i) average 3-month Islamic banks deposit rate (ii) 6-month KIBOR or its Shariah Compliant equivalent (iii) KMI 30 Index
Fund Manager:	Asim Wahab Khan, CFA
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-
Asset Manager Rating:	AM2+ by PACRA (High Investment Management Standards)

## Investment Objective

To generate capital appreciation by investing in Shariah Compliant equity and equity related securities and income by investing in Shariah Compliant bank deposits, debt & money market securities.

## Fund Manager's Commentary

During the month under review, unit price (NAV) of NAFA Islamic Asset Allocation Fund increased by 2.6%, whereas the Benchmark increased by 1.6%, thus your Fund outperformed the Benchmark by 1.0%. Since inception your Fund has posted 232.9% return, versus 136.3% by the Benchmark. Thus, to-date the cumulative outperformance of your Fund stands at 96.6%. This outperformance is net of management fee and all other expenses.

NIAAF started off the month with an allocation of around 53% in equities, which was increased to 55% towards the end of the month. NIAAF outperformed the Benchmark in December as the Fund was overweight in equities which recovered during the month. The Fund was also underweight in select Fertilizer sector stock which underperformed the market and overweight in select Oil & Gas Exploration Companies and Cement sectors stocks which outperformed the market. During the month, the allocation was increased slightly in Oil & Gas Exploration Companies and Cement Sectors.

## Asset Allocation (% of Total Assets) 31-Dec-15 30-Nov-15

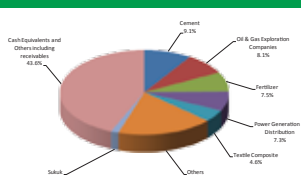
Asset Allocation (% of Total Assets)	31-Dec-15	30-Nov-15
Equities / Stocks	54.9%	53.4%
Sukuks	1.5%	1.6%
Cash	42.6%	43.8%
Others including receivables	1.0%	1.2%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>
Leverage	Nil	Nil

## Characteristics of Equity Portfolio\*\*\*

	PER	PBV	DY
NIAAF	8.3	2.3	5.3%
KMI-30	9.3	2.5	6.2%

\*\*\* Based on NAFA's estimates

## Asset Allocation (% of Total Assets) (as on 31 Dec, 2015)



## Name of the Members of Investment Committee

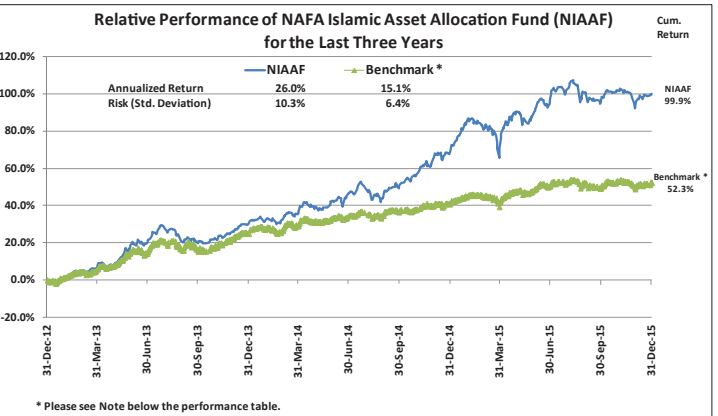
Dr. Amjad Waheed, CFA  
Sajjad Anwar, CFA  
Syed Suleman Akhtar, CFA  
Asim Wahab Khan, CFA  
Muhammad Ali Bhabha, CFA, FRM  
Muhammad Imran, CFA, ACCA

## WORKERS' WELFARE FUND (WWF)

The scheme has maintained provision against Workers' Welfare Fund's liability to the tune of Rs 15,789,039/-If the same were not made the NAV per unit/ last one year return of scheme would be higher by Rs 0.0625/0.48%. For details investors are advised to read the Note 8 of the Financial Statements of the Scheme for the period ended September 30, 2015. From July 01, 2015 Workers Welfare Fund (WWF) is not being charged.

Notes: 1) The calculation of performance does not include cost of front end load.  
2) Taxes apply. Further, tax credit also available as per section 62 of Income Tax Ordinance.

**Disclaimer:** This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any fund. All investments in mutual funds are subject to market risks. Past performance is not necessarily indicative of future results. Please read the Offering Documents to understand the investment policies and the risk involved. The scheme holds certain non-compliant investments. Before making any investment decision, investors should review the latest monthly Fund Manager Report and Financial statements.



\* Please see Note below the performance table.

## Top Ten Holdings (as on 31 Dec, 2015)

Name	Asset Class	% of Total Assets	Name	Asset Class	% of Total Assets
Engro Corporation Ltd	Equity	4.5%	Lucky Cement Ltd	Equity	2.9%
Engro Fertilizer Ltd	Equity	3.1%	Kot Addu Power Co Ltd	Equity	2.8%
Mari Petroleum Company Ltd	Equity	3.0%	Pak Petroleum Ltd	Equity	2.6%
Hub Power Company Ltd	Equity	2.9%	Pakistan State Oil Co Ltd	Equity	2.6%
Kohinoor Textile Mills Ltd	Equity	2.9%	Pakistan Oilfields Ltd	Equity	2.5%

## Details of Non-Compliant Investments

Particulars	Type of Investment	Value of Investments before Provision	Provision held	Value of Investments after Provision	% of Net Assets	% of Gross Assets
Eden Housing (Sukuk II)	SUKUK	4,921,875	4,921,875	-	-	-
<b>Total</b>		<b>4,921,875</b>	<b>4,921,875</b>	<b>-</b>	<b>0.00%</b>	<b>0.00%</b>

## Performance %\*

Performance Period	Dec 2015	FYTD 2016	Since Launch January 09, 2015
NAFA Islamic Stock Fund	5.3%	1.2%	12.8%
Benchmark	4.0%	(2.9%)	6.0%

\* Cumulative Returns

The performance reported is net of management fee & all other expenses and based on dividend reinvestment gross of with-holding tax where applicable.

## General Information

Launch Date:	January 9, 2015
Fund Size:	Rs. 1,899 million
Type:	Shariah Compliant - Open-end – Equity Fund
Dealing Days:	Daily – Monday to Friday
Dealing Time:	(Mon-Thr) 9:00 A.M to 5:00 P.M (Friday) 9:00 A.M to 5:30 P.M
Settlement:	2-3 business days
Pricing Mechanism:	Forward Pricing
Load:	Front end: 3% (Nil on investment above Rs 50 million) Back end: 0%
Management Fee:	2.0% per annum
Risk Profile:	High
Listing:	Lahore Stock Exchange
Custodian & Trustee:	Central Depository Company (CDC)
Auditors:	A. F. Ferguson & Co. Chartered Accountants
Benchmark:	KMI-30 index
Fund Manager:	Sajjad Anwar, CFA
Asset Manager Rating:	AM2+ by PACRA (High Investment Management Standards)

## Investment Objective

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

## Fund Manager's Commentary

During the month under review, NAFA Islamic Stock Fund's (NISF) unit price (NAV) increased by 5.3%, whereas the Benchmark increased by 4.0%, thus an outperformance of 1.3% was recorded. Since inception on January 9, 2015 your Fund has posted 12.8% return, versus 6.0% by the Benchmark. Thus, to-date the cumulative outperformance of your Fund stands at 6.8%. This outperformance is net of management fee and all other expenses.

NISF started off the month with an allocation of around 89% in equities, which was increased to around 91% during the month. NISF outperformed the Benchmark in December as the Fund was underweight in select Fertilizer and Power Generation & Distribution sectors stocks which underperformed the market and overweight in select Oil & Gas Exploration Companies, Cement, Pharmaceuticals, and Glass & Ceramics sectors stocks which outperformed the market. During the month, the allocation was primarily increased in Cement and Fertilizer sectors whereas it was reduced primarily in Power Generation & Distribution and Engineering sectors.

## Asset Allocation (% of Total Assets) 31-Dec-15 30-Nov-15

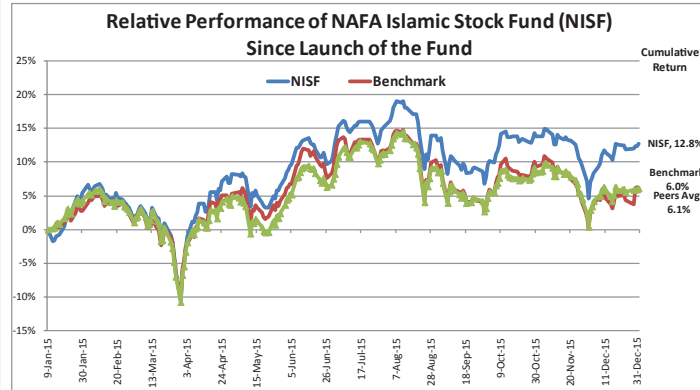
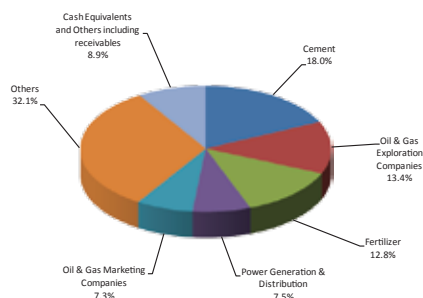
Equities / Stocks	91.1%	88.7%
Cash Equivalents	8.5%	10.3%
Others including receivables	0.4%	1.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>
Leverage	Nil	Nil

## Characteristics of Equity Portfolio\*\*

	PER	PBV	DY
NISF	8.3	2.3	4.8%
KMI-30	9.3	2.5	6.2%

\*\* Based on NAFA's estimates

## Asset Allocation (% of Total Assets) (as on 31 Dec, 2015)



## Top Ten Holdings (as on 31 Dec, 2015)

Name	Asset Class	% of Total Assets	Name	Asset Class	% of Total Assets
Engro Corporation Ltd	Equity	5.9%	Pakistan State Oil Co.Ltd	Equity	4.2%
Mari Petroleum Co Ltd	Equity	5.9%	Fauji Cement Co Ltd	Equity	3.5%
Engro Fertilizer Ltd	Equity	4.9%	Nishat Mills Ltd	Equity	3.1%
Pak Petroleum Ltd	Equity	4.6%	Kohinoor Textile Mills Ltd	Equity	3.0%
D G Khan Cement Co Ltd	Equity	4.5%	Hub Power Company Ltd	Equity	3.0%

## WORKERS' WELFARE FUND (WWF)

The scheme has maintained provision against Workers' Welfare Fund's liability to the tune of Rs 2,403,366/-If the same were not made the NAV per unit/ since inception return of scheme would be higher by Rs 0.0140/0.14%.For details investors are advised to read the Note 8 of the Financial Statements of the Scheme for the period ended September 30, 2015.From July 01, 2015 Workers Welfare Fund (WWF) is not being charged.

- Notes: 1) The calculation of performance does not include cost of front end load.  
2) Taxes apply. Further, tax credit also available as per section 62 of Income Tax Ordinance.

## Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA  
Sajjad Anwar, CFA  
Syed Suleman Akhtar, CFA  
Asim Wahab Khan, CFA  
Muhammad Imran, CFA, ACCA

Performance %							
	Fund Size (Rs. in mn)	NAV Per Unit (Rs.) Dec 31, 2015	Dec 2015	FYTD 2016	Rolling 12 Months Jan 15 - Dec 15	FY 2015	Since Launch July 02, 2013
NIPF-Equity Sub-fund	290.6	215.3205	4.8%*	3.5%*	22.6%*	51.5%*	35.5%
NIPF-Debt Sub-fund	184.0	117.8170	5.8%	4.3%	5.9%	5.6%	6.4%
NIPF-Money Market Sub-fund	96.2	117.492	5.9%	4.0%	5.7%	6.2%	6.3%

\* Cumulative Returns  
All Other returns are annualized

The performance reported is net of management fee & all other expenses and based on dividend reinvestment gross of with-holding tax where applicable.

General Information	
Launch Date:	July 2, 2013
Fund Size:	Rs. 571 million
NAFA Islamic Pension Fund-NIPF Type:	Open-end – Shariah Compliant Voluntary Pension Scheme
Dealing Days:	Daily – Monday to Friday
Dealing Time:	(Mon-Thr) 9:00 A.M to 5:00 P.M (Friday) 9:00 A.M to 5:30 P.M
Pricing Mechanism:	Forward Pricing
Front end Load:	Upto 3% on Contributions
Back end Management Fee:	0%
	On average Annual Net Assets of each Sub-fund.
	Equity 1.50%
	Debt 1.50%
	Money Market 1.50%
Risk Profile:	Investor dependent
Custodian & Trustee:	Central Depository Company (CDC)
Auditors:	KPMG Taseer Hadi & Co. Chartered Accountants
Fund Manager:	Sajjad Anwar, CFA
Minimum Subscription:	Initial: Rs. 10,000/- Subsequent: Rs. 1,000/-
Asset Manager Rating:	AM2+ by PACRA (High Investment Management Standards)
Leverage	Nil

**Investment Objective**

To provide a secure source of savings and regular income after retirement to the Participants.

**Fund Manager's Commentary**

**During the month of December:**

NIPF Equity Sub-fund unit price increased by 4.8% compared with 4.0% increase in KMI-30 Index. The Sub-fund was around 92% invested in equities with major weights in Cement, Fertilizer, and Oil & Gas Exploration Companies sectors. Equity Sub-fund maintains exposure of at least 90% in listed equities on average. Last 3 months average allocation in equity was 92.6% of net asset.

NIPF Debt Sub-fund generated annualized return of 5.8%. The Sub-fund was invested primarily in GoP Ijara Sukuks and Islamic bank deposits. Debt Sub-fund maintains a minimum combined exposure of 50% in Islamic Government Securities (25% minimum) and A+ rated Islamic banks / AA rated Islamic windows. Weighted Average Maturity of Sub-fund is 0.81 year.

NIPF Money Market Sub-fund generated annualized return of 5.9%. The Sub-fund was invested primarily in short-term GoP Ijara Sukuks and Islamic bank deposits. Money Market Sub-fund average maturity cannot exceed 1 year. Weighted Average Maturity of Sub-fund is 0.05 year.

Credit Quality of the Portfolio (as on 31 Dec 2015)		
	Debt	Money Market
Government Securities (AAA rated)	45.5%	31.4%
AAA	9.4%	2.5%
AA+	18.4%	4.3%
AA	5.7%	6.7%
AA-	-	18.1%
A+	18.9%	35.7%
Others	2.1%	1.3%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

Asset Allocation (% of Total Assets)			
Equity Sub-fund	31-Dec-15	30-Nov-15	
Equity	92.0%	92.7%	
Cash Equivalents	7.3%	6.2%	
Others including receivables	0.7%	1.1%	
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	
Debt Sub-fund	31-Dec-15	30-Nov-15	
Cash Equivalents	52.4%	69.1%	
GoP Ijara Sukuk-Govt Backed	45.5%	28.8%	
Others	2.1%	2.1%	
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	
Money Market Sub-fund	31-Dec-15	30-Nov-15	
Cash Equivalents	67.3%	81.9%	
GoP Ijara Sukuk-Govt Backed	31.4%	17.1%	
Others	1.3%	1.0%	
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	

**WORKERS' WELFARE FUND (WWF)**

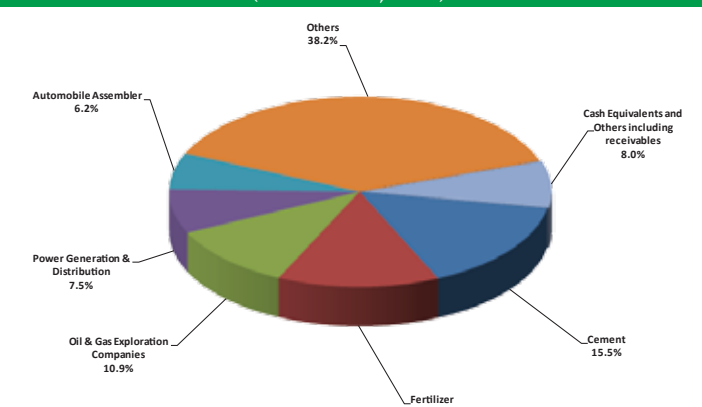
NIPF has maintained provisions against Workers' Welfare Fund's liability in individual sub-Funds as stated below:

	Total amount Provided	Amount Per Unit Rs	Last One Year return would otherwise have been higher by:
Equity Sub-Fund	1,341,944	0.9943	0.57%
Debt Sub-Fund	182,708	0.1170	0.11%
Money Market Sub-Fund	137,561	0.1680	0.15%

For details investors are advised to read the Note 7 of the Financial Statements of the Scheme for the period ended September 30, 2015. From July 01, 2015 Workers Welfare Fund (WWF) is not being charged.

Notes: 1) The calculation of performance does not include cost of front end load.  
2) Taxes apply. Further, tax credit also available as per section 63 of Income Tax Ordinance.

**Equity Sub Fund Asset Allocation (% of Total Assets) (as on 31 Dec, 2015)**



**Top Ten Holdings of Equity Sub-fund (as on 31 Dec, 2015)**

Name	(% of Total Assets)	Name	(% of Total Assets)
Engro Corporation Ltd	6.6%	Lucky Cement Ltd	3.1%
Engro Fertilizer Ltd	5.6%	Hub Power Company Ltd	3.1%
Mari Petroleum Company Ltd	5.2%	Kot Addu Power Co Ltd	2.9%
D. G. Khan Cement Co Ltd	4.3%	Kohinoor Textile Mills Ltd	2.9%
Pakistan Petroleum Ltd	3.4%	Pak Suzuki Motor Co Ltd	2.9%

**Name of the Members of Investment Committee**

Dr. Amjad Waheed, CFA  
Sajjad Anwar, CFA  
Syed Suleman Akhtar, CFA,  
Asim Wahab Khan, CFA, Muhammad Ali Bhabha, CFA, FRM,  
Muhammad Imran, CFA, ACCA, Salman Ahmed

**Disclaimer:** This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any Pension fund. All investments in Pension funds are subject to market risks. Past performance is not necessarily indicative of future results. Please read the Offering Documents to understand the investment policies and the risks involved.



## Performance %

Performance Period	Dec 2015	FYTD 2016	Rolling 12 Months Jan 15 - Dec 15	FY 2015	Since Launch* March 05, 2014
NAFA Islamic Principal Protected Fund-I (NIPPF-I)	1.3%	(0.8%)	9.4%	21.3%	12.3%
Benchmark	1.6%	(0.2%)	6.1%	11.0%	7.9%

\* Annualized Return The performance reported is net of management fee & all other expenses and based on dividend reinvestment gross of with-holding tax where applicable.  
All Other returns are Cumulative

## General Information

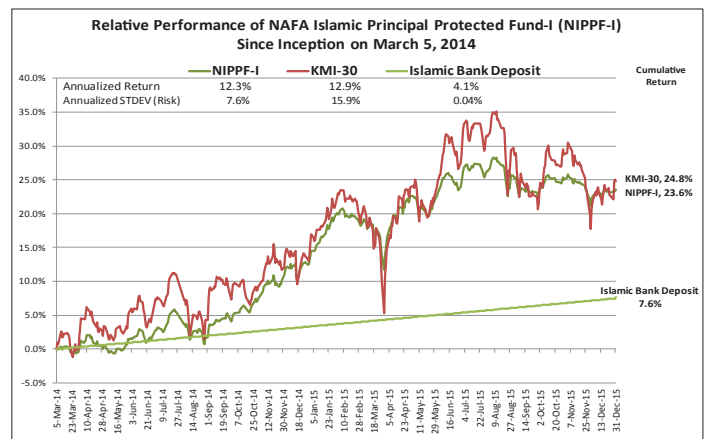
Launch Date:	March 5, 2014
Fund Size:	Rs. 1,651 million
Type:	Shariah Compliant - Open-end – Capital Protected Fund
Dealing Days:	Daily – Monday to Friday
Dealing Time:	(Mon-Thr) 9:00 A.M to 5:00 P.M (Friday) 9:00 A.M to 5:30 P.M
Settlement:	2-3 business days
Pricing Mechanism:	Forward Pricing
Load:	Back end: 0%
Management Fee:	2% per annum
Risk Profile:	Low
Listing:	Lahore Stock Exchange
Custodian & Trustee:	Central Depository Company (CDC)
Auditors:	A. F. Ferguson & Co. Chartered Accountants
Benchmark:	Daily weighted return of KMI-30 index & Islamic Bank Deposits based on Fund's actual allocation.
Fund Manager:	Sajjad Anwar, CFA
Asset Manager Rating:	AM2+ by PACRA (High Investment Management Standards)

## Investment Objective

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

## Fund Manager's Commentary

Since inception, NIPPF- I has generated a cumulative return of 23.6% versus 14.8% return of the Benchmark. The current equity exposure stands at around 34%. During the month, maximum multiplier stood at 2.3 whereas minimum multiplier was 2. Key holdings of the Fund belong to Power Generation & Distribution, Cement, and Fertilizer sectors. The Fund can invest up to 50% in equities subject to cushion availability. We are confident that the Fund will generate good returns considering the improved macroeconomic and political outlook and built in dynamic equity allocation mechanism of the Fund.



## Asset Allocation (% of Total Assets) 31-Dec-15 30-Nov-15

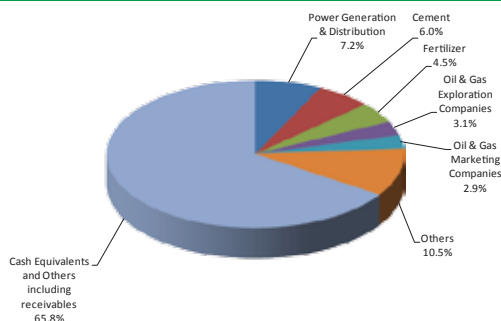
	31-Dec-15	30-Nov-15
Equities / Stocks	34.2%	35.3%
Cash	65.2%	63.9%
Others including receivables	0.6%	0.8%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>
Leverage	Nil	Nil

## Characteristics of Equity Portfolio\*\*

	PER	PBV	DY
NIPPF-I	8.1	2.2	4.7%
KMI-30	9.3	2.5	6.2%

\*\* Based on NAFA's estimates

## Asset Allocation (% of Total Assets) (as on 31 Dec, 2015)



## WORKERS' WELFARE FUND (WWF)

The scheme has maintained provision against Workers' Welfare Fund's liability to the tune of Rs 7,552,236/-If the same were not made the NAV per unit/ last one year return of scheme would be higher by Rs 0.5437/0.50%. For details investors are advised to read Note 7 of the Financial Statements of the Scheme for the period ended September 30, 2015.From July 01, 2015 Workers Welfare Fund (WWF) is not being charged.

Notes: 1) The calculation of performance does not include cost of front end load.  
2) Taxes apply. Further, tax credit also available as per section 62 of Income Tax Ordinance.

**Disclaimer:** This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any fund. All investments in mutual funds are subject to market risks. Past performance is not necessarily indicative of future results. Please read the Offering Documents to understand the investment policies and the risk involved. Capital protection only applies to unit holders who hold their investments until initial maturity of two years.

## Top Ten Holdings (as on 31 Dec, 2015)

Name	Asset Class	% of Total Assets	Name	Asset Class	% of Total Assets
Hub Power Company Ltd	Equity	3.8%	Pak Petroleum Ltd	Equity	1.7%
Kot Addu Power Co Ltd	Equity	3.0%	Pakistan State Oil Co. Ltd	Equity	1.6%
Engro Corporation Ltd	Equity	2.9%	Engro Fertilizer Ltd	Equity	1.6%
D G Khan Cement Co Ltd	Equity	2.2%	Lucky Cement Ltd	Equity	1.6%
Thal Ltd	Equity	2.1%	Indus Motor Company Ltd	Equity	1.6%

## Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA  
Sajjad Anwar, CFA  
Syed Suleman Akhtar, CFA  
Asim Wahab khan, CFA  
Muhammad Ali Bhabha, CFA, FRM  
Muhammad Imran, CFA, ACCA

Performance %					
Performance Period	Dec 2015	FYTD 2016	Rolling 12 Months Jan 15 - Dec 15	FY 2015	Since Launch* June 27, 2014
NAFA Islamic Principal Protected Fund-II (NIPPF-II)	1.3%	(2.7%)	8.1%	21.0%	11.5%
Benchmark	2.1%	(1.8%)	5.6%	12.2%	6.9%

\* Annualized Return  
All Other returns are Cumulative

The performance reported is net of management fee & all other expenses and based on dividend reinvestment gross of with-holding tax where applicable.

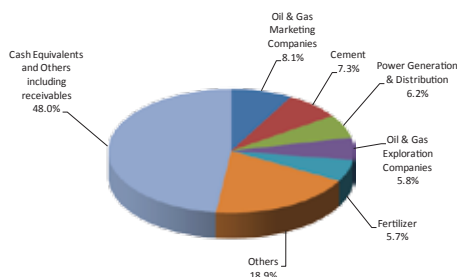
General Information		Investment Objective
Launch Date:	June 27, 2014	The objective of NAFA Islamic Principal Protection Fund-II is to earn a potentially high return through dynamic asset allocation between Shariah compliant Equities and Money Market investment avenues, while providing principal protection.
Fund Size:	Rs. 1,205 million	
Type:	Shariah Compliant - Open-end – Capital Protected Fund	
Dealing Days:	Daily – Monday to Friday	
Dealing Time:	(Mon-Thr) 9:00 A.M to 5:00 P.M (Friday) 9:00 A.M to 05:30 P.M	
Settlement:	2-3 business days	
Pricing Mechanism:	Forward Pricing	
Load:	Back end: 0%	
Management Fee:	2% per annum	
Risk Profile:	Low	
Listing:	Lahore Stock Exchange	<b>Fund Manager's Commentary</b> Since inception, NIPPF- II has generated a cumulative return of 17.9% versus 10.6% return of the Benchmark. The current equity exposure stands at around 52%. During the month, maximum multiplier stood a 4.2 whereas minimum multiplier was 3.7. Key holdings of the Fund belong to Oil & Gas Marketing Companies, Cement, and Power Generation & Distribution sectors. The Fund can invest up to 100% in equities subject to cushion availability. We are confident that the Fund will continue to generate good returns considering the improved macroeconomic and political outlook and built in dynamic equity allocation mechanism of the Fund.
Custodian & Trustee:	Central Depository Company (CDC)	
Auditors:	A. F. Ferguson & Co. Chartered Accountants	
Benchmark:	Daily weighted return of KMI-30 index & Islamic Bank Deposits based on Fund's actual allocation.	
Fund Manager:	Sajjad Anwar, CFA	
Asset Manager Rating:	AM2+ by PACRA (High Investment Management Standards)	

Asset Allocation (% of Total Assets)	31-Dec-15	30-Nov-15
Equities / Stocks	52.0%	56.2%
Cash Equivalents	47.4%	41.0%
Others including receivables	0.6%	2.8%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>
Leverage	Nil	Nil

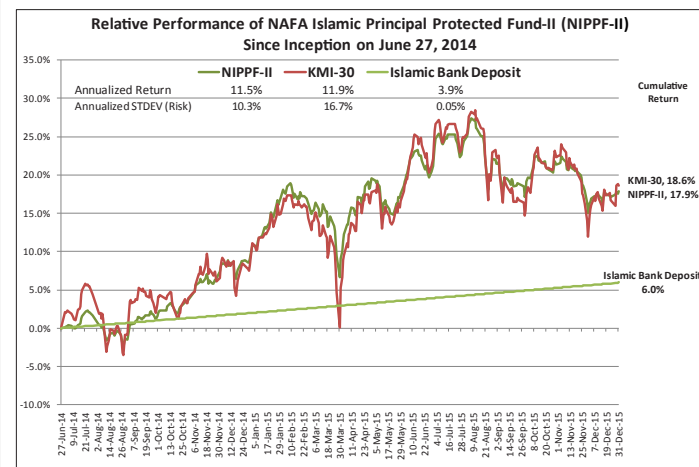
Characteristics of Equity Portfolio****			
	PER	PBV	DY
NIPPF-II	8.2	2.4	5.7%
KMI-30	9.3	2.5	6.2%

\*\*\*\* Based on NAFA's estimates

### Asset Allocation (% of Total Assets) (as on 31 Dec, 2015)



WORKERS' WELFARE FUND (WWF)			
The scheme has maintained provision against Workers' Welfare Fund's liability to the tune of Rs 5,069,719,-/If the same were not made the NAV per unit/ since inception return of scheme would be higher by Rs 0.4860/0.45%. For details investors are advised to read Note 7 of the Financial Statements of the Scheme for the period ended September 30, 2015. From July 01, 2015 Workers Welfare Fund (WWF) is not being charged.			
<b>Notes:</b> 1) The calculation of performance does not include cost of front end load. 2) Taxes apply. Further, tax credit also available as per section 62 of Income Tax Ordinance.			



### Top Ten Holdings (as on 31 Dec, 2015)

Name	Asset Class	% of Total Assets	Name	Asset Class	% of Total Assets
Kohinoor Textile Mills Ltd	Equity	4.2%	Pak Petroleum Ltd	Equity	2.7%
Pakistan State Oil Co Ltd	Equity	3.7%	Attock Petroleum Ltd	Equity	2.6%
Engro Corporation Ltd	Equity	3.6%	Lucky Cement Ltd	Equity	2.5%
Pakistan Oilfields Ltd	Equity	3.2%	Pak Suzuki Motor Co Ltd	Equity	2.2%
Kot Addu Power Co Ltd	Equity	3.0%	Engro Fertilizer Ltd	Equity	2.2%

### Name of the Members of Investment Committee

- Dr. Amjad Waheed, CFA
- Sajjad Anwar, CFA
- Syed Suleman Akhtar, CFA
- Asim Wahab Khan, CFA
- Muhammad Ali Bhabha, CFA, FRM
- Muhammad Imran, CFA, ACCA

## Performance %\*

Performance Period	Dec 2015	FYTD 2016	Since Launch January 09, 2015
NAFA Islamic Principal Preservation Fund (NIPPF)	1.5%	0.9%	6.0%
Benchmark	1.4%	(1.3%)	3.1%

\* Cumulative Returns

The performance reported is net of management fee & all other expenses and based on dividend reinvestment gross of with-holding tax where applicable.

## General Information

Launch Date:	January 9, 2015
Fund Size:	Rs. 1,678 million
Type:	Open Ended Shariah Compliant Fund of Funds
Dealing Days:	Daily – Monday to Friday
Dealing Time:	(Mon-Thr) 9:00 A.M to 5:00 P.M (Friday) 9:00 A.M to 5:30 P.M
Settlement:	2-3 business days
Pricing Mechanism:	Forward Pricing
Back end Load:	1% in year 1, 0.5% in year 2 and no load beyond 2 years
Management Fee:	1) On invested amount in NAFA fund, no additional fee. 2) Cash in Bank account: 1.25% p.a.
Risk Profile:	Low
Listing:	Lahore Stock Exchange
Custodian & Trustee:	Central Depository Company (CDC)
Auditors:	A. F. Ferguson & Co. Chartered Accountants
Benchmark:	Daily weighted return of KMI-30 index & Islamic Bank Deposits based on Fund's actual allocation.
Fund Manager:	Sajjad Anwar, CFA
Asset Manager Rating:	AM2+ by PACRA (High Investment Management Standards)

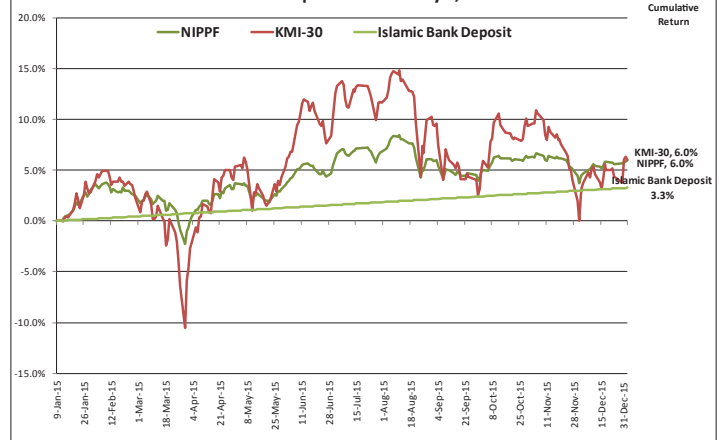
## Investment Objective

The objective of NAFA Islamic Principal Preservation Fund is to earn a potentially high return through dynamic asset allocation between Shariah compliant equity related, and Sharia compliant income/ money market Collective Investment Schemes, while providing principal preservation.

## Fund Manager's Commentary

Since inception, NIPPF has generated a return of 6.0% versus 3.1% return of the Benchmark. The current exposure in equity/asset allocation funds stands at around 34%. During the month, maximum multiplier stood at 4.5 whereas minimum multiplier was 3.7. The Fund can invest up to 100% in equity related funds subject to cushion availability. We are confident that the Fund will generate good returns considering the improved macroeconomic and political outlook and built in dynamic equity allocation mechanism of the Fund.

Relative Performance of NAFA Islamic Principal Preservation Fund (NIPPF) Since Inception on January 9, 2015



Asset Allocation (% of Total Assets)	31-Dec-15	30-Nov-15
Islamic Asset Allocation Fund	14.2%	15.1%
Islamic Stock Fund	20.1%	20.2%
Cash	65.0%	63.1%
Others including receivables	0.7%	1.6%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>
Leverage	Nil	Nil

## Characteristics of Equity Portfolio\*\*

	PER	PBV	DY
NIAAF	8.3	2.3	5.3%
NISF	8.3	2.3	4.8%
KMI-30	9.3	2.5	6.2%

\*\* Based on NAFA's estimates

## Top Holdings (%age of total assets) (as on 31 Dec, 2015)

NAFA Islamic Asset Allocation Fund	14.2%
NAFA Islamic Stock Fund	20.1%
<b>Total</b>	<b>34.3%</b>

## WORKERS' WELFARE FUND (WWF)

The scheme has maintained provision against Workers' Welfare Fund's liability to the tune of Rs 1,767,381/-If the same were not made the NAV per unit/ since inception return of scheme would be higher by Rs 0.1084/0.11%.For details investors are advised to read the Note 7 of the Financial Statements of the Scheme for the period ended September 30, 2015. From July 01, 2015 Workers Welfare Fund (WWF) is not being charged.

Notes: 1) The calculation of performance does not include cost of front end load.  
2) Taxes apply. Further, tax credit also available as per section 62 of Income Tax Ordinance.

## Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA  
Sajjad Anwar, CFA  
Syed Suleman Akhtar, CFA  
Asim Wahab Khan, CFA  
Muhammad Ali Bhabha, CFA, FRM  
Muhammad Imran, CFA, ACCA