

NAFA Islamic Asset Allocation Fund (NIAAF)



MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (30/11/2017): Rs. 15.3082

November 2017

Performance %

| Performance Period | Nov 2017 | FYTD 2018 | Rolling 12 months | FY 2017 | FY 2016 | FY 2015 | FY 2014 | FY 2013 | Last 3 Years* | Last 5 Years* | Last 10 Years* | Since Launch October 26, 2007* |
|------------------------------------|----------|-----------|-------------------|---------|---------|---------|---------|---------|---------------|---------------|----------------|--------------------------------|
| NAFA Islamic Asset Allocation Fund | 0.1% | (9.9%) | (2.2%) | 20.3% | 13.1% | 33.8% | 22.2% | 36.3% | 13.7% | 19.8% | 14.9% | 14.7% |
| Benchmark** | 0.8% | (7.3%) | (0.8%) | 11.9% | 9.2% | 12.1% | 17.7% | 28.9% | 6.9% | 11.6% | 10.3% | 10.1% |

* 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:** Effective from September 01, 2016; Previously average of (i) average 3-month Islamic banks deposit rate (ii) 6-month KIBOR or its Shariah Compliant equivalent (iii) KMI 30 Index
** 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. 12,823 million |
| Fund Size: (Excluding investment by fund of funds) | Rs. 12,792 million |
| Type: | Open-end-Shariah Compliant -Asset Allocation Fund |
| Dealing Days: | Daily – Monday to Friday |
| Dealing Time: | (Mon-Thr) 9:00 A.M to 4:30 P.M (Friday) 9:00 A.M to 5:00 P.M |
| Settlement: | 2-3 business days |
| Pricing Mechanism: | Forward Pricing |
| Load:*** | Front End Load (Individual): 3%, (Nil on investment above Rs. 101 million) Front End Load (Other): 3% (Nil on investment above Rs. 50 million) Back End Load: NIL |
| Management Fee: | 2% per annum |
| Total Expense Ratio (%) | 3.05% p.a (including 0.37% government levies) |
| Selling & Marketing Expenses | 0.4% per annum |
| Risk Profile: | Moderate |
| Listing: | Pakistan Stock Exchange |
| Custodian & Trustee: | Central Depository Company (CDC) |
| Auditors: | Deloitte Yousuf Adil Chartered Accountants |
| Benchmark:** | Daily weighted return of KMI-30 Index & 6-month average deposit rates of three A rated Islamic Banks/Islamic windows of conventional banks as selected by MUFAP, based on Fund's actual allocation. |
| Fund Manager: | Taha Khan Javed, CFA |
| Minimum Subscription: | Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/- |
| Asset Manager Rating: | AM1 by PACRA (Very High Quality) |

*** effective from January 02, 2017

Investment Objective

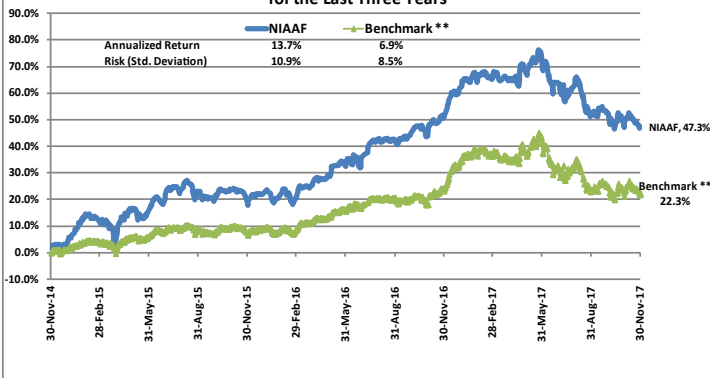
To generate capital appreciation by investing in Shariah Compliant equity and equity related securities and income by investing in Shariah Compliant bank deposits, debt & money market securities.

Fund Manager's Commentary

During the month under review, unit price (NAV) of NAFA Islamic Asset Allocation Fund increased by 0.1%, whereas the Benchmark increased by 0.8%, thus an underperformance of 0.7% was recorded. Since inception your Fund has posted 14.7% p.a return, versus 10.1% p.a by the Benchmark. Thus, to-date the outperformance of your Fund stands at 4.6% p.a. This outperformance is net of management fee and all other expenses.

NIAAF started off the month with an allocation of around 55% in equities, which was maintained towards the end of the month. NIAAF underperformed the Benchmark in November as the Fund was underweight in select Pharmaceuticals sector stocks which outperformed the market and overweight in select Textile Composite, Oil & Gas Marketing Companies, and Power Generation & Distribution Companies sectors stocks which underperformed the market. During the month, the allocation was slightly increased in Oil & Gas Exploration Companies and Fertilizer sectors, whereas it was reduced primarily in Cement and Oil & Gas Marketing Companies sectors.

Relative Performance of NAFA Islamic Asset Allocation Fund (NIAAF) for the Last Three Years



Top Ten Holdings (as on 30 November, 2017)

| Name | Asset Class | % of Total Assets | Name | Asset Class | % of Total Assets |
|----------------------------|-------------|-------------------|----------------------------|-------------|-------------------|
| Pakistan Oilfields Ltd | Equity | 4.3% | Nishat Mills Ltd | Equity | 2.8% |
| Oil & Gas Dev.Co | Equity | 3.6% | Hub Power Company Ltd | Equity | 2.6% |
| Mari Petroleum Company Ltd | Equity | 3.5% | Lucky Cement Ltd | Equity | 2.2% |
| Pak Petroleum Ltd | Equity | 3.4% | Pakistan State Oil Co. Ltd | Equity | 2.1% |
| Engro Corporation Ltd | Equity | 3.2% | Millat Tractors Ltd | Equity | 1.8% |

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 | - | - | - |
| Total | | 4,921,875 | 4,921,875 | - | - | - |

| Asset Allocation (% of Total Assets) | 30-Nov-17 | 31-Oct-17 |
|--------------------------------------|---------------|---------------|
| Equities / Stocks | 54.6% | 54.7% |
| Cash | 44.3% | 43.5% |
| Others including receivables | 1.1% | 1.8% |
| Total | 100.0% | 100.0% |
| Leverage | Nil | Nil |

Note: Amount invested by fund of funds is Rs 31 million.

Characteristics of Equity Portfolio****

| | PER | PBV | DY |
|--------|-----|-----|------|
| NIAAF | 9.2 | 2.2 | 4.9% |
| KMI-30 | 9.8 | 2.7 | 4.8% |

**** Based on NAFA's estimates

Top Five Sectors (% of Total Assets) (as on 30 November, 2017)

| | |
|---------------------------------|-------|
| Oil & Gas Exploration Companies | 14.7% |
| Cement | 8.4% |
| Oil & Gas Marketing Companies | 5.0% |
| Fertilizer | 4.9% |
| Textile Composite | 4.4% |
| Others | 17.2% |

Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA
Sajjad Anwar, CFA
Taha Khan Javed, CFA
Hassan Raza, CFA
Muhammad Ali Bhabha, CFA, FRM

Sindh Workers' Welfare Fund (SWWF)

The Scheme has maintained provisions against worker's welfare Fund's liability to the tune of Rs. 60,862,273/- if the same were not made the NAV Per unit/return of the Scheme would be higher by Re. 0.0727/0.46%. For details investors are advised to read the note 7 of the Financial Statements of the Scheme for the period ended September 30, 2017.

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 the Income Tax Ordinance, 2001.

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. The reported return may include provisions and reversal of provisions against some debt securities.