



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

NAFA ISLAMIC AGGRESSIVE INCOME FUND

ANNUAL REPORT 2014



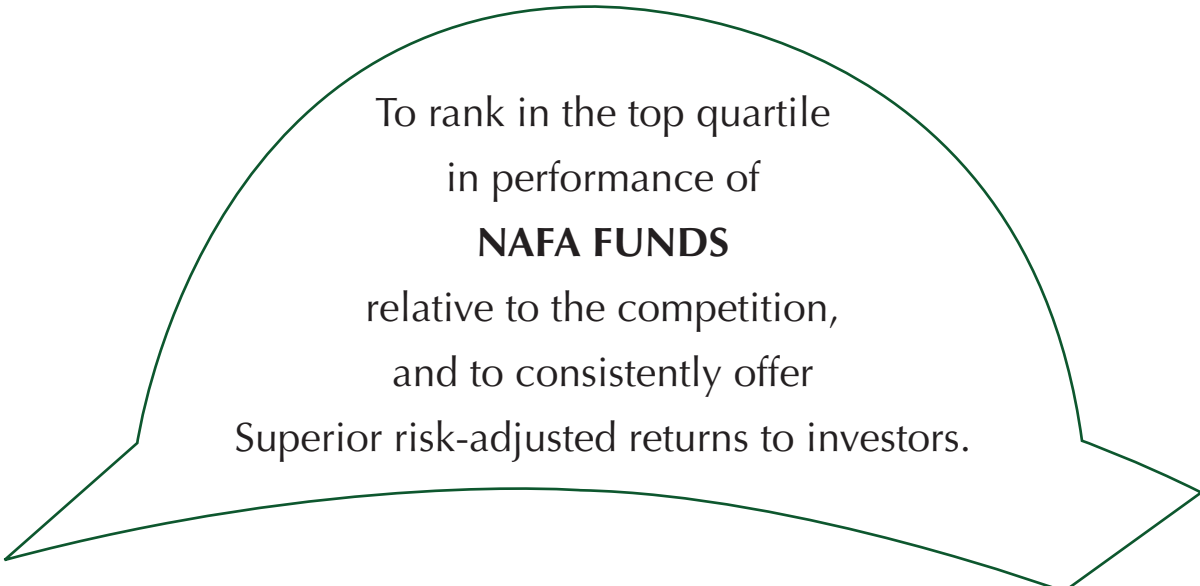
Your investments & "NAFA" grow together



**FULLERTON FUND
MANAGEMENT**

Joint - Venture Partners

MISSION STATEMENT



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

NAFA ISLAMIC AGGRESSIVE INCOME 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. Wah Geok Sum	Director
Mr. Koh Boon San	Director
Mr. Kamal Amir Chinoy	Director
Mr. Shehryar Faruque	Director
Mr. Aamir Sattar	Director
Mr. Abdul Hadi Palekar	Director

Company Secretary & CFO of the Management Company

Mr. Muhammad Murtaza Ali

Audit & Risk Committee

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

Human Resource Committee

Mr. Nausherwan Adil	Chairman
Mr. Wah Geok Sum	Member
Mr. Kamal Amir Chinoy	Member

Trustee

MCB Financial Service Limited
3rd Floor, Adamjee House,
I.I. Chundrigar Road Karachi - 74000

Bankers to the Fund

Al-Baraka Islamic Bank
Bank Alfalah Limited
Burj Bank Limited
National Bank of Pakistan
NIB Bank Limited
Dubai Islamic Bank Limited
Meezan Bank Limited
Habib Bank Limited

NAFA ISLAMIC AGGRESSIVE INCOME FUND

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No.02
Beaumont Road,
Karachi - 75530, Pakistan.

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: 111-111-NFA (111-111-632)
Helpline (Toll Free): 0800-20001
Fax: (021) 35825329

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 AGGRESSIVE INCOME FUND

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Board of Directors



Mr. Nausherwan Adil
Chairman



Dr. Amjad Waheed, CFA
Chief Executive Officer



Mr. Kamal Amir Chinoy
Director



Mr. Koh Boon San
Director



Mr. Aamir Sattar
Director



Mr. Shehryar Faruque
Director



Mr. Wah Geok Sum
Director



Mr. Abdul Hadi Palekar
Director

Senior Management



Dr. Amjad Waheed, CFA
Chief Executive Officer



Mr. M. Murtaza Ali
Chief Financial Officer
& Company Secretary



Mr. Sajjad Anwar, CFA
Chief Investment Officer



Mr. Zeeshan
Chief - Strategy &
Business Development



Mr. Samiuddin Ahmed
Country Head Corporate
Marketing & Sales



Mr. Ozair Khan
Chief Technology Officer



Mr. Muhammad Ali, CFA, FRM
Head of Fixed Income



Mr. Ahmad Nouman CFA, PRM
Head of Risk Management



Syed Suleman Akhtar CFA
Head of Research



Mr. Tahir Lateef
Head of Internal Audit

NAFA ISLAMIC AGGRESSIVE INCOME FUND

DIRECTORS' REPORT

The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the Seventh Annual Report of **NAFA Islamic Aggressive Income Fund** for the year ended June 30, 2014.

Fund's Performance

The size of NAFA Islamic Aggressive Income Fund has increased from Rs. 166 million to Rs. 431 million during the period, i.e. a increase of 159.63%. During the said period, the unit price of the Fund has increased from Rs. 8.2082 on June 30, 2013 to Rs. 9.3285 on June 30, 2014, thus posting a return of 13.65% as compared to its Benchmark (Average 3-Month deposit rate of Islamic Banks) return of 6.55% for the same period. The return of the Fund is net of management fee and all other expenses.

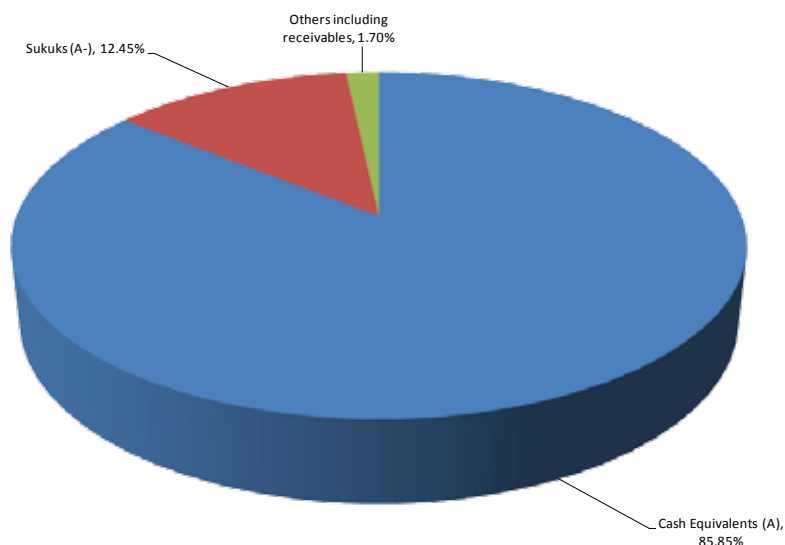
NIAIF is categorized as Islamic Aggressive Income Scheme and has been awarded stability rating of A-(f) by PACRA (BBB+ as at 30th June 14).

The State Bank of Pakistan increased the policy rate by 100bps to 10% during first half of FY14, citing downside risks to the external account, depleting FX reserves, and rising inflation expectations. However, since then positive developments were witnessed in the form of (i) a sharp recovery of Pak rupee against the US dollar, due to significant improvement in forex reserves bolstered by aid from Saudi Arabia, extremely successful Eurobond issue, auction of 3G and 4G licenses, two large SPOs and higher loan receipts; and (ii) Inflation as measured by CPI clocked in at 8.6%, significantly below initial projections of 11-12%, due to subdued commodity prices, lower money supply growth and strong rupee performance in the second half of the fiscal year.

All corporate Sukuks in the Fund are floating rate linked to KIBOR. Therefore, any increase in interest rates will improve the coupon income of the Sukuk portfolio. Increasing demand of shariah compliant investment avenues coupled with scarcity of new issuance pushed up the prices of quality issues resulting in depressed yields. Trading activity in the corporate sukuku slightly improved during the period under review.

The Fund has earned a total income of Rs.37.08 million during the year. After deducting total expenses of Rs.6.15 million, the net income is Rs.30.93 million.

The asset allocation of NAFA Islamic Aggressive Income Fund as on June 30, 2014 is as follows:



NAFA ISLAMIC AGGRESSIVE INCOME FUND

Income Distribution

The Board of Directors of the Management Company has approved distribution of 7.5% of opening ex-NAV (6.592% of the par value) during the year.

Taxation

As the above distribution is more than 90% of the income earned during the year, excluding realized and unrealized capital gains on investments, the Fund is not subject to tax under Clause 99 of the Part I of the Second Schedule of the Income Tax Ordinance, 2001.

Auditors

The present auditors, KPMG Taseer Hadi & Co., Chartered Accountants, retire and, being eligible, offer themselves for re-appointment for the year ending June 30, 2015.

Directors' Statement in Compliance with Code of Corporate Governance

1. The financial statements, prepared by the management company, present fairly the state of affairs of the Fund, the result of its operations, cash flows and statement of movement in unit holders' funds.
2. Proper books of account of the Fund have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Fund's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
8. A performance table/ key financial data is given in this annual report.
9. Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements.
10. The Board of Directors of the Management Company held six meetings during the current financial year. The attendance of all directors is disclosed in the note 21 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 20 to these financial statements.
12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 17 to these financial statements.

NAFA ISLAMIC AGGRESSIVE INCOME FUND

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, the Trustee and the Shariah and Technical Advisors.

On behalf of the Board of
NBP Fullerton Asset Management Limited

Chief Executive

Director

Date: September 16, 2014

Place: Karachi.

NAFA ISLAMIC AGGRESSIVE INCOME FUND

TRUSTEE REPORT TO THE UNIT HOLDERS NAFA ISLAMIC AGGRESSIVE INCOME FUND

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

NAFA Islamic Aggressive Income Fund, an open-end Scheme established under a Trust Deed dated August 20, 2007 executed between NBP Fullerton Asset Management Limited, as the Management Company and Central Depository Company of Pakistan Limited (CDC), as the Trustee. The Scheme was authorized by Securities and Exchange Commission of Pakistan (Commission) on September 03, 2007.

Subsequently, CDC retired as the Trustee of the Fund and MCB Financial Services Limited (MCBFSL) was appointed as the new trustee with effect from November 22, 2011.

1. NBP Fullerton Asset Management Limited, the Management Company of NAFA Islamic Aggressive Income Fund has in all material respects managed NAFA Islamic Aggressive Income Fund during the year June 30, 2014 in accordance with the provisions of the following:
 - (i) Investments limitations imposed on the Asset Management Company and the Trustee under the trust deed and other applicable laws;
 - (ii) the valuation or pricing is carried out in accordance with the deed and any regulatory requirement;
 - (iii) the creation and cancellation of units are carried out in accordance with the deed;
 - (iv) and any regulatory requirement

Karachi: September 16, 2014

Khawaja Anwar Hussain
Chief Executive Officer
MCB Financial Services Limited

NAFA ISLAMIC AGGRESSIVE INCOME FUND

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE NAFA ISLAMIC AGGRESSIVE INCOME FUND FOR THE YEAR ENDED JUNE 30, 2014

This statement is being presented by the Board of Directors of NBP Fullerton Asset Management Limited (Company), the Management Company of **NAFA Islamic Aggressive Income Fund** (the Fund) to comply with the Best Practices of Code of Corporate Governance (CCG) contained in Regulation No. 35, Chapter XI of Listing Regulations of Lahore Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

NBP Fullerton Asset Management Limited, though an un-listed Public Limited Company complies with the CCG as the Fund under its management is listed on Lahore Stock Exchange.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors on its Board of Directors. The Company, being an un-listed company, does not have any minority interest. As at June 30, 2014, the Board included:

Category	Names
Independent Directors	1. Mr. Kamal Amir Chinoy 2. Mr. Shehryar Faruque
Executive Directors	Dr. Amjad Waheed (Chief Executive Officer)
Non- Executive Directors	1. Mr. Nausherwan Adil (Chairman) 2. Mr. Aamir Sattar 3. Mr. Abdul Hadi Palekar 4. Mr. Wah Geok Sum 5. Mr. Koh Boon San

The independent directors meet the criteria of independence under clause i (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director of more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. One casual vacancy was occurred on the board on October 10, 2013 which was filled up on the same date.
5. The Management Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

NAFA ISLAMIC AGGRESSIVE INCOME FUND

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Fund. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO have been taken by the Board. There is no other executive-director of the Company besides CEO.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. In order to apprise the directors on their duties and responsibilities the Code requires every listed company to conduct formal orientation for directors. As per the Code, by June 30, 2014 a minimum of two directors should have attended director training program. As at year end, one of the directors has attended the director's training program offered by Pakistan Institute of Corporate Governance. The Company has started the process for training of other directors and it is expected that some of other directors may also obtain certification of the director's training program in the next year. However, the directors are conversant with the relevant laws applicable to the Company, its policies and procedures and provisions of memorandum and articles of association and are aware of their duties and responsibilities.
10. There was no new appointment of the Chief Financial Officer (CFO) and Company Secretary during the year. However, the Head of Internal Audit left the Company on March 07, 2014 and in his place a new appointment was made on April 08, 2014 with the approval of audit and risk committee including remuneration and terms and conditions. The appointment of the Head of Internal Audit has been ratified by the Board in its meeting held on September 16, 2014, subsequent to the year end.
11. The Directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the units of the Fund other than that disclosed in note 17 to the financial statements "Transactions with Connected Persons".
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises of three members, of whom all are non-executive directors and the chairman of the committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Fund and as required by the CCG. The committee has formed the terms of reference for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises of three members. All the members are non-executive directors and the chairman of the committee is a non-independent director.

NAFA ISLAMIC AGGRESSIVE INCOME FUND

18. The Board has set up an effective internal audit function.
19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. Since there is no practical implication of closed period on the announcement of interim and final results of open end Fund. Therefore, there was no 'closed period' prior to the announcement of interim/final results.
22. Material / price sensitive information has been disseminated amongst all market participants at once through stock exchange.
23. We confirm that all other material principles contained in the CCG have been complied with. While the Code of Corporate Governance requires that a mechanism shall be put in place for the annual evaluation of the Board's own performance by April 2014, the Management Company is in the process of preparing a framework for this purpose and eventual approval by the Board of Directors of the Management Company.

For and behalf of the board

Karachi
September 16, 2014

Dr. Amjad Waheed
Chief Executive Officer

NAFA ISLAMIC AGGRESSIVE INCOME FUND

FUND MANAGER REPORT

NAFA Islamic Aggressive Income Fund

NAFA Islamic Aggressive Income Fund (NIAIF) is an open-end Shariah Compliant Aggressive Income Scheme.

Investment Objective of the Fund

The objective of NIAIF is to seek maximum possible preservation of capital and a reasonable rate of return via investing primarily in Shariah Compliant money market & debt securities having good credit rating and liquidity.

Benchmark

Average 3-month deposit rate of Islamic banks

Fund Performance Review

This is the seventh Annual report since the launch of the Fund on October 29, 2007. The Fund size increased by 160.25% during FY14 and stands at Rs 431 million as on June 30, 2014. The Fund's annualized return since inception is 6.39% versus the benchmark return of 6.73%. During FY14 the Fund posted a return of 13.65% as compared to benchmark return of 6.55%. This out-performance is net of management fee and all other expenses. Thus, the Fund has achieved its stated objectives.

Superior performance of the Fund during the year was on account of mark to market gain of a Cement Sector Sukuk which was reclassified as performing during the year and profit payment of a non-performing Household Goods sector sukuk. The weighted average Yield-to-Maturity (YTM) of the sukuk portfolio is around 19.2% p.a. This yield does not include potential recovery in fully provided Sukuks (Face Value of Rs. 130 million), which is a potential upside for the Fund. Weighted average time to maturity of sukuk portfolio and the overall Fund is 2.01 and 0.25 years respectively.

State Bank of Pakistan increased the policy rate to 10% from 9% during FY14 premised on rising inflation expectation, pressure on external account and reduction in FX reserves. However, in the second half of FY 14, significant improvement was observed in the external account mainly due to aid from Saudi Arabia, issuances of Eurobond, successful SPOs of UBL & PPL and auction of 3G & 4G licenses. This resulted in unexpected recovery of Pak rupee against the US dollar. Inflation also remained below initial projections due to lower money supply growth and depressed commodity prices. However, State Bank of Pakistan restrained from easing policy rate highlighting law and order situation and power shortages as the prime factors affecting investment in economy.

Increasing demand of shariah compliant investment avenues coupled with scarcity of new issuance pushed up the prices of quality issues resulting in depressed yields. Trading activity in the corporate sukuks slightly improved during the period under review. All corporate Sukuks in the Fund are floating rate. Therefore, any increase in benchmark rates will improve the coupon income of the Sukuk portfolio.

Asset Allocation of Fund (% of NAV)

Particulars	30-Jun-14	30-Jun-13
GOP Ijara Sukuk	-	28.92%
Sukuks	12.45%	28.79%
Islamic Money Market Placements	-	14.49%
Cash Equivalents	85.85%	22.67%
Others including receivables	1.70%	5.13%
Total	100.00%	100.00%

NAFA ISLAMIC AGGRESSIVE INCOME FUND

Distribution for the Financial Year 2014

Interim Period	Dividend as a % of Par Value (Rs.10)	Cumulative Div. Price / Unit	Ex- Div. Price
Year Ended Jun 14	6.5920%	9.9672	9.3080

Unit Holding Pattern of NAFA Islamic Aggressive Income Fund as on 30th June 2014

Size of Unit Holding (Units)	# of Unit Holders
1-1000	25
1001-5000	62
5001-10000	22
10001-50000	73
50001-100000	27
100001-500000	40
500001-1000000	7
1000001-5000000	5
5000001-10000000	3
	264

During the period under question:

There has been no significant change in the state of affairs of the Fund, other than stated above. NAFA Islamic Aggressive Income Fund does not have any soft commission arrangement with any broker in the industry.

Workers' Welfare Fund (WWF)

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs. 2,013,957, If the same were not made the NAV per unit/ FY 2014 return of scheme would be higher by Rs. 0.0436/0.53% For details investors are advised to read note 11.1 of the Financial Statement of the Scheme for the year ended June 30, 2014.

NAFA ISLAMIC AGGRESSIVE INCOME FUND

STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

NAFA Islamic Aggressive Income Fund (the Fund) has fully complied with the Shariah principles specified in the Trust Deed and in the guidelines issued by the Shariah Advisor for its placements made during the period July 01 2013 to June 30, 2014. This has been duly confirmed by the Shariah Advisor of the Fund.

Dated : September 16, 2014
Karachi

Dr. Amjad Waheed, CFA
Chief Executive Officer

NAFA ISLAMIC AGGRESSIVE INCOME FUND

Report of the *Shar'iah* Advisor – NAFA Islamic Aggressive Income Fund

September 15, 2014/Dhul Qa'adah 19, 1435 A.H

Alhamdulillah, the period from July 1, 2013 to June 30, 2014 was the seventh year of the operations of NAFA Islamic Aggressive Income Fund (NIAIF). This report is being issued in accordance with clause 5.D.3 of the Trust Deed of the Fund. The scope of the report is to express an opinion on the Shari'ah Compliance of the Fund's activity.

We have prescribed the criteria and procedures to be followed in ensuring Shari'ah Compliance in every investment.

It is the responsibility of the management company of the fund to establish and maintain a system of internal controls to ensure Shari'ah compliance with the Shari'ah policies & guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries of the management company's personnel and review of various documents prepared by the management company to comply with the prescribed criteria.

In light of the above, we hereby certify that:

- i. We have reviewed and approved the modes of investments of NIAIF in light of Shari'ah guidelines.
- ii. All the provisions of the scheme and investments made on account of NIAIF by NAFA are Shari'ah Compliant and are in accordance with the criteria established.
- iii. On the basis of information provided by the management, nothing has come to our attention that cause us to believe that all the operations of NIAIF for the period ended June 30, 2014 are not in compliance with Shari'ah principles.

May Allah bless us with best Tawfeeq to accomplish His cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes.

For and on behalf of Meezan Bank Limited
Shar'iah Technical Services & Support Provider

Bilal Ahmed Qazi
Shar'iah Advisor

NAFA ISLAMIC AGGRESSIVE INCOME FUND

Independent Assurance Report to the Unit holders' on the Statement of Compliance with the Shariah Principles

We were engaged by the Board of Directors of NBP Fullerton Asset Management Limited, Management Company of **NAFA Islamic Aggressive Income Fund** ("the Fund"), to report on Fund's Compliance with the Shariah principles as set out in the annexed statement prepared by the management company for the year ended 30 June 2014 in the form of an independent reasonable assurance conclusion about whether the annexed statement presents fairly, in all material respects, the status of the Fund's compliance with Shariah principles specified in the Trust Deed and in the guidelines issued by the Shariah Advisor as required under clause 5.D.3 of the Trust Deed of the Fund.

Management Company's Responsibilities

The management company of the Fund is responsible for preparing the annexed statement that is free from material misstatement in accordance with the Shariah principles specified in the Trust Deed and in the guidelines issued by the Shariah Advisor. This responsibility includes designing, implementing and maintaining internal control relevant to the operations of the Fund in accordance with the Shariah principles and to ensure that Fund's investments and placements are made in compliance with Shariah principles.

Our Responsibilities

Our responsibility is to examine the annexed statement prepared by the Management Company and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE 3000) 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board. That standard requires that we comply with ethical requirements, including independence requirements, and plan and perform our procedures to obtain reasonable assurance about whether the annexed statement fairly presents the status of the Fund's compliance with the Shariah principles specified in the Trust Deed and in the guidelines issued by the Shariah Advisor.

The procedures selected depend on our judgment, including the assessment of the risks of material non-compliance with Shariah principles whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the operations of the Fund in accordance with the Shariah principles in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Fund's internal control.

The procedures performed included:

1. Checking compliance of specific guidelines issued by the Shariah Advisor relating to charity, maintaining bank accounts and for making investments of the Fund.
2. Check that the Shariah Advisor has certified that investments made by the Fund during the year ended 30 June 2014 are in compliance with the Shariah principles and where required purification of income from non-compliant sources has been made in consultation with the Shariah Advisor.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In our opinion, the annexed statement, in all material respects, presents fairly the status of the Fund's compliance with the Shariah principles specified in the Trust Deed and in the guidelines issued by the Shariah Advisor for the year ended 30 June 2014.

Date: September 16, 2014

Karachi

Annual Report 2014

KPMG Taseer Hadi & Co.
Chartered Accountants

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NAFA ISLAMIC AGGRESSIVE INCOME FUND

REVIEW REPORT TO THE UNIT HOLDERS ON STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of NBP Fullerton Asset Management Limited, the Management Company of **NAFA Islamic Aggressive Income Fund** ("the Fund") for the year ended 30 June 2014 to comply with the requirements of the Listing Regulation No. 35 (Chapter XI) of the Lahore Stock Exchange Limited where the Fund is listed.

The responsibility for compliance with the Code is that of the Board of Directors ("the Board") of the Management Company of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirement of the Code. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

The Code requires the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Fund's compliance, in all material respects, with the best practices contained in the Code as applicable to the Fund for the year ended 30 June 2014.

Further, we highlight the below instances of non-compliances with the requirements of the Code as reflected in the paragraph references where these are stated in the Statement of Compliance:

- i) Paragraph 9 As per the Code, at least two directors were required to obtain training by 30 June 2014, however, only one director has obtained training so far.
- ii) Paragraph 21 As per the Code, there should be announcement of 'close period' prior to the announcement of interim / final results, however there was no such 'close period' announced during the year ended 30 June 2014.
- iii) Paragraph 23 A mechanism is in process of development for an annual evaluation of the Board's own performance.

Date: September 16, 2014

Place:

KPMG Taseer Hadi & Co.
Chartered Accountants
Karachi

NAFA ISLAMIC AGGRESSIVE INCOME FUND

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS *Report on the Financial Statements*

We have audited the accompanying financial statements of **NAFA Islamic Aggressive Income Fund** ("the Fund"), which comprise of the statement of assets and liabilities as at 30 June 2014 and the income statement, statement of comprehensive income, distribution statement, cash flow statement, statement of movement in Unit Holders' Fund for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

The Management Company of the Fund is responsible for the preparation of the financial statements in accordance with approved accounting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of the financial statements that is free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the schedule, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Fund's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Fund's affairs as at 30 June 2014 and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation Rules, 2003) and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Date: September 16, 2014

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Mohammad Nadeem

NAFA ISLAMIC AGGRESSIVE INCOME FUND

Statement of Assets and Liabilities As at 30 June 2014

	Note	2014 (Rupees in '000)	2013
Assets			
Bank balances	4	369,986	37,546
Investments	5	53,679	119,569
Profit receivable	6	11,801	10,883
Deposits, advance and prepayment	7	354	344
Total assets		<u>435,820</u>	<u>168,342</u>
Liabilities			
Payable to NBP Fullerton Asset Management Limited - Management Company	8	993	344
Payable to MCB Financial Services Limited - Trustee	9	31	13
Payable to Securities and Exchange Commission of Pakistan	10	149	133
Payable against redemption of units		700	-
Accrued expenses and other liabilities	11	2,943	2,241
Total liabilities		<u>4,816</u>	<u>2,731</u>
Net Assets		<u>431,004</u>	<u>165,611</u>
Unit holders' fund (as per statement attached)		<u>431,004</u>	<u>165,611</u>
Contingency and commitment	12		
		-----Number of units-----	
Number of units in issue	13	<u>46,203,116</u>	<u>18,039,933</u>
		-----Rupees-----	
Net assets value per unit		<u>9.3285</u>	<u>9.1803</u>

The annexed notes 1 to 25 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC AGGRESSIVE INCOME FUND

Income Statement For the year ended 30 June 2014

	Note	2014 (Rupees in '000)	2013
Income			
Income from sukuk bonds		14,383	18,611
Profit on saving accounts		11,424	3,014
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	5.4	443	59
Capital gain on sale of investments - net		275	8
Total income		26,525	21,692
Expenses			
Remuneration of NBP Fullerton Asset Management Limited - Management Company	8.1	2,883	3,550
Sindh Sales Tax on remuneration of Management Company	8.1	539	568
Federal Excise Duty on remuneration of Management Company	8.2	461	26
Remuneration of MCB Financial Services Limited - Trustee	9	198	177
Annual fee - Securities and Exchange Commission of Pakistan	10	149	133
Amortisation of preliminary expenses and floatation costs		-	160
Securities transaction cost		-	2
Settlement and bank charges		113	97
Annual listing fee		30	30
Auditors' remuneration	14	424	402
Legal and professional fees		460	49
Fund rating fee		233	109
Printing charges		31	-
(Reversal) / provision against non-performing sukuks classified as available for sale - net	5.5	(10,559)	8,304
Total expenses		(5,038)	13,607
Net income from operating activities		31,563	8,085
Provision for Workers' Welfare Fund	11.1	(631)	(162)
Net income before taxation		30,932	7,923
Taxation	15	-	-
Net income for the year		30,932	7,923

The annexed notes 1 to 25 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC AGGRESSIVE INCOME FUND

Statement of Comprehensive Income For the year ended 30 June 2014

	Note	2014 (Rupees in '000)	2013
Net income for the year		30,932	7,923
Other comprehensive income for the year			
Items to be reclassified to income statement in subsequent periods:			
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'available for sale'	5.3	(1,525)	3,779
Total comprehensive income for the year		<u>29,407</u>	<u>11,702</u>

The annexed notes 1 to 25 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC AGGRESSIVE INCOME FUND

Distribution Statement For the year ended 30 June 2014

	2014	2013
	(Rupees in '000)	
Undistributed income / (loss) brought forward		
Realised income / (loss)	1,987	(22,916)
Unrealised income	30	18,162
	<u>2,017</u>	<u>(4,754)</u>
 Net income for the year	 30,932	 7,923
 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	 23,706	 (1,152)
Distributions:		
Final distribution		
Declared on 11 July 2013: 3.911% (2012: Nil)		
- Issue of 463,228 bonus units (2012: Nil)	(4,075)	-
- Cash distribution	(2,997)	-
Interim distributions		
Declared on 26 June 2014: 6.592% (2013: Nil)		
- Issue of 3,016,860 bonus units (2013: Nil)	(28,081)	-
- Cash distribution	(99)	-
Total distributions	(35,252)	-
Undistributed income carried forward	<u>21,403</u>	<u>2,017</u>
Undistributed income comprising:		
Realised income	20,960	1,987
Unrealised income	443	30
	<u>21,403</u>	<u>2,017</u>

The annexed notes 1 to 25 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC AGGRESSIVE INCOME FUND

Statement of Movement in Unit Holders' Fund For the year ended 30 June 2014

	2014	2013
	(Rupees in '000)	
Net assets at beginning of the year	165,611	178,615
Issue of 34,591,763 units (2013: 180,291 units)	333,974	1,603
Issue of 3,480,088 bonus units (2013: Nil)	32,156	-
Redemption of 9,908,668 units (2013: 2,920,551 units)	(94,892)	(26,309)
	271,238	(24,706)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net	(23,706)	1,152
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'available for sale'	(1,525)	3,779
Capital gain on sale of investments - net	275	8
Net unrealised appreciation on remeasurement of investments classified as 'financial assets at fair value through profit or loss'	443	59
Other net income for the year	30,214	7,856
Total comprehensive income for the year	29,407	11,702
Distributions:		
Final distribution		
Declared on 11 July 2013: 3.911% (2012: Nil)		
- Issue of 463,228 bonus units (2012: Nil)	(4,075)	-
- Cash distribution	(2,997)	-
Interim distribution		
Declared on 26 June 2014: 6.592% (2013: Nil)		
- Issue of 3,016,860 bonus units (2013: Nil)	(28,081)	-
- Cash distribution	(99)	-
	(35,252)	-
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	23,706	(1,152)
Net assets at end of the year	<u>431,004</u>	<u>165,611</u>
Net assets value per unit at beginning of the year	<u>9.1803</u>	<u>8.5954</u>
Net assets value per unit at end of the year	<u>9.3285</u>	<u>9.1803</u>

The annexed notes 1 to 25 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC AGGRESSIVE INCOME FUND

Cash Flow Statement For the year ended 30 June 2014

	Note	2014	2013
		(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES			
Net income before taxation		30,932	7,923
Adjustments:			
Amortisation of preliminary expenses and floatation costs		-	160
(Reversal) / provision against non-performing sukuk classified as available for sale - net		(10,559)	8,304
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		(443)	(59)
		<u>19,930</u>	<u>16,328</u>
Decrease / (increase) in assets			
Investments		75,367	5,586
Profit receivable		(918)	601
Deposits, advance and prepayment		(10)	(111)
		<u>74,439</u>	<u>6,076</u>
Increase / (decrease) in liabilities			
Payable to NBP Fullerton Asset Management Limited - Management Company		649	3
Payable to MCB Financial Services Limited - Trustee		18	(3)
Payable to Securities and Exchange Commission of Pakistan		16	6
Accrued expenses and other liabilities		702	231
		<u>1,385</u>	<u>237</u>
Net cash generated from operating activities		<u>95,754</u>	<u>22,641</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds received from issuance of units		333,974	1,603
Payments against redemption of units		(94,192)	(26,309)
Distributions paid		(3,096)	-
Net cash generated from / (used in) financing activities		<u>236,686</u>	<u>(24,706)</u>
Net increase / (decrease) in cash and cash equivalents during the year		<u>332,440</u>	<u>(2,065)</u>
Cash and cash equivalents at beginning of the year		37,546	39,611
Cash and cash equivalents at end of the year	4	<u><u>369,986</u></u>	<u><u>37,546</u></u>

The annexed notes 1 to 25 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC AGGRESSIVE INCOME FUND

Notes to and forming part of the Financial Statements For the year ended 30 June 2014

1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Islamic Aggressive Income 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 Trustee. The Trust Deed was executed on 20 August 2007 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 03 September 2007 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.

Central Depository Company of Pakistan Limited (CDC) retired as the Trustee of the Fund and MCB Financial Services Limited (MCBFSL) was appointed as the new Trustee with effect from 22 November 2011. The SECP approved the appointment of MCBFSL as the Trustee in place of CDC and further approved the amendments to the Trust Deed vide its letter number SCD/AMCWING/VS/NIF/458/2011 dated 15 November 2011. Accordingly, the Trust Deed of the und was revised through a supplemental Trust Deed executed between the Management Company, CDC and MCBFSL.

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 SECP. The registered 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 also the member of MUFAP.

The Fund is an open-ended mutual fund and is listed on the Lahore Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

The core objective of the Fund is to provide preservation of capital and earn a reasonable rate of return. The principal activity of the Fund is to make investments in Shariah compliant securities, having a good credit rating and liquidity subject to the guidelines prescribed by SECP.

The Pakistan Credit Rating Agency Limited has assigned an asset manager rating of AM2 to the Management Company and a stability rating of BBB+(f) to the Fund.

Title to the assets of the Fund is held in the name of MCB Financial Services Limited as the Trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with 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 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 Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRS, the requirements of the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

2.2 Accounting convention

These financial statements are prepared under the historical cost convention except for investments which are carried at fair values.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Fund's functional and presentation currency.

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise their judgment in the process of applying the Fund's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the fund's financial statements or where judgment was exercised in application of accounting policies principally relate to classification and valuation of investments and impairment thereagainst, if any (note 3.2.1 and 3.2.5).

2.5 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year:

There are new and amended standards and interpretations that are mandatory for accounting periods beginning 01 July 2013 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not detailed in these financial statements.

NAFA ISLAMIC AGGRESSIVE INCOME FUND

2.6 Standards, interpretations and amendments to approved accounting standards, that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2014:

- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.
- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.
- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" Continuing hedge accounting after derivative novation (effective for annual periods beginning on or after 1 January 2014). The amendments add a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria.
- Amendments to IAS 19 "Employee Benefits" Employee contributions – a practical approach (effective for annual periods beginning on or after 1 July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria.
- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction.

Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:

- IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also clarifies both: how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition.
- IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination. Further IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves.
- IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition this amendment clarifies that a reconciliation of the total of the reportable segment's assets to the entity assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.
- Amendments to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.
- IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.
- IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should: assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

NAFA ISLAMIC AGGRESSIVE INCOME FUND

The above amendments would have no impact on the financial statements of the Fund.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

3.1 Cash and cash equivalents

Cash and cash equivalents comprise of deposits and current accounts maintained with banks. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

3.2 Financial assets

3.2.1 Classification

The Fund classifies its financial assets in the following categories: loans and receivables, at fair value through profit or loss, and available for sale. The classification depends on the purpose for which the financial assets were acquired. The Management Company determines the classification of its financial assets at initial recognition.

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) Available for sale

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 or (b) financial assets at fair value through profit or loss. These are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or change in price.

3.2.2 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

3.2.3 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 as incurred in the income statement.

3.2.4 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. In the determination of the rates, MUFAP 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 investment of the Fund in government securities is valued on the basis of rates announced by the Financial Markets Association of Pakistan.

NAFA ISLAMIC AGGRESSIVE INCOME FUND

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'.

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'.

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

Gain or loss is also recognised in the 'income statement' when financial assets carried at amortised cost are derecognised or impaired, and through the amortisation process.

3.2.5 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.

a) Debt securities

In case of debt instruments classified as available-for-sale, if any such evidence exists, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in unit holders fund through comprehensive income is reclassified through other comprehensive income to income statement. Impairment losses recognised on debt instruments in the income statement are reversed subsequently from income statement through comprehensive income.

b) Loans and receivables

For financial assets classified as 'loans and receivables', a provision for impairment is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The amount of the provision is determined based on the provisioning criteria specified by SECP.

3.2.6 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.

3.2.7 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Assets and Liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.3 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.

3.4 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the income statement.

3.5 Provisions

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

3.6 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 ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed among the unit holders.

NAFA ISLAMIC AGGRESSIVE INCOME 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.

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes. In addition, the Fund also records deferred tax asset on unutilised tax losses to the extent that it is no longer probable that the related tax benefit will be realised. However, the Fund has not recognised any amount in respect of taxation in these financial statements as the Fund has distributed more than ninety percent of its accounting income for the current year and intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders every year.

3.7 Proposed distribution

Dividend distributions are recognised in the financial statements in the period in which such distributions are declared / approved.

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 / Management Company during business hours on the date on which the funds are actually realized against application. The offer price represents the net assets 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.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net assets 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.

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, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

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 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.

3.11 Net Assets Value Per Unit

The net assets value (NAV) 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.

3.12 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 appreciation / (diminution) arising on remeasurement 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 appreciation / (diminution) arising on remeasurement 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, mark-up / return on investments in debt securities and income from government securities is recognised using the effective yield method.

NAFA ISLAMIC AGGRESSIVE INCOME FUND

	Note	2014	2013
		(Rupee in '000)	
4 BALANCES WITH BANKS			
In current accounts		5,612	1,719
In savings accounts	4.1	364,374	35,827
		<u>369,986</u>	<u>37,546</u>
4.1 These accounts carry profit at rates ranging from 6.5% to 10% (2013: 9.3% to 11.8%) per annum. This includes pay orders in hand of Rs. 214.368 million as at 30 June 2014.			
5 INVESTMENTS			
Available for sale			
Sukuk and Ijara bonds	5.1	38,236	57,495
Financial assets at fair value through profit or loss - held for trading			
Sukuk and Ijara bonds	5.2	15,443	62,074
		<u>53,679</u>	<u>119,569</u>

5.1 Sukuk and Ijara bonds - available for sale

Name of the investee company	Number of bonds				Market value / carrying value *as at 30 June 2014	Market value as a percentage of net assets	Market value as a percentage of total investment	Percent-age issue size of sukuk held
	As at July 1, 2013	Purchases during the year	Sales / *Matured during the year	As at June 30, 2014				
	----- (Number of certificates)-----				(Rupees in '000)			
Engro Fertilizer Limited	4,600	-	-	4,600	22,980	5.33	42.81	0.77
Kohat Cement Company Limited	20,000	-	-	20,000	-	-	-	1.21
Maple Leaf Cement Factory Limited (note 5.1.3.1)	5,312	-	-	5,312	15,256	3.54	28.42	0.33
New Allied Electronics Industries (Private) Limited-1st issue (note 5.1.3.2 and 5.1.4)	352,000	-	-	352,000	-	-	-	18.33
New Allied Electronics Industries (Private) Limited-2nd issue (note 5.1.3.2 and 5.1.4)	1,000	-	-	1,000	-	-	-	0.65
Pak Elektron Limited (note 5.1.3.3 and 5.1.4)	7,000	-	-	7,000	-	-	-	1.25
GOP Ijara Sukuk - issue date 15 November 2010	1,960	-	1,960	-	-	-	-	0.02
					<u>38,236</u>			
Carrying value of investments as at 30 June 2014					<u>173,456</u>			
Provision for impairment losses as at 30 June 2014					<u>129,905</u>			

* In case of debt securities against which provision has been made, these are carried at amortised cost less provision.

5.1.1 Significant terms and conditions of sukuk bonds outstanding as at 30 June 2014 are as follows:

Remaining principal (per TFC)	Remaining principal (per TFC)	Mark-up rate (per annum)	Issue date	Maturity date
Sukuk bonds				
Engro Fertilizer Limited	5000	1.5% + 6 Month KIBOR	06 September 2007	06 September 2007
Kohat Cement Company Limited	-	2.5% + 6 Month KIBOR	20 December 2007	20 December 2007
Maple Leaf Cement Factory Limited	3846	1% + 3 Month KIBOR	03 December 2007	03 December 2007
New Allied Electronics Industries (Private) Limited-1st issue	313	2.6% + 6 Month KIBOR	25 July 2007	25 July 2007
New Allied Electronics Industries (Private) Limited-2nd issue	4905	2.2% + 6 Month KIBOR	03 December 2007	03 December 2007
Pak Elektron Limited	2143	1.75% + 3 Month KIBOR	28 September 2007	28 September 2007

5.1.2 All sukuk bonds have a face value of Rs 5,000 each except sukuk bonds of New Allied Electronics (Private) Limited - 1st issue which have a face value of Rs 312.5.

5.1.3 Fair value of all performing term finance certificates, except Maple Leaf Cement Factory Limited, classified as investments at fair value through profit or loss is determined using rates notified by the Mutual Funds Association of Pakistan (MUFAP).

5.1.3.1 Maple Leaf Cement Factory Limited defaulted for the second time in the payment of principal and mark-up due on 03 September 2011 (earlier default on 03 December 2009). In accordance with the requirements of Circular No. 33 of 2012 dated 24 October 2012 issued by SECP, the exposure had been classified as non-performing (both by the fund and MUFAP). Upto 30 June 2014, A provision of 60% i.e. Rs. 14.309 million had been made in respect of the outstanding exposure and no further mark-up was being accrued. During the year, the status of these sukuk bonds has been changed from non-performing to performing based on compliance with terms and installments recognised on due dates. The Fund has received principal amounting to Rs. 23.848 million (5 installments of 0.664 million each) with mark up of Rs. 5.802 million. Therefore, provision for impairment made upto 30 June 2013 amounting to Rs. 14.309 million has been reversed. The income on these sukuk bonds has been recognised in accordance with the requirements of Circular No. 33 of 2012 issued by SECP.

NAFA ISLAMIC AGGRESSIVE INCOME FUND

- 5.1.3.2 These represent investments in privately placed Term Finance Certificates and Sukuk bonds of the investee company. The investment has been fully provided. The income suspended on these term finance certificate and sukuk up to 30 June 2014 amounted to Rs. 90.361 million (30 June 2013: Rs. 76.882 million) and Rs. 5.042 million respectively (30 June 2013: Rs. 3.458 million).
- 5.1.3.3 This represents investment in privately placed sukuk bonds. On 27 December 2011 i.e. the scheduled redemption date, profit redemption of Rs. 0.563 million was not received by the Fund. The investment has been fully provided. The income suspended on these sukuk bonds up to 30 June 2014 amounted to Rs. 0.465 million (30 June 2013: Rs. 1.187 million).
- 5.1.3.4 The sukuk bonds held by the Fund are generally secured against hypothecation of stocks and receivables and mortgage / pledge of fixed assets of the user.
- 5.1.4 Circular no. 7 of 2009 dated 6 March 2009 issued by SECP requires vide circular no. 16 dated 7 July 2010 that rating of any security in the portfolio shall not be lower than investment grade. As of 30 June 2014 ratings of the above mentioned sukuk bonds were below investment grade, however at the time of investment these securities were of the investment grade.

5.2 Sukuk and Ijara bonds - At fair value through profit or loss - held for trading

Name of the investee company	Number of bonds				Market value	Market value as a percentage of net assets	Market value as a percentage of total investment	Percent-age issue size of sukuk held
	As at July 1, 2013	Purchases during the year	Sales / Matured during the year	As at June 30, 2014				
----- Rupees in '000 -----								
GOP Ijara Sukuk - issue date 7 March 2011	400	-	400	-	-	-	-	-
GOP Ijara Sukuk - issue date 26 December 2011	3,000	-	3,000	-	-	-	-	-
GOP Ijara Sukuk - issue date 2 March 2012	2,800	-	2,800	-	-	-	-	-
GOP Ijara Sukuk - issue date 30 April 2012	800	-	800	-	-	-	-	-
GOP Ijara Sukuk - issue date 18 September 2012	600	-	600	-	-	-	-	-
Islamic sukuk bond								
K-Electric Limited - AZM Sukuk	-	3,000	-	3,000	15,443	3.58	28.77	0.25
Short Term Islamic Sukuks - unlisted (note 5.2.3)								
HUBCO Short term Islamic Sukuk 14 February 2013	2,400	-	2,400	-	-	-	-	-
HUBCO Short term Islamic Sukuk 13 March 2013	2,400	-	2,400	-	-	-	-	-
					<u>15,443</u>			
Carrying value of investments as at 30 June 2014					<u>15,000</u>			

5.2.1 Significant terms and conditions of sukuk bonds outstanding as at 30 June 2014 are as follows:

Remaining principal (per TFC)	Remaining principal (per TFC)	Mark-up rate (per annum)	Issue date	Maturity date
Sukuk bonds				
K-Electric Limited - AZM Sukuk	5000	2.25% + 3 month KIBOR	19 March 2014	19 March 2017

5.2.2 All sukuk bonds have a face value of Rs 5,000 each.

NAFA ISLAMIC AGGRESSIVE INCOME FUND

	Note	2014	2013
		(Rupees in '000)	
5.3 Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'available for sale'			
Market value of investments	5.1	38,236	57,495
Less: Carrying value of investments		(173,456)	(194,180)
		<u>(135,220)</u>	<u>(136,685)</u>
Provision against non-performing sukuks			
Balance as at 1 July	5.5	140,464	132,160
Provision made during the year		3,750	-
Reversal of provision due to change in classification		(14,309)	8,304
Balance as at 30 June		<u>129,905</u>	<u>140,464</u>
Add: Reversal of unrealized diminution on sale of investment		3,790	-
		<u>(1,525)</u>	<u>3,779</u>
5.4 Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'			
Market value of investments	5.2	15,443	62,074
Carrying value of investments		(15,000)	(62,015)
		<u>443</u>	<u>59</u>
5.5 Movement in provision against non-performing sukuks			
Balance as at 1 July		140,464	132,160
Provision made during the year		3,750	-
Reversal of provision due to change in classification		(14,309)	8,304
		<u>(10,559)</u>	<u>8,304</u>
Balance as at 30 June		<u>129,905</u>	<u>140,464</u>
6 PROFIT RECEIVABLE			
Profit on savings deposits		2,618	282
Income accrued on sukuk bonds - net		9,183	10,601
		<u>11,801</u>	<u>10,883</u>
7 DEPOSITS, ADVANCE AND PREPAYMENT			
Security deposits with:			
- Central Depository Company of Pakistan Limited		100	100
- MCB Financial Services Limited		100	100
Advance tax		33	33
Prepaid rating fee		121	111
		<u>354</u>	<u>344</u>
8 PAYABLE TO NBP FULLERTON ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Management remuneration	8.1	59	269
Sindh Sales Tax	8.1	10	43
Federal Excise Duty	8.2	417	26
Sindh Sales Tax and Federal Excise Duty on sales load		127	-
Front end load		380	-
Others		-	6
		<u>993</u>	<u>344</u>

NAFA ISLAMIC AGGRESSIVE INCOME FUND

- 8.1 Under the provisions of the NBFC Regulations, 2008, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such assets of the Fund. Currently, Management fee is being calculated at the rate of one percent per annum of the average annual net assets of the Fund. Upto 15 January 2014 the Management fee has been charged at the rate of two percent per annum. The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 16% on the remuneration of the Management Company and sales through Sindh Sales Tax on Services Act, 2011, effective from 1 July 2011.
- 8.2 As per the requirement of Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective 13 June 2013. The Management Company is of the view that since the remuneration is already subject to provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law. The matter has been taken up collectively by the Mutual Fund Association of Pakistan where various options are being considered. The High Court of Sindh in its order dated 09 September 2013 granted stay to the various funds for the recovery of FED. As a matter of abundant caution, the Management Company has made a provision with effect from 13 June 2013, aggregating to Rs. 487 thousand out of which Rs. 70 thousand have been paid to the Management Company. Had the provision not been made, the net assets value (NAV) per unit of the fund as at 30 June 2014 would have been higher by Rs. 0.0105 per unit.

9 PAYABLE TO MCB FINANCIAL SERVICES LIMITED - TRUSTEE

The Trustee is entitled to a monthly remuneration for services rendered to the Fund at the rate of 0.1% of the daily net assets value as per provisions of the Trust Deed. The remuneration is paid to the Trustee monthly in arrears.

10 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Under the provisions of the NBFC Regulations, a collective investment scheme categorized as an income scheme is required to pay an annual fee to SECP an amount equal to 0.075 percent of the average annual net assets of the Fund. The fee is payable annually in arrears.

	Note	2014	2013
		(Rupees in '000)	
11 ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration		320	316
Bank charges		36	50
Brokers		22	22
Provision for Workers' Welfare Fund	11.1	2,014	1,383
Printing charges		100	104
Legal Fee		50	-
Settlement Charges		50	-
Withholding tax		39	20
Others		312	346
		<u>2,943</u>	<u>2,241</u>

- 11.1 The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

During the year ended 30 June 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 14 December 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 Court.

During the year ended 30 June 2012, the Honorable 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 Sindh High Court (SHC) passed an order declaring that the amendments introduced in the WWF Ordinance, 1971 through the Finance Act 2006 and 2008 respectively 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. The decisions of SHC (in against) and LHC (in favour) are pending before Supreme Court. However, the Management Company, as a matter of abundant caution, has decided to continue to maintain the provision for WWF amounting to Rs. 2.014 million (including Rs. 0.631 million for the current year). Had the same not been made the net assets value per unit of the Fund as at 30 June 2014 would have been higher by Rs 0.0436 per unit.

NAFA ISLAMIC AGGRESSIVE INCOME FUND

12 CONTINGENCY AND COMMITMENT

There is no contingency and commitment outstanding as at 30 June 2014.

	2014	2013
	(Number of Units)	
13 NUMBER OF UNITS IN ISSUE		
Total units in issue at beginning of the year	18,039,933	20,780,193
Add: units issued during the year	34,591,763	180,291
Add: bonus issued during the year	3,480,088	-
Less: units redeemed during the year	(9,908,668)	(2,920,551)
Total units in issue at end of the year	<u>46,203,116</u>	<u>18,039,933</u>
14 AUDITORS' REMUNERATION	(Rupees in '000)	
Audit fee	280	254
Half yearly review fee	112	102
Out of pocket expenses	32	46
	<u>424</u>	<u>402</u>

15 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealized capital gains / loss to the unit holders. The Fund during the year has distributed more than ninety percent of the Fund's accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders. Accordingly no provision has been made in the financial statements for the year ended 30 June 2014.

16 FINANCIAL INSTRUMENTS BY CATEGORY

	-----as at June 30, 2014-----			
	Loans and receivables	At fair value through profit or loss	Available for sale	Total
	----- Rupees in '000 -----			
Assets				
Bank balances	369,986	-	-	369,986
Investments	-	15,443	38,236	53,679
Profit receivable	11,801	-	-	11,801
Deposits	200	-	-	200
	<u>381,987</u>	<u>15,443</u>	<u>38,236</u>	<u>435,666</u>
	-----as at June 30, 2014-----			
		At fair value through profit or loss	Other financial liabilities	Total
	----- Rupees in '000 -----			
Liabilities				
Payable to NBP Fullerton Asset Management Limited - Management Company		-	993	993
Payable to MCB Financial Services Limited - Trustee		-	31	31
Payable against redemption of units		-	700	700
Accrued expenses and other liabilities		-	890	890
		<u>-</u>	<u>2,614</u>	<u>2,614</u>

NAFA ISLAMIC AGGRESSIVE INCOME FUND

-----as at June 30, 2013-----

Assets	Loans and receivables	At fair value through profit or loss	Available for sale	Total
----- Rupees in '000 -----				
Bank balances	37,546	-	-	37,546
Investments	-	62,074	57,495	119,569
Profit receivable	10,883			10,883
Deposits	200	-	-	200
	<u>48,629</u>	<u>62,074</u>	<u>57,495</u>	<u>168,198</u>

-----as at June 30, 2013-----

Liabilities	At fair value through profit or loss	Other financial liabilities	Total
----- Rupees in '000 -----			
Payable to NBP Fullerton Asset Management Limited - Management Company	-	344	344
Payable to MCB Financial Services Limited - Trustee	-	13	13
Accrued expenses and other liabilities	-	838	838
	<u>-</u>	<u>1,195</u>	<u>1,195</u>

17 TRANSACTIONS WITH CONNECTED PERSONS

- 17.1 Connected persons include NBP Fullerton Asset Management Limited being the Management Company, MCB Financial Services Limited being the Trustee, Central Depository Company of Pakistan Limited being the ex - Trustee, National Bank of Pakistan and its connected persons and Alexandra Fund Management Pte. Limited being the sponsors, other collective investment schemes managed by the Management Company, directors and officers of the Management Company, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund and unit holders holding 10 percent or more units of the Fund.
- 17.2 The transactions with connected persons are at contracted rates and terms determined in accordance with market rates.
- 17.3 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.
- 17.4 Remuneration to the Trustee is determined in accordance with the provisions of the Trust Deed.

2014 2013
(Rupees in '000)

17.5 Details of transactions with connected persons are as follows:

NBP Fullerton Asset Management Limited - Management Company

Remuneration of the Management Company	2,883	3,550
Sindh Sales Tax	539	568
Federal Excise Duty	461	26
Front end load	374	2

MCB Financial Services Limited - Trustee

Remuneration of the Trustee	198	177
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Central Depository Company of Pakistan Limited - Ex - Trustee

CDS charges	52	37
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NAFA ISLAMIC AGGRESSIVE INCOME FUND

	2014	2013
	(Rupees in '000)	
National Bank of Pakistan - Sponsor		
Cash dividend	2,933	-
Issue of 531,156 bonus units (2013: nil)	-	-
Alexandra Fund Management Pte. Limited - Sponsor		
Redemption / transfer out of 5,290,613 units (2013: 2,657,719 units)	50,000	24,000
Issue of 766,450 bonus units (2013: nil)	-	-
Employees of Management Company		
Issue / transfer in of 1,927,499 units (2013: nil)	18,111	-
Redemption / transfer out of 500,996 units (2013: 9,738 units)	4,771	83
Issue of 100,851 bonus units (2013: nil)	-	-
Akhuwat - Discretionary Portfolio managed by NAFA		
Sale of GOP Ijarah Sukuk	20,000	-
NAFA Riba Free Savings Fund		
Payment received from the sale of Sukuk	-	3,132
The Hub Power Company Limited		
Purchase of HUBCO Short term Islamic Sukuk	-	52,000
Sale of HUBCO Short term Islamic Sukuk	-	3,000
Askari General Insurance Company Limited		
Issue / transfer in of 4,603,947 units (2013: nil)	45,000	-
Issue of 326,055 bonus units (2013: nil)	-	-
JDW Sugar Mills Limited Employees Provident Fund Trust		
Issue / transfer in of 5,130,520 units (2013: nil)	50,000	-
Issue of 363,348 bonus units (2013: nil)	-	-
17.6 Amounts outstanding at year end		
NBP Fullerton Asset Management Limited - Management Company		
Management remuneration payable	59	269
Sindh Sales Tax payable	10	43
Federal Excise Duty payable	417	26
Sindh Sales Tax and Federal Excise Duty on sales load	127	-
Front end load	380	-
Others	-	6
MCB Financial Services Limited - Trustee		
Remuneration payable	31	13
Security deposit	100	100
Central Depository Company of Pakistan Limited - Ex - Trustee		
CDS charges payable	50	16
Security deposit	100	100
National Bank of Pakistan - Sponsor		
Units held 8,031,156 (2013: 7,500,000 units)	74,919	68,852
Balance in current account	268	14

NAFA ISLAMIC AGGRESSIVE INCOME FUND

	2014	2013
	(Rupees in '000)	
Alexandra Fund Management Pte. Limited - Sponsor Units held 5,111,818 (2013: 9,635,981 units)	47,686	88,461
Employees of Management Company Units held by executives 1,527,354 (2013: nil)	14,248	-
The Hub Power Company Limited Investment in HUBCO Short term Islamic Sukuk	-	24,000
Askari General Insurance Company Limited Units held 4,930,002 (2013: nil)	45,990	-
JDW Sugar Mills Limited Employees Provident Fund Trust Units held 5,493,868 (2013: nil)	51,250	-

18 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

Details of members of the investment committee of the Fund are as follow:

S.No.	Name	Qualification	Experience in years
1	Dr. Amjad Waheed	MBA / Doctorate in Business Administration / CFA	26
2	Sajjad Anwar	CFA / MBA Finance	14
3	Syed Suleman Akhtar	CFA	14
4	Muhammad Ali Bhabha	MBA / MS (CS) / CFA / FRM	19.5
5	Asim Wahab Khan	CFA	8
6	Muhammad Imran	CFA, ACCA	8

18.1 Muhammad Imran is the fund manager of the fund. He is also the fund manager of NAFA Asset Allocation Fund and NAFA Income Opportunity Fund.

19 BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

	2014	2013
Pearl Securities (Private) Limited	-	100%

20 PATTERN OF UNIT HOLDING

Category	As at June 30, 2014		
	Number of unit holders	Investment amount	Percentage investment
	----- (Rupees in '000) -----		
Individuals	250	152,267	35.33
Retirement Funds	6	34,721	8.06
Asset Management Company	1	47,686	11.06
Associated Companies	1	74,918	17.38
Other Corporate	6	121,412	28.17
	<u>264</u>	<u>431,004</u>	<u>100.00</u>

NAFA ISLAMIC AGGRESSIVE INCOME FUND

Category	As at June 30, 2013		
	Number of unit holders	Investment amount	Percentage investment
	----- (Rupees in '000) -----		
Individuals	109	5,999	3.62
Associated companies / Directors	2	157,313	94.99
Retirement funds	3	2,286	1.38
Others	1	13	0.01
	115	165,611	100.00

21 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 42nd, 43rd, 44th, 45th, 46th, and 47th Board meetings were held on 11 July 2013, 27 August 2013, 30 October 2013, 13 February 2014, 30 April 2014 and 26 June 2014 respectively. Information in respect of attendance by directors in the meetings is given below:

Name of Director	Number of Meetings			Meetings not attended
	Held	Attended	Leave granted	
Mr. Wah Geok Sum	6	2	4	43rd, 44th, 46th & 47th
Mr. Koh Boon San	6	6	-	
Mr. Kamal Chinoy	6	5	1	42nd
Mr. Shehryar Faruque	6	3	3	42nd, 44th & 45th
Dr. Amjad Waheed	6	6	-	
Mr. Asif Hassan*	1	-	1	42nd
Mr. Amir Shehzad**	1	-	1	42nd
Mr. Aamir Sattar***	5	5	-	
Mr. Abdul Hadi Palekar****	5	4	1	45th
Mr. Nausherwan Adil*****	4	2	2	44th & 46th
Mr. Khalid Mahmood*****	2	2	-	

* Mr. Asif Hasan retired in EOGM Held on 07 August 2013.

** Mr. Amir Shehzad retired in EOGM Held on 07 August 2013.

*** Mr. Aamir Sattar elected in EOGM Held on 07 August 2013.

**** Mr. Abdul Hadi Palekar elected in EOGM Held on 07 August 2013.

***** Mr. Nausherwan Adil was co-opted on the Board with effect from 10 October 2013.

***** Mr. Khalid Mahmood retried from Board with effect from 10 October 2013.

22 FINANCIAL RISK MANAGEMENT

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are based on limits established by the Management Company, Fund's constitutive documents and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed by Board of Directors and Audit Committee regularly to reflect changes in market conditions and the Fund's activities.

The management of these risks is carried out by the Investment Committee (IC) under policies approved by the Board of Directors of the Management Company. The IC is constituted and approved by the Board of Directors of the Management Company. IC is responsible to devise the investment strategy and manage the investment portfolio of the Fund in accordance with limits prescribed in the Non Banking Finance Companies and Notified Entities Regulations, 2008, offering document of the Fund in addition to Fund's internal risk management policies.

The Fund primarily invests in a portfolio of money market investments such as investment-grade debt securities, government securities and other money market instruments. These activities are exposed to a variety of financial risks i.e market risk (which includes currency risk, interest rate risk and price risk), credit risk and liquidity risk arising from the financial instruments it holds.

NAFA ISLAMIC AGGRESSIVE INCOME FUND

22.1 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk (equity price risk).

Management of market risk

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Board of Directors and regulations laid down by SECP.

22.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present is not exposed to currency risk as its operations are geographically restricted to Pakistan and all transactions are carried out in Pak Rupees.

22.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

(a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds KIBOR based interest bearing term finance certificates and sukuk bonds exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR on 30 June 2014, with all other variables held constant, the net assets of the Fund and net income for the year would have been higher / lower by Rs. 0.835 million (2013: Rs 2.251 million).

(b) Sensitivity analysis for fixed rate instruments

Presently, the Fund holds no fixed rate instruments.

The composition of the Fund's investment portfolio and rates announced by MUFAP is expected to change over time. Therefore, the sensitivity analysis prepared as of 30 June 2014 is not necessarily indicative of the effect on the Fund's net assets due to future movements in interest rates.

Yield / interest rate sensitivity position for on balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date is as follows:

----- As at June 30, 2014 -----					
Yield / interest rate (%)	Exposed to yield/interest rate risk			Not exposed to Yield / Interest risk	Total
	Upto three months	Over three months and upto one year	Over one year		
----- (Rupees in '000) -----					
On-balance sheet financial instruments					
Financial Assets					
Bank balances	6.5 - 10	364,374	-	5,612	369,986
Investments	8.99 - 12.62	-	-	53,679	53,679
Profit receivable		-	-	11,801	11,801
Deposits		-	-	200	200
		<u>364,374</u>	<u>-</u>	<u>53,679</u>	<u>17,613</u>
				<u>14,999</u>	<u>433,052</u>
Financial Liabilities					
Payable to NBP Fullerton Asset Management Limited - Management Company		-	-	993	993
Payable to MCB Financial Services Limited - Trustee		-	-	31	31
Payable against redemption of units		-	-	700	700
Accrued expenses and other liabilities		-	-	890	890
		-	-	2,614	2,614
On-balance sheet gap		<u>364,374</u>	<u>-</u>	<u>53,679</u>	<u>14,999</u>
				<u>14,999</u>	<u>433,052</u>
Off-balance sheet financial instruments					
		-	-	-	-
Off-balance sheet gap		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total interest rate sensitivity gap		<u>364,374</u>	<u>-</u>	<u>53,679</u>	<u>14,999</u>
				<u>14,999</u>	<u>433,052</u>
Cumulative interest rate sensitivity gap		<u>364,374</u>	<u>364,374</u>	<u>418,053</u>	<u>433,052</u>

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----- As at June 30, 2013 -----

Yield / interest rate (%)	Exposed to yield/interest rate risk			Not exposed to Yield / Interest risk	Total
	Upto three months	Over three months and upto one year	Over one year		
----- (Rupees in '000) -----					
On-balance sheet financial instruments					
Financial Assets					
Bank balances	9.30 - 11.80	35,827	-	1,719	37,546
Investments	10.36 - 13.72	-	106,280	13,289	119,569
Profit receivable		-	-	10,883	10,883
Deposits		-	-	200	200
		<u>35,827</u>	<u>106,280</u>	<u>26,091</u>	<u>168,198</u>
Financial Liabilities					
Payable to NBP Fullerton Asset Management Limited - Management Company		-	-	344	344
Payable to MCB Financial Services Limited - Trustee		-	-	13	13
Accrued expenses and other liabilities		-	-	838	838
		<u>-</u>	<u>-</u>	<u>1,195</u>	<u>1,195</u>
On-balance sheet gap		<u>35,827</u>	<u>106,280</u>	<u>24,896</u>	<u>167,003</u>
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total interest rate sensitivity gap		<u>35,827</u>	<u>106,280</u>	<u>24,896</u>	<u>167,003</u>
Cumulative interest rate sensitivity gap		<u>35,827</u>	<u>142,107</u>	<u>142,107</u>	<u>167,003</u>

22.4 Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. Presently, the Fund is not exposed to equity securities price risk as the Fund does not hold any equity securities as at 30 June 2014.

22.5 Credit risk

Credit risk arising from the inability of the counterparties to fulfill their obligations in respect of financial instrument contracts, is generally limited to the principal amount and accrued income thereon.

Management of credit risk

The Fund's policy is to enter into financial contracts with reputable counterparties in accordance with the internal risk management policies and investment guidelines approved by the Board of Directors. The IC closely monitors the credit worthiness of the Fund's counterparties (e.g., issuer of the instruments, brokers, banks, etc.) by reviewing their credit ratings, financial statements and press releases on a regular basis. In addition the credit risk is also minimized due to the fact that the Fund only invests in the high quality financial assets, majority of which have been rated by a reputable rating agency. All transactions in debt securities are settled / paid upon delivery. The risk of default in such transactions is considered minimal, as delivery of securities is guaranteed by reputable brokers or the transactions are carried with counter parties of high reputation. Further, bank accounts are held only with reputable banks.

Concentration of the credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk.

The analysis below summarises the credit quality of the Fund's financial assets as at 30 June 2014.

Balances with banks

Balances with banks	2014 (Rupees in '000)	2013
A1+, A-1+	7,363	2,221
A1, A-1	362,217	35,325
A2, A-2	406	-
	<u>369,986</u>	<u>37,546</u>

NAFA ISLAMIC AGGRESSIVE INCOME FUND

Investments - Sukuk bonds	2014 (Rupees in '000)	2013
Investments - Sukuk bonds and Ijarahs		
AAA, AAA-, AAA+	-	47,889
AA, AA-, AA+	-	24,000
A, A-, A+	38,423	23,023
BB+, BBB, BBB+, BBB-	15,256	9,539
D	-	3,750
Not Rated	-	11,368
	<u>53,679</u>	<u>119,569</u>

The maximum exposure to credit risk before any credit enhancement as at 30 June 2014 is the carrying amount of the financial assets.

22.6 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Fund.

Management of liquidity risk

The Fund is exposed to daily cash redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

The Fund has the ability to borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates. However, during the current year, no borrowing was obtained by the Fund.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue.

Maturity analysis for financial liabilities

The table below analyses the Fund's liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows:

The maturity profile of the Fund's liabilities based on contractual maturities is given below:

-----As at June 30, 2014-----					
	Total	Upto three months	Over three months and upto one year	Over one year	
----- (Rupees in '000) -----					
Financial liabilities					
Payable to NBP Fullerton Asset Management Limited - Management Company	993	993	-	-	
Payable to MCB Financial Services Limited - Trustee	31	31	-	-	
Payable against redemption of units	700	700	-	-	
Accrued expenses and other liabilities	890	890	-	-	
	<u>2,614</u>	<u>2,614</u>	-	-	
Unit holders' fund	<u>431,004</u>	<u>431,004</u>	-	-	

NAFA ISLAMIC AGGRESSIVE INCOME FUND

-----As at June 30, 2013-----

Total	Upto three months	Over three months and upto one year	Over one year
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------(Rupees in '000)-----

Financial liabilities

Payable to NBP Fullerton Asset Management Limited - Management Company	344	344	-	-
Payable to MCB Financial Services Limited - Trustee	13	13	-	-
Accrued expenses and other liabilities	838	838	-	-
	<u>1,195</u>	<u>1,195</u>	<u>-</u>	<u>-</u>
Unit holders' fund	<u>165,611</u>	<u>165,611</u>	<u>-</u>	<u>-</u>

25 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets are based on the quoted market prices at the close of trading on the year end date. The Fund does not hold any securities that are based on quoted market prices.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial assets (e.g. Treasury bills, Terms finance certificates and Sukuks) that are not traded in an active market is determined with reference to the rates quoted by Financial Market Association of Pakistan and MUFAP. The fair value quoted by MUFAP is calculated in accordance with valuation methodology prescribed by Circular 33 of 2012 dated 24 October 2012 issued by the Securities and Exchange Commission of Pakistan (SECP).

If a security is not quoted by MUFAP due to it being 'non-performing status', its values is determined by applying discount in accordance with Circular No. 33 of 2012 issued by the SECP.

The estimated fair value of other financial assets and liabilities is considered not significantly different from carrying values as the items are either short term in nature or periodically repriced.

IFRS 7, 'Financial instruments: Disclosures' requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

-----As at June 30, 2014-----

Level 1	Level 2	Level 3	Total
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------(Rupees in '000)-----

Assets

Investment in securities - available for sale	-	38,236	-	38,236
Investment in securities - at fair value through profit and loss	-	15,443	-	15,443

NAFA ISLAMIC AGGRESSIVE INCOME FUND

	-----As at June 30, 2013-----			
	Level 1	Level 2	Level 3	Total
	------(Rupees in '000)-----			
Assets				
Investment in securities - available for sale	-	44,206	13,289	57,495
Investment in securities - at fair value through profit and loss	-	62,074	-	62,074

The reconciliation of provision in respect of level 3 is stated in note 5.5 to the financial statements.

24 UNIT HOLDERS' FUND RISK MANAGEMENT

The units holders' fund is represented by redeemable units. These units are entitled to distributions and to payment of a proportionate share, based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holders' fund.

The Fund has no restrictions on the subscription and redemption of units.

The Fund meets the requirement of sub-regulation 54 (3a) which requires that the minimum size of an Open End Scheme shall be one hundred million rupees at all time during the life of the scheme

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to unit holders and to maintain a strong base of assets under management.

In accordance with the risk management policies stated in note 22, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption, such liquidity being augmented by short term borrowing arrangements (which can be entered if necessary) or disposal of investments where necessary.

25 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on September 16, 2014.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC AGGRESSIVE INCOME FUND

PERFORMANCE TABLE

Particulars	For the year ended June 30, 2014	For the year ended June 30, 2013	For the year ended June 30, 2012	For the year ended June 30, 2011	For the year ended June 30, 2010	For the year ended June 30, 2009	For the period from September 17, 2007 to June 30, 2008
Net assets at the year / period ended (Rs '000)	431,004	165,611	178,615	178,436	202,310	517,111	881,198
Net income for the year / period ended (Rs '000)	30,932	7,923	(5,329)	28,973	30,124	761	52,848
Net Asset Value per unit at the year / period ended	9.3285	9.1803	8.5954	8.2457	8.9486	9.4069	10.3532
Offer Price per unit	9.4540	9.2721	8.6814	7.2911	7.8267	9.5010	10.1967
Redemption Price per unit	9.3285	9.1803	8.5954	7.2189	7.7492	9.4069	10.0932
Highest offer price per unit (Rs)	9.4540	9.2721	8.6814	8.3672	9.6091	10.3120	10.4567
Lowest offer price per unit (Rs)	8.3199	8.6849	6.3854	7.2903	7.0533	8.6724	9.9051
Highest redemption price per unit (Rs)	9.3285	9.1803	8.5954	8.2844	9.5140	10.2099	10.3532
Lowest redemption price per unit (Rs)	8.2094	8.5989	6.3222	7.2181	6.9835	8.5865	9.8070
Fiscal Year Opening Ex Nav	8.2082	8.5954	7.2189	7.5621	9.4069	9.8408	9.807
Total return of the fund	13.65%	6.80%	19.07%	9.04%	-4.87%	-4.41%	5.57%
Capital growth	5.62%	2.25%	19.07%	-7.10%	-17.62%	-7.05%	0.88%
Income distribution as % of Ex-NAV	8.03%	4.55%	0.00%	16.14%	12.75%	2.64%	4.69%
Income distribution as % of Par Value	6.59%	3.91%	0.00%	12.21%	11.99%	2.60%	4.60%
Distribution							
Interim distribution per unit	-	-	-	0.1937	-	0.2600	0.2000
Final distribution per unit	0.6592	0.3911	-	1.0268	1.1994	-	0.2600
Distribution Dates							
Interim	-	-	-	19-Apr-11	-	16-Oct-08	15-Apr-08
Final	26-Jun-14	11-Jul-13	-	4-Jul-11	5-Jul-10	-	3-Jul-08
Average annual return of the fund (launch date October 29, 2007)							
(Since inception to June 30, 2014)	6.39%						
(Since inception to June 30, 2013)		5.16%					
(Since inception to June 30, 2012)			4.82%				
(Since inception to June 30, 2011)				1.25%			
(Since inception to June 30, 2010)					-1.51%		
(Since inception to June 30, 2009)						0.54%	
(Since inception to June 30, 2008)							8.20%
Portfolio Composition (Please see Fund Manager Report)							
Weighted average portfolio duration	9	65	80	64	31	91	2 years

Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up



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