



NBP FUNDS

Managing Your Savings

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NAFA ASSET ALLOCATION FUND

**QUARTERLY
REPORT
SEPTEMBER
30, 2018**



NAFA ASSET ALLOCATION FUND

MISSION STATEMENT

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

NAFA ASSET ALLOCATION FUND

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NAFA ASSET ALLOCATION FUND

FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of the Management Company

Mr. Mudassir Husain Khan	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Tariq Jamali	Director
Mr. Abdul Hadi Palekar	Director
Mr. Kamal Amir Chinoy	Director
Mr. Shehryar Faruque	Director
Dr. Foo Chiah Shiung (Kelvin Foo)	Director
Mr. Humayun Bashir	Director
Mr. Wajahat Rasul Khan	Director

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

Mr. Shehryar Faruque	Chairman
Mr. Tariq Jamali	Member
Dr. Foo Chiah Shiung (Kelvin Foo)	Member
Mr. Humayun Bashir	Member

Human Resource and Remuneration Committee

Mr. Kamal Amir Chinoy	Chairman
Mr. Abdul Hadi Palekar	Member
Mr. Humayun Bashir	Member

Strategy & Business Planning Committee

Mr. Humayun Bashir	Chairman
Mr. Tariq Jamali	Member
Mr. Shehryar Faruque	Member
Dr. Foo Chiah Shiung (Kelvin Foo)	Member

Trustee

Central Depository Company of Pakistan Limited (CDC)
CDC House, 99-B, Block "B" S.M.C.H.S.,
Main Shakra-e-Faisal, Karachi.

Bankers to the Fund

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
United Bank Limited
National Bank of Pakistan
Summit Bank Limited
JS Bank Limited
The Bank of Punjab
Zarai Taraqiyati Bank Limited
Bankislami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Meezan Bank Limited
Soneri Bank Limited

NAFA ASSET ALLOCATION FUND

Auditors

Deloitte Yousuf Adil
Chartered Accountants
Cavish Court,
A-35, Block 7 & 8,
KCHSU, Sharae Faisal
Karachi-75350 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: 021 (111-111-632),
(Toll Free): 0800-20002,
Fax: (021) 35825329
Website: www.nbpfunds.com

Lahore Office:

7-Noon Avenue, Canal Bank,
Muslim Town, Lahore.
UAN: 042-111-111-632
Fax: 92-42-35861095

Islamabad Office:

Plot No. 395, 396
Industrial Area, I-9/3 Islamabad.
UAN: 051-111-111-632
Phone: 051-2514987
Fax: 051-4859031

Peshawar Office:

Opposite Gul Haji Plaza, 2nd Floor
National Bank Building
University Road Peshawar,
UAN: 091-111 111 632
Fax: 091-5703202

Multan Office:

NBP City Branch, Hussain-a-Gahi, Multan.
Phone No: 061-4502204
Fax No: 061-4502203

NAFA ASSET ALLOCATION FUND

DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the condensed unaudited financial statements of **NAFA Asset Allocation Fund (NAAF)** for the quarter ended September 30, 2018.

Fund's Performance

The size of NAFA Asset Allocation Fund has decreased from Rs. 3,140 million to Rs.3,126 million during the period, i.e. a decline of 0.4%. During the period, the unit price of NAFA Asset Allocation Fund has increased from Rs. 15.8337 on June 30, 2018 to Rs. 15.8388 on September 30, 2018, thus showing an increase of 0.03%. The Benchmark increase during the same period was 0.49%. Thus, the Fund has underperformed its Benchmark by 0.46% during the period under review. Since inception the NAV of the Fund has increased from Rs. 4.7573 (Ex-Div) on August 20, 2010 to Rs. 15.8388 on September 30, 2018, thus showing an increase of 232.94%. During the said period, the Benchmark increased by 112.93%, translating into outperformance of 120.01%. This performance is net of management fee and all other expenses.

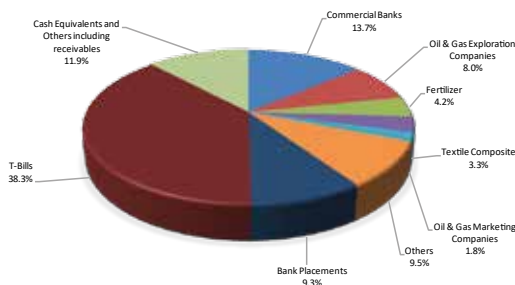
Amid amplified volatility, the stock market struggled during 1QFY2019 as the benchmark KSE-100 Index witnessed a decline of 2.2%. Lackluster performance of the stock market is primarily attributable to continued concerns on the twin deficits issue (Current Account Deficit & Fiscal Deficit) facing the economy. The market started the quarter under review on a negative note on the expectation of hung parliament in the general elections and associated policy dysfunction in the wake of difficult economic backdrop. Initially, the market celebrated the outcome of elections with a decent recovery of 5.4% in the three trading sessions as Imran Khan's Pakistan Tehreek-e-Insaf emerged as the largest party at the center with majority in Punjab and KPK provinces, and significant gains in Sindh and Baluchistan provinces that put to rest the uncertainty in the domestic politics. However, the rally at the local bourse proved short lived as the entire focus of investors shifted to the multifaceted challenges confronting the economy. Corporate announcements with mixed showing also failed to provide a catalyst to the market. Moreover, driven by upside risks to inflation and to rein in demand pressures to address ballooning current account deficit coupled with the dwindling FX reserves, the SBP hiked the discount rate by 200 bps to 9%. Foreigners remained net sellers on the local bourse during the quarter with net outflow of USD 189 million which was absorbed mainly by Insurance companies and Individuals. Sell-offs were witnessed in the Emerging Markets such as Turkey and Argentina with high foreign debt and large current account deficits in the wake of rising US interest rates and strengthening US dollar.

Average CPI inflation increased to 5.6% in Jul-Sep FY19 compared to 3.4% during the same period last year owing to increased international oil prices & its pass-through impact, higher regulatory duty on imports, depreciating Pak rupee, and excessive reliance of the government on the banking system for fiscal financing amid shrinking Net Foreign Assets (NFA). Given potential upside risks to inflation and interest rates, investors' preference remained tilted towards short-term government securities as indicated by heavy participation in 3-month T-bills. The sovereign securities responded to the hike in the policy rates, as the yield curve witnessed an upward shift with yield on short-term T-Bills increasing by 136-142 basis points, whereas 3-year, 5-year, and 10-year PIBs yields moved up by 98 basis points, 77 basis points, and 102 basis points, respectively.

During the period, trading activity in corporate TFCs/Sukuks increased albeit from a low level with a cumulative trade value of around Rs. 3.8 billion as compared to Rs. 2.4 billion in the same period last year with Corporate Sukuk sector making up the lion's share.

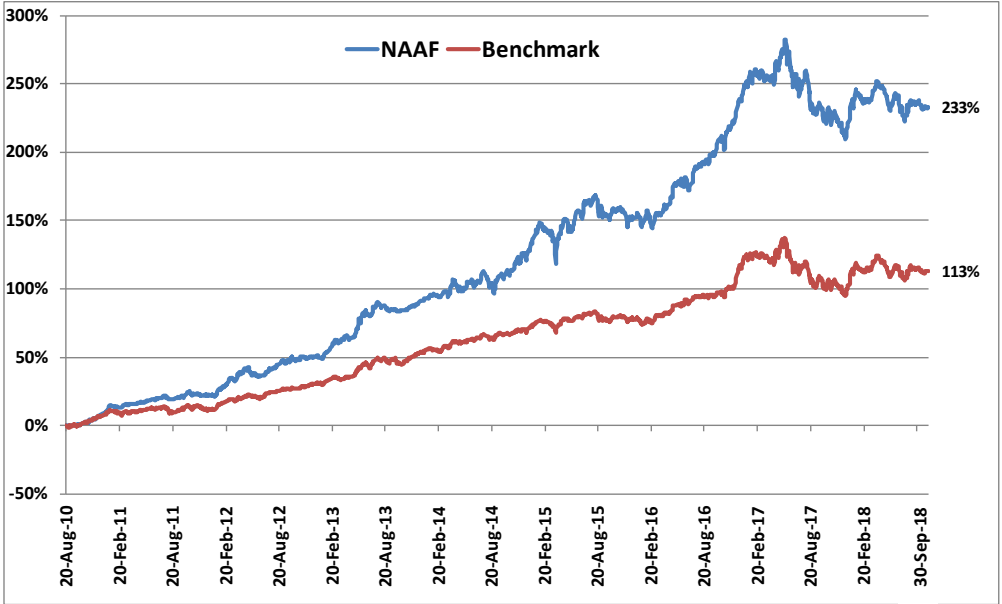
NAFA Asset Allocation Fund has earned a total income of Rs. 24.68 million during the period. After incurring total expenses of Rs. 24.74 million, the net loss is Rs. 0.06 million.

The asset allocation of the Fund as on September 30, 2018 is as follows:



NAFA ASSET ALLOCATION FUND

NAAF Performance versus Benchmark (Since Inception)



Acknowledgement

The Board takes this opportunity to thank its valued unit-holders for their confidence and trust in the Management Company, and providing the opportunity to serve them. It also offers its sincere gratitude to the Securities & Exchange Commission of Pakistan and State Bank of Pakistan for their patronage and guidance.

The Board also wishes to place on record its appreciation for the hard work, dedication and commitment shown by the staff and the Trustee.

On behalf of the Board of
NBP Fund Management Limited

Chief Executive

Director

Date: October 30, 2018
Place: Karachi.

NAFA ASSET ALLOCATION FUND

ڈائریکٹرز رپورٹ

این پی ٹی فنڈ منجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NAFA ایسیٹ الیکیشن فنڈ (NAFA) کے 30 ستمبر 2018 کو ختم ہونے والی سرمایہ کے لیے کنڈینسڈ غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے سرسرت محسوس کر رہے ہیں۔

فنڈ کی کارکردگی

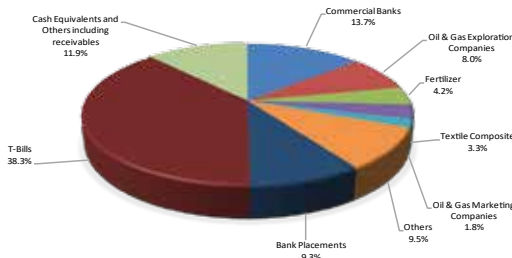
NAFA ایسیٹ الیکیشن فنڈ (NAFA) کا فنڈ سائز 3,140 ملین روپے سے کم ہو کر 3,126 ملین روپے ہو گیا ہے، یعنی 0.4% کی کمی۔ اس سال کے دوران NAFA ایسیٹ الیکیشن فنڈ (NAFA) کے یونٹ کی قیمت 30 جون 2018 کو 15.8377 روپے سے بڑھ کر 30 ستمبر 2018 کو 15.8388 روپے ہو چکی ہے، یعنی 0.03% کا اضافہ۔ اس مدت کے دوران فنڈ کا بچ مارک 0.49% تھا۔ لہذا زبردستی جازہ مدت کے دوران فنڈ کی کارکردگی اپنے بچ مارک سے 10.46% برتری حاصل کی۔ اس قیام 20 اگست 2010 سے فنڈ کی NAV 4.7573 روپے (Ex-Div) سے بڑھ کر 30 ستمبر 2018 کو 15.8388 روپے ہو گئی، یعنی 232.94% کا اضافہ۔ اس مدت کے دوران بچ مارک 112.93% سے بڑھا لہذا فنڈ نے 120.01% کی بہتر کارکردگی دکھائی۔ یہ کارکردگی منجمنٹ فیس اور دیگر تمام اخراجات کے بعد حاصل ہے۔

برصغیر ہونے والی آثار چھاؤ کی بنا پر مالی سال 2019 کی پہلی سرمایہ میں مارکیٹ داؤ کا شکار رہی اور KSE 100 انڈیکس مقررہ حد سے 2.2% نیچے گر گیا۔ اسٹاک مارکیٹ کی متزلزل کارکردگی کی بڑی وجہ معیشت کے باب میں دوہرے خساروں کے مسائل (کرنٹ اکاؤنٹ کا خسارہ اور مالیاتی خسارہ) تھے۔ زبردستی جازہ سرمایہ کا آغاز مارکیٹ میں منفی اثر سے ہوا جو عام انتخابات کے نتیجے میں ایک مہلک پارلیمنٹ کی توقع اور اس سے وابستہ ایک مشکل معاشی پس منظر میں ناقص پالیسی کے باعث تھا۔ ابتدائی طور پر الیکیشن کے نتائج سے مارکیٹ میں کچھ خوشی کی لہر دوڑ گئی اور تین تجارتی اجلاسوں میں 5.4% کی بحالی آئی۔ انتخابات کے نتائج سے عمران خان کی پاکستان تحریک انصاف مرکز میں سب سے بڑی پارٹی بن کر ابھری جب کہ پنجاب اور کے پی کے میں بھی اکثریت کے ساتھ کامیاب ہوئی۔ اس کے علاوہ سندھ اور بلوچستان کے صوبوں میں بھی نئے اسٹانڈنٹ مقام حاصل ہو جس کی وجہ سے ملکی سیاست میں غیر یقینی کیفیت ختم ہوئی۔ تاہم مقامی سطح پر سرمایہ کار کا رجحان مثبت ثابت ہوا کیونکہ سرمایہ کاروں کی پوری توجہ معیشت کو درپیش ہمہ جہت چیلنجز کی طرف ہو گئی۔ کارپوریٹ اعلیٰ اہلیت بھی مارکیٹ کو غیر متزلزل کرنے میں ناکام ہو گئی۔ اس کے علاوہ بڑھتے ہوئے اکاؤنٹ کے خسارے کی روک تھام کے لئے افراط زر میں خدشات کے پیش نظر اور زر مبادلہ کے ذخائر میں کمی کے باعث اسٹیٹ بینک آف پاکستان نے پالیسی کی شرح 200 بیس پوائنٹ اضافے کے ساتھ 9% کر دی۔ اس سرمایہ کے دوران غیر ملکی سرمایہ کار خاص فروخت کنندہ رہے اور 189 ملین امریکی ڈالر کا سرمایہ ملک سے باہر گیا جس کا بڑا حصہ انشورنس کمپنیز اور انفراسٹرکچر سرمایہ کار کے حصے میں آیا۔ انگریزی ہوئی مارکیٹس جیسے ترکی اور ارجنٹائن میں حصص کی فروخت کے رجحان دیکھنے میں آیا جس کی وجہ بلند غیر ملکی قرضہ جات اور امریکی شرح سود میں اضافے کے باعث کرنٹ اکاؤنٹ میں خسارہ رہا۔

جولائی-ستمبر مالی سال میں 19 اوسط CPI افراط زر میں 5.6% کا اضافہ ہوا جب کہ اس کے مقابلے میں گزشتہ سال اسی مدت میں 3.4% کا اضافہ ہوا تھا اس کی وجہ بین الاقوامی تیل کی قیمتوں میں اضافہ اور اس کے اثرات، درآمدات پر ریگولیری ڈیوٹی میں اضافہ، پاکستانی روپے کی قدر میں کمی اور خاص غیر ملکی اثاثہ جات میں کمی کے ساتھ ساتھ مالی فنانسنگ کے لئے حکومت کا بینکنگ کے شعبہ پر بہت زیادہ انحصار کرنا تھا۔ افراط زر کے خدشات اور شرح سود میں اضافے کے پیش نظر سرمایہ کاروں نے حکومت کی قلیل المدت سیکورٹیز کو ترجیح دی جس کا انداز 3-month ٹی بزنز میں ان کی بھاری تعداد میں شرکت سے ہوتا ہے۔ پالیسی کی شرح میں اضافے سے بڑی سیکورٹیز پر نمایاں اثر پڑا اور قلیل المدت ٹی بزنز کے نتائج میں 142-136 بیس پوائنٹ کا اضافہ ہوا جبکہ 3 سال، 5 سال اور 10 سال کے PIBs میں بالترتیب 98 بیس پوائنٹ، 77 بیس پوائنٹ اور 102 بیس پوائنٹ کا اضافہ ہوا۔

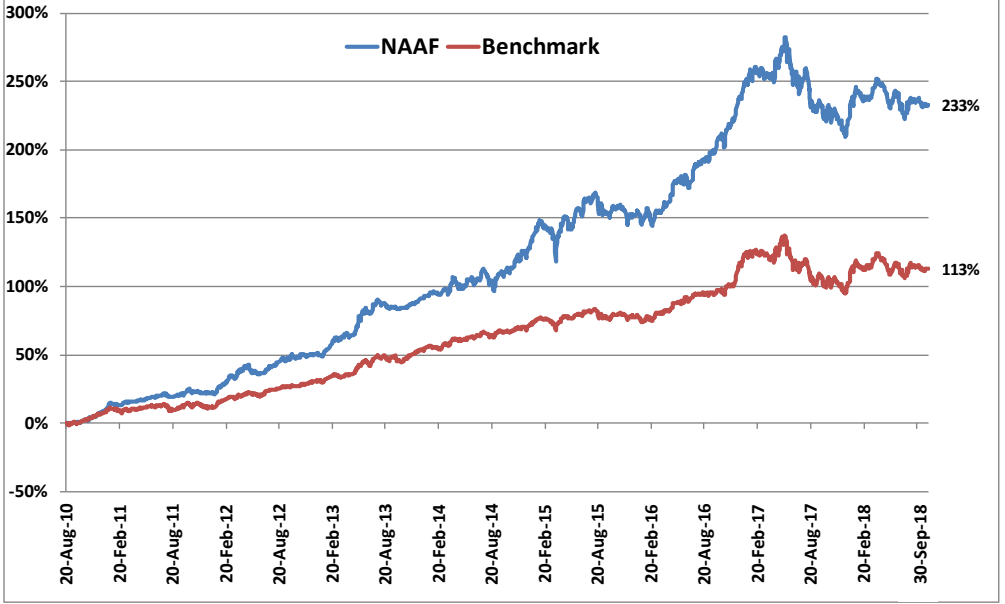
اس مدت میں کارپوریٹ TFCs اسٹاک میں تجارتی سرگرمیوں کی پمپلیٹی میں اضافہ ہوا اور مجموعی تجارتی قیمت اس سال تقریباً 3.8 بلین روپے ہو گئی جبکہ گزشتہ سال 2.4 بلین روپے تھی جو کہ کارپوریٹ سٹاک کے شعبہ میں سب سے بڑا حصہ ہے۔

NAFA ایسیٹ الیکیشن فنڈ (NAFA) نے اس مدت کے دوران 24.68 بلین روپے کا مجموعی آمدنی کمائی 24.74 بلین روپے کے اخراجات منہا کرنے کے بعد خالص نقصان 0.06 بلین روپے رہا۔ فنڈ کی ایسیٹ الیکیشن 30 ستمبر 2018 کو بمطابق ذیل ہے:



NAFA ASSET ALLOCATION FUND

بچ مارک کے مقابلے میں NAAF کی کارکردگی (اپنے قیام سے اب تک)



اظہار تشکر

بورڈ اس موقع کا فائدہ اٹھاتے ہوئے منجنت کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر ایونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان سے بھی ان کی سرپرستی اور رہنمائی کے لیے پُر خلوص اظہار تشکر کرتا ہے۔

بورڈ اپنے اسٹاف اور آرٹھی کی طرف سے محنت، لگن اور عزم کے مظاہرے پر اپنا خراج تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

NBP فنڈ منجمنت لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

تاریخ

30 اکتوبر 2018ء

مقام: کراچی

NAFA ASSET ALLOCATION FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2018

	Un Audited September 30, 2018	Audited June 30, 2018
Note	Rupees in '000	
ASSETS		
Balances with banks	457,739	1,487,039
Investments	4 2,752,681	1,686,486
Mark-up accrued and dividend receivable	5 14,690	4,940
Receivable against sale of investments	-	19,736
Deposits, prepayments and other receivables	3,363	3,282
Total assets	3,228,473	3,201,483
LIABILITIES		
Payable to NBP Fund Management Limited - Management Company	25,759	22,411
Payable to Central Depository Company of Pakistan Limited - Trustee	504	392
Payable to the Securities and Exchange Commission of Pakistan	750	3,167
Payable against purchase of investments	39,239	-
Accrued expenses and other liabilities	6 36,151	35,959
Total liabilities	102,403	61,929
NET ASSETS	<u>3,126,070</u>	<u>3,139,554</u>
UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)	<u>3,126,070</u>	<u>3,139,554</u>
CONTINGENCIES AND COMMITMENTS	7	
	----- Number of units -----	
NUMBER OF UNITS IN ISSUE	<u>197,367,219</u>	<u>198,283,591</u>
	Rupees	
NET ASSET VALUE PER UNIT	<u>15.8388</u>	<u>15.8337</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA ASSET ALLOCATION FUND

CONDENSED INTERIM INCOME STATEMENT (Un Audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

	Quarter ended September 30, 2018	Quarter ended September 30, 2017
	(Rupees in '000)	
INCOME		
Capital (loss) on sale of investments - net	(7,074)	(13,222)
Return / mark-up on:		
- bank balances and term deposits	17,980	16,815
- government securities	18,478	5,310
Dividend income	14,953	15,669
Net unrealised (diminution) on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	(19,655)	(246,498)
Total Income / (loss)	24,682	(221,926)
EXPENSES		
Remuneration of NBP Fund Management Limited - Management Company	15,796	16,889
Sindh Sales Tax on remuneration of the Management Company	2,053	2,196
Reimbursement of operational expenses to the Management Company	790	844
Selling and marketing expenses	3,159	3,378
Remuneration of Central Depository Company of Pakistan Limited - Trustee	1,042	1,097
Sindh Sales Tax on remuneration of Trustee	135	143
Annual fee - Securities and Exchange Commission of Pakistan	750	802
Auditors' remuneration	124	232
Annual listing fee	7	7
Printing charges	59	20
Legal and professional charges	3	14
Securities transaction cost	561	563
Fund rating fee	50	46
Settlement and bank charges	214	160
Total Expenses	24,743	26,391
Net (loss) from operating activities	(61)	(248,317)
Provision for Sindh Workers' Welfare Fund	8	-
Net (loss) for the period before taxation	(61)	(248,317)
Taxation	9	-
Net (loss) for the period after taxation	(61)	(248,317)
Earnings Per Unit	10	
Allocation of Net income for the period:		
Net (loss) for the year after taxation	-	-
Income already paid on units redeemed -	-	-
Accounting income available for distribution:		
- Including capital gain	-	-
- Excluding capital gain	-	-

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

**For NBP Fund Management Limited
(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director

NAFA ASSET ALLOCATION FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un Audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

	Quarter ended September 30, 2018	Quarter ended September 30, 2017
	Rupees in '000	
Net (loss) for the period after taxation	(61)	(248,317)
Other comprehensive income for the period	-	-
Total comprehensive (loss) for the period	<u>(61)</u>	<u>(248,317)</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA ASSET ALLOCATION FUND

CONDENSED INTERIM CASH FLOW STATEMENT (Un Audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

	Quarter ended September 30, 2018	Quarter ended September 30, 2017
Rupees in '000		
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) for the period before taxation	(61)	(248,317)
Adjustments for non-cash charges and other items:		
Net unrealised diminution / (appreciation) in fair value of investments classified as 'at fair value through profit or loss'	19,655	246,498
	<u>19,594</u>	<u>(1,819)</u>
(Increase) / decrease in assets		
Investments	(1,085,849)	137,403
Receivable against sale of investments	19,736	-
Dividend and profit receivable	(9,750)	(8,158)
Deposits, prepayments and other receivable	(81)	46
	<u>(1,075,944)</u>	<u>129,291</u>
Increase / (decrease) in liabilities		
Payable to the Management Company	3,348	6,820
Payable to the Central Depository Company of Pakistan Limited - Trustee	112	(1)
Payable to the Securities and Exchange Commission of Pakistan	(2,417)	(1,397)
Payable against purchase of investments	39,239	-
Accrued expenses and other liabilities	192	11,212
	<u>40,474</u>	<u>16,634</u>
Net cash (used in) / generated from operating activities	<u>(1,015,876)</u>	<u>144,106</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issue of units	147,411	680,226
Payments on redemption of units	(160,834)	(411,362)
Distributions paid	-	(11,508)
Net cash (decreased) from financing activities	<u>(13,423)</u>	<u>257,356</u>
Net (decrease) / increase in cash and cash equivalents during period	<u>(1,029,300)</u>	<u>401,462</u>
Cash and cash equivalents at the beginning of the period	1,487,039	1,018,260
Cash and cash equivalents at the end of the period	<u>457,739</u>	<u>1,419,722</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA ASSET ALLOCATION FUND

NOTES TO AND FORMING PART OF THE CONDENSED FINANCIAL FINANCIAL STATEMENTS (Un Audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Asset Allocation Fund (the Fund) was established under a Trust Deed executed between NBP Fullerton Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on June 29, 2010 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on July 14, 2010 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules).

The Management Company of the Fund has been licensed to act as an asset management company under the NBFC Rules through a certificate of registration issued by 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 Fund is an open-ended mutual fund and classified as "asset allocation scheme" by the Management Company and is listed on the Pakistan Stock Exchange (formerly Lahore Stock Exchange). Units are offered for public subscription on a continuous basis. The units of the Fund are transferable and can be redeemed by surrendering them to the Fund.

The investment objective of the Fund is to generate income by investing in debt and money market securities and to generate capital appreciation by investing in equity and equity related securities.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM1' to the Management Company and has assigned performance ranking of "4 star" to the Fund.

Title of the assets of the Fund is held in the name of CDC as trustee of the Fund.

2 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017

- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and

- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed. The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34, Interim Financial Reporting.

The directors of the asset management company declare that these condensed interim financial statements give a true and fair view of the fund.

NAFA ASSET ALLOCATION FUND

Name of the investee company	Number of shares					Market Value as at September 30, 2018	Market value as a percentage of		
	As at July 01, 2018	Purchases during the period	Bonus / Right Issue	Sales during the period	As at Sep 30, 2018		Net assets	Market value of total investments	Paid up capital of the investee company
POWER GENERATION AND DISTRIBUTION									
The Hub Power Company Limited	478,700	80,000	-	67,500	491,200	42,965	1.37	1.56	0.01
Kot Addu Power Company Limited	166,000	-	-	166,000	-	-	-	-	0.00
Saif Power Limited	100,500	-	-	-	100,500	2,490	0.08	0.09	0.00
K-Electric Limited	195,000	-	-	-	195,000	1,043	0.03	0.04	0.01
COMMERCIAL BANKS									
Bank AlLalah Limited	1,475,000	229,000	150,450	135,500	1,718,950	85,329	2.73	3.10	0.01
Askari Bank Limited	1,218,500	-	-	400,000	818,500	20,078	0.64	0.73	0.01
Allied Bank Limited	595,201	-	-	-	595,201	60,663	1.94	2.20	0.08
Bank Al Habib Limited	352,150	310,000	-	-	662,150	53,429	1.71	1.94	0.04
MCB Bank Limited	159,800	77,900	-	30,000	207,700	41,791	1.34	1.52	0.00
United Bank Limited	291,603	80,000	-	-	371,603	57,227	1.83	2.08	0.01
Faysal Bank Limited	1,502,663	-	-	619,000	883,663	23,726	0.76	0.86	0.00
Habib Bank Limited	484,467	77,600	-	-	562,067	85,080	2.72	3.09	0.00
PAPER AND BOARD									
Century Paper and Board Mills Limited	349,500	-	-	-	349,500	21,840	0.70	0.79	0.07
Cherat Packaging Limited	4,055	-	-	-	4,055	702	0.02	0.03	0.04
AUTOMOBILE ASSEMBLER									
Indus Motor Company Limited	8,950	-	-	3,020	5,930	8,294	0.27	0.30	0.01
Millat Tractors Limited	11,260	-	-	7,100	4,160	4,219	0.13	0.15	0.02
AUTOMOBILE PARTS AND ACCESSORIES									
Baluchistan Wheels Limited	7,500	-	-	-	7,500	679	0.02	0.02	0.01
Thal Limited	26,000	-	-	26,000	-	-	-	-	0.00
TECHNOLOGY AND COMMUNICATION									
Systems Limited	259,500	-	-	-	259,500	31,241	1.00	1.13	0.01
GLASS AND CERAMICS									
Tariq Glass Industries Limited	299,800	-	-	67,500	232,300	22,015	0.70	0.80	0.08
CABLE AND ELECTRIC GOODS									
Pak Elektron Limited	-	225,000	-	-	225,000	6,917	0.22	0.25	0.00
PHARMACEUTICALS									
Abbott Laboratories Pakistan Limited	16,500	-	-	7,400	9,100	5,615	0.18	0.20	0.01
Ferozsons Laboratories Limited	18,050	-	-	18,050	-	-	-	-	0.00
The Searle Company Limited	11,600	-	-	10,500	1,100	348	0.01	0.01	-
SYNTHETIC AND RAYON									
Synthetic Products Enterprises Limited	25,500	-	-	-	25,500	969	0.03	0.04	0.12
Total as at Sep 30, 2018	14,533,403	3,892,400	361,377	3,964,311	14,822,869	1,264,724	40.46	45.95	-

Carrying Value as at Sep 30, 2018

1,284,052

4.2 The above investments include securities with market value aggregating to Rs.68.567 million (June 30, 2018: 91.843 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular no. 11 dated October 23, 2007 issued by SECP

4.3 This represents long term deposit having original maturity period of more than three months. These carry mark-up rate of 9.40%

4.4 Government securities - at fair value through profit or loss

Issue date		Matur ed/Sol d during the period					Market Value As at September 30, 2018	Market value as a % of net assets of the Fund	Market value as a % of total investments
Note	Tenor	As at July 1, 2018	Purchases during the period	As at September 30, 2018	As at September 30, 2018				
-----Face value (Rupees)-----									
	July 19, 2018	3 Months	-	1,200,000	-	1,200,000	1,197,175	38.30	43.49
			-	1,200,000	-	1,200,000	1,197,175	38.30	43.49

Carrying Value as at September 30, 2018

1,197,503

NAFA ASSET ALLOCATION FUND

	Note	Un Audited September 30, 2018	Audited June 30, 2018
5 MARK-UP ACCRUED AND DIVIDEND RECEIVABLE			
Mark-up accrued on bank balances and term deposits		2,031	2,001
Mark-up accrued on government securities		812	-
Dividend receivable		11,847	2,939
		<u>14,690</u>	<u>4,940</u>
6 ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration		558	434
Federal Excise Duty on remuneration of the Management Company		16,000	16,000
Provision for Sindh Workers' Welfare Fund		18,468	18,468
Brokerage charges		630	282
Settlement charges		53	120
Printing charges		134	75
Withholding tax		52	169
Capital gain tax		23	20
Legal and professional charges		33	30
Fund Rating fee		-	90
Others		200	271
		<u>36,151</u>	<u>35,959</u>

7 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at September 30, 2018 and June 30, 2018.

8 PROVISION FOR SINDH WORKERS' WELFARE FUND

As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs/mutual funds, the MUFAP recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015).

In the repealed Companies Ordinance, 1984 and the now applicable Companies Act, 2017, mutual funds have not been included in the definition of "financial institutions". The MUFAP has held the view that SWWF is applicable on asset management companies and not on mutual funds.

As at September 30, 2018, the provision in relation to SWWF amounted to Rs. 18.468 million (September 30, 2017: Rs. 18.468 million). Had the provision not being made, the net asset value per unit as at September 30, 2018 would have been higher by Rs.0.0936 per unit (September 30, 2017: Rs. 0.0884) per unit

9 TAXATION

The Fund's income is exempt from income tax as per Clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of its accounting income for the year, as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders (excluding distribution made by issuance of bonus units). The Fund intends to distribute such accounting income for the year ended June 30, 2019 to its unit holders. Accordingly, no provision in respect of taxation has been made in these financial statements.

NAFA ASSET ALLOCATION FUND

The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

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.

11 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses incurred during the period divided by Average net assets value for the period) is 3.13% p.a. including 0.37% representing government levies on collective Investment scheme such as Sales tax, Worker's Welfare Fund and Securities & Exchange Commission of Pakistan fee for the period.

12 SELLING AND MARKETING EXPENSES

In pursuance to Regulation 60(3)(V), selling and marketing expense is being charged to the fund having compliance with the conditions laid down by the regulator.

13 TRANSACTIONS WITH CONNECTED PERSONS

13.1 Connected persons include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan, and Alexandra Fund Management Pte. Limited being the sponsors, other collective investment schemes managed by the Management Company and directors and officers of the Management Company.

13.2 The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

13.3 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.

13.4 Remuneration payable to the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

	Un Audited	
	Quarter ended September 30, 2018	Quarter ended September 30, 2017
	(Rupees in '000)	
13.5 Details of transactions with connected persons are as follows:		
NBP Fund Management Limited - Management Company		
Remuneration for the year / period	15,796	16,889
Sindh sales tax on remuneration	2,053	2,196
Reimbursement of operational expenses to the Management Company	790	844
Front-end load	1,116	3,155
Units Redeemed / transferred Out of 1,581,198 units	25,000	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration for the period	1,042	1,097
Sindh Sale Tax on Remuneration CDC Trustee	135	143
CDS charges	46	30
Employees of the Management Company		
Units Issued/transfer in of 9,321 units (2017: 12,662 units)	149	210
Units Redeemed / transferred out of 3,050 units (2017: 10,705 units)	49	180
Dividend reinvest of Nil units (2017: 233 units)	-	4
Service Provident Fund Trust (Portfolio managed by the Management Company)		
Units Issued / transferred in of 636,869 units (2017: Nil units)	10,132	-

NAFA ASSET ALLOCATION FUND

		Un Audited	
		Quarter ended September 30, 2018	Quarter ended September 30, 2017
		(Rupees in '000)	
** Service Sales Corporation Fund Trust			
(Portfolio managed by the Management Company)			
Units Issued / transferred in of 499,354 units (2017: Nil units)		8,000	-
Units Redeemed / transferred Out of 707,875 units (2017: Nil units)		11,099	-
International Industries Limited (Common Directorship with the Management Company)			
Dividend Income		293	-
International Steels Limited (Common Directorship with the Management Company)			
Dividend Income		713	-
Khalid Mehmood - Chief Financial Officer			
Dividend reinvest of Nil units (2017: 201 units)		-	3
		Un Audited September 30, 2018	Audited June 30, 2018
		(Rupees in '000)	
13.6	Amounts outstanding as at period end		
NBP Fund Management Limited - Management Company			
Remuneration of the Management Company		5,150	5,281
Sindh Sales Tax on remuneration of the Management Company		669	687
Operational expenses		790	1,713
Selling and Marketing expenses		10,013	6,853
Sales load		4,782	3,667
Sindh Sales tax and Federal Excise Duty on sales load		4,355	4,210
Investment held in the Fund 859,010 units (2018: 2,440,207 units)		13,606	38,638
Central Depository Company of Pakistan Limited - Trustee			
Remuneration of the Trustee		340	347
Sindh sales tax on remuneration of the Trustee		44	45
CDS charges		120	86
Security deposit		100	100
National Bank of Pakistan (Parent of the Management Company)			
Bank balances		7,119	6,568
International Industries Limited (Common Directorship with the Management Company)			
Ordinary shares held 45,000 (2018: 128,800 shares)		9,684	29,919
Dividend receivable		293	-
International Steels Limited (Common Directorship with the Management Company)			
Ordinary shares held 237,500 (2018: 259,500 shares)		21,605	26,391
Dividend receivable		713	-
Cherat Packaging Limited (Common Directorship with the Management Company)			
Ordinary shares held 146,900 (2018: 4,054 shares)		11,833	583
Gul Ahmed Textile Mills Limited (Common Directorship with the Management Company)			
Ordinary shares held 662,800 (2018: 558,800 shares)		32,404	23,989
Summit Bank Limited (Common Directorship with the Management Company)			
Bank balances		3,290	3,215

NAFA ASSET ALLOCATION FUND

	Un Audited September 30, 2018	Audited June 30, 2018
	(Rupees in '000)	
Askari Bank Limited (Common Directorship with the Management Company)		
Bank balances	1,263	563
Markup accrued on bank balances	1	-
BankIslami Pakistan Limited (Common Directorship with the Management Company)		
Bank balances	727	715
Markup accrued on bank balances	3	1
Company Secretary / Chief Operating Ofcer of the Management Company		
Investment held in the Fund 1 unit (2018: 1 units)	-	-
Chief Financial Officer of the Management Company		
Investment held in the Fund 66,164 units (2018: 66,164 units)	1,048	1,048
Employees of the Management Company		
Investment held in the Fund 61,143 units (2018: 54,872 units)	968	869
Gul Ahmed Textile Mills Limited Employees Provident Fund (Portfolio managed by the Management Company)		
Investment held in the Fund 2,631,541 units (2018: 2,631,541 units)	41,680	41,667
Service Provident Fund Trust (Portfolio managed by the Management Company)		
Investment held in the Fund 14,575,748 units (2018: 13,938,879 units)	230,862	220,704
** Service Sales Corporation Fund Trust (Portfolio managed by the Management Company)		
Investment held in the Fund 988,733 units (2018: 1,197,254 units)	15,660	18,957

14 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on October 30, June 30, 2018.

15 GENERAL

15.1 Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

15.2 Corresponding figures have been rearranged or reclassified, where necessary, for the purposes of better presentation. Except mentioned in Note no. 3, no significant rearrangement or reclassification was made in these condensed interim financial statements during the current period.

**For NBP Fund Management Limited
(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director

Head Office

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