



NBP FUNDS

Managing Your Savings

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Islamic Savings

اسلامک سیوننگ

NAFA ISLAMIC STOCK FUND

**QUARTERLY
REPORT
SEPTEMBER
30, 2018**



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 ISLAMIC STOCK FUND

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NAFA ISLAMIC STOCK FUND

FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of the Management Company

Mr. Mudassar 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 Shahra-e-Faisal, Karachi.

Bankers to the Fund

Summit Bank Limited
Bank Alfalah Limited
Habib Bank Limited
National Bank of Pakistan
Silk Bank Limited
United Bank Limited
Al Baraka Bank Limited
BankIslami Pakistan Limited
Meezan Bank Limited
Sindh Bank Limited
Bank Al Habib Limited
Dubai Islamic Bank Pakistan Limited
Habib Metropolitan Bank Limited
Allied Bank Limited
MCB Bank Limited
JS Bank Limited

NAFA ISLAMIC STOCK FUND

Auditors

A.F. Ferguson & Co. Chartered Accountants
State Life Building No. 1-C
I.I. Chundrigar Road,
P.O.Box 4716
Karachi.

Legal Advisor

M/s Jooma Law Associates
205, E.I. Lines, Dr. Daudpota Road,
Karachi.

Head Office:

7th Floor Clifton Diamond Building, Block No. 4,
Scheme No. 5, Clifton Karachi.
UAN: 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 ISLAMIC STOCK FUND

DIRECTORS' REPORT

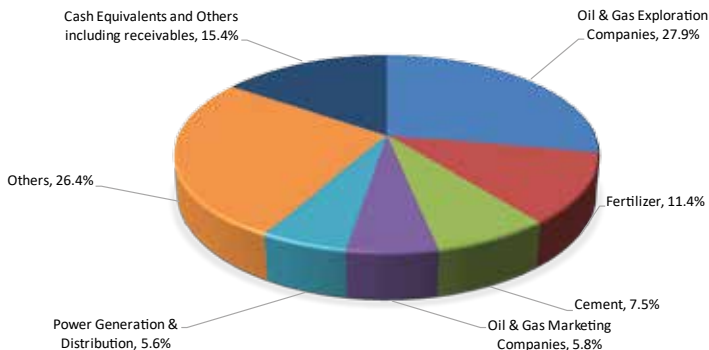
The Board of Directors of NBP Fund Management Limited is pleased to present the condensed unaudited financial statements of NAFA Islamic Stock Fund (NISF) for the quarter ended September 30, 2018.

Fund's Performance

The size of NAFA Islamic Stock Fund (NISF) has decreased from Rs. 6,404 million to Rs. 5,715 million during the period, i.e. a decline of 11%. During the period the unit price of NAFA Islamic Stock Fund (NISF) has decreased from Rs. 11.3973 on June 30, 2018 to Rs. 11.2598 on September 30, 2018, thus showing a decrease of 1.21%. The Benchmark (KMI-30 Index) for the same period decreased by 2.57%. Thus, the Fund has outperformed its Benchmark by 1.36% during the period under review. Since inception (January 09, 2015), the unit price of the Fund has shown a growth of 43.51% as compared to 32.01% increase in its Benchmark. Thus, the Fund has outperformed its Benchmark by 11.50% during the said period. This performance is net of management fee and all other expenses.

Amid amplified volatility, the stock market struggled during 1QFY2019 as the benchmark KMI-30 Index witnessed a decline of 2.6%. Lackluster performance of the stock market is primarily attributable to continued concerns on the twin deficits issue (Current Account Deficit & Fiscal Deficit) facing 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. However, initially, the market celebrated the outcome of elections with a decent recovery of 6.4% 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 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 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 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 deficit in the wake of rising US interest rates and strengthening US dollar.

NAFA Islamic Stock Fund has incurred a total loss of Rs. 48.55 million during the period. After incurring total expenses of Rs. 48.46 million, the net loss is Rs. 97.01 million. The asset allocation of NAFA Islamic Stock Fund as on September 30, 2018 is as follows:



NAFA ISLAMIC STOCK 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 and the Trustee.

On behalf of the Board of
NBP Fund Management Limited

Chief Executive

Director

Date: October 30, 2018
Place: Karachi.

NAFA ISLAMIC STOCK FUND

ڈائریکٹرز رپورٹ

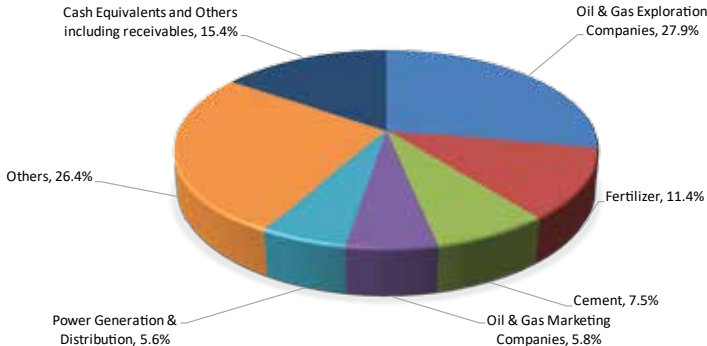
این پی ٹی فنڈ منجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NAFA اسلامک اسٹاک فنڈ (NISF) کی 30 ستمبر 2018 کو ختم ہونے والی سہ ماہی کے لیے کنڈیٹسڈ غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

فنڈ کی کارکردگی

NAFA اسلامک اسٹاک فنڈ (NISF) کا فنڈ سائز اس مدت کے دوران 6,404 ملین روپے سے کم ہو کر 5,715 ملین روپے ہو گیا ہے، یعنی تقریباً 11% کمی۔ اس مدت کے دوران NAFA اسلامک اسٹاک فنڈ (NISF) کے یونٹ کی قیمت 30 جون 2018 کو 11.3973 روپے (Ex-Div) سے کم ہو کر 30 ستمبر 2018 کو 11.2598 روپے ہو چکی ہے، لہذا 1.21% کمی دیکھنے میں آئی۔ اسی مدت کے لیے بیچ مارک (KMI 30 انڈیکس) 2.57% سے کم ہو گیا۔ لہذا زبردستی مدت کے دوران فنڈ نے اپنے بیچ مارک کے مقابلے میں 1.36% کی بہتر کارکردگی دکھائی۔ اپنے قیام (09 جنوری 2015) سے اب تک فنڈ کے یونٹ کی قیمت میں بیچ مارک میں 32.01% اضافہ کے مقابلے میں 43.51% کی نمو دکھائی دی۔ لہذا فنڈ نے اپنے بیچ مارک سے 11.50% بہتر کارکردگی دکھائی۔ یہ بہتر کارکردگی منجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

بڑھتی ہوئی آثار چڑھاؤ کی بنا پر مالی سال 2019 کی پہلی سہ ماہی میں مارکیٹ دباؤ کا شکار رہی اور KMI انڈیکس مقررہ حد سے 2.6% 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۔ زیر جائزہ سہ ماہی کا آغاز مارکیٹ میں منفی اثر سے ہوا جو عام انتخابات کے نتیجے میں ایک متعلق پارلیمنٹ کی توقع اور اس سے وابستہ ایک مشکل معاشی پس منظر میں ناقص پالیسی کے باعث تھا۔ ابتدائی طور پر الیکشن کے نتائج سے مارکیٹ میں کچھ خوشی کی لہر دوڑ گئی اور تین تجارتی اجلاسوں میں 6.4% 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 اسے نمایاں مقام حاصل ہوا جس کی وجہ سے ملکی سیاست میں غیر یقینی کیفیت ختم ہوئی۔ تاہم مقامی سطح پر سرمایہ کار کا رجحان قوی ثابت ہوا کیونکہ سرمایہ کاروں کی پوری توجہ معیشت کو درپیش ہمہ جہت چیلنجز کی طرف ہو گئی۔ کارپوریٹ اعلانات 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 زرمبادلہ کے ذخائر میں کمی کے باعث اسٹیٹ بینک آف پاکستان نے پالیسی کی شرح 200 بیسس پوائنٹ اضافے کے ساتھ 9% کر دی۔ اس سہ ماہی کے دوران غیر ملکی سرمایہ کار خالص فروخت کنندہ رہے اور 189 ملین امریکی ڈالر کا سرمایہ ملک سے باہر گیا جس کا بڑا حصہ انشورنس کمپنیز اور انفرادی سرمایہ کار کے حصے میں آیا۔ ابھرتی ہوئی مارکیٹس جیسے ترکی اورارجنٹائن 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۔

NAFA اسلامک اسٹاک فنڈ (NISF) کو اس سال کے دوران 48.55 ملین روپے کا مجموعی نقصان ہوا۔ 48.46 ملین روپے کے اخراجات منہا کرنے کے بعد خالص نقصان 97.01 ملین روپے رہا۔ NAFA اسلامک اسٹاک فنڈ (NISF) کی ایسیٹ بیلویشن 30 ستمبر 2018 کو بمطابق ذیل ہے:



NAFA ISLAMIC STOCK FUND

اظہارِ تشکر

بورڈ اس موقع کا فائدہ اٹھاتے ہوئے منجھٹ کمپنی پر اعتماد، اختیار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر یونٹ 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 اظہارِ تشکر کرتا ہے۔

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

منجانب بورڈ آف ڈائریکٹرز
NBP فنڈ منجھٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

تاریخ

30 اکتوبر 2018ء

مقام: کراچی

NAFA ISLAMIC STOCK FUND

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

	Un-Audited September 30,2018	Audited June 30,2018
	(Rupees in '000)	
ASSETS		
Balances with banks	840,569	989,555
Investments	4,833,212	5,494,948
Receivable against sale of investments	56,586	-
Dividend and profit receivable	69,280	12,278
Advances, deposits and other receivables.	4,175	12,211
Total assets	5,803,822	6,508,992
LIABILITIES		
Payable to NBP Fund Management Limited - Management Company	32,823	42,184
Payable to the Central Depository Company of Pakistan Limited - Trustee	638	721
Payable to the Securities and Exchange Commission of Pakistan	1,437	7,015
Accrued expenses and other liabilities	54,320	55,146
Total liabilities	89,218	105,066
NET ASSETS	5,714,604	6,403,926
UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)	5,714,604	6,403,926
CONTINGENCIES AND COMMITMENTS		
Number of units in issue	507,523,390	561,880,644
NET ASSET VALUE PER UNIT	11.2598	11.3973

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA ISLAMIC STOCK FUND

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

	Note	For the Quarter ended September 30, 2018	For the Quarter ended September 30, 2017
(Rupees in '000)			
INCOME			
Net (loss) on sale of investments		(34,157)	(129,049)
Dividend Income		62,107	42,048
Profit on bank deposits		20,555	13,009
Net unrealised (diminution) on re-measurement as 'financial assets at fair value through profit or loss'		(97,059)	(830,982)
Total (loss)		(48,554)	(904,974)
EXPENSES			
Remuneration of NBP Fund Management Limited - Management Company		30,244	40,275
Sindh sales tax on remuneration of the Management Company		3,932	5,236
Accounting and operational expenses		1,512	2,014
Selling and marketing expense	12	6,049	8,054
Remuneration to Central Depository Company of Pakistan Limited - Trustee		1,764	2,266
Sindh sales tax on remuneration of Trustee		229	295
Annual fee - Securities and Exchange Commission of Pakistan		1,437	1,913
Securities transaction cost		2,592	3,859
Settlement and bank charges		412	286
Annual listing fee		8	12
Legal & Professional charges		9	-
Auditors' remuneration		106	167
Shariah advisor fee		103	106
Mutual fund rating fee		45	46
Printing charges		14	9
Total Expenses		48,456	64,538
Net (loss) from operating activities		(97,010)	(969,512)
Provision for Sindh Workers' Welfare Fund	8	-	-
Net (loss) for the period before taxation		(97,010)	(969,512)
Taxation	9	-	-
Net (loss) for the period after taxation		(97,010)	(969,512)
Earnings per unit	10	-	-
Allocation of Net income for the period:			
Net income for the year after taxation		-	-
Income already paid on units redeemed		-	-
Accounting income available for distribution:		-	-
- Relating to Capital Gains		-	-
- Excluding Capital Gains		-	-
		-	-

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

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

Chief Financial Officer

Chief Executive Officer

Director

NAFA ISLAMIC STOCK FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

	For the Quarter ended September 30, 2018	For the Quarter ended September 30, 2017
	(Rupees in '000)	
Net (loss) for the period after taxation	(97,010)	(969,512)
Other Comprehensive Income	-	-
Total comprehensive (loss) for the period	<u>(97,010)</u>	<u>(969,512)</u>

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA ISLAMIC STOCK FUND

CONDENSED STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

	For the nine months period ended September 30			For the nine months period ended September 30		
	2018			2017		
	Rupees in '000			Rupees in '000		
Capital Value	Undistributed income / (loss)	Total	Capital Value	Undistributed income / (loss)	Total	
Net assets at beginning of the period	6,390,941	12,985	6,403,926	7,053,964	1,238,729	8,292,693
Issue of 67,890,624 units (2017: 170,214,305)						
- Capital value	773,770	-	773,770	2,224,922	-	2,224,922
- Element of loss	(1,272)	-	(1,272)	(51,679)	-	(51,679)
Total proceeds on issuance of units	772,498	-	772,498	2,173,243	-	2,173,243
Redemption of 122,247,877 units (2017: 169,389,087 units)						
- Capital value	(1,393,296)	-	(1,393,296)	(2,214,136)	-	(2,214,136)
- Element of income	28,486	-	28,486	132,614	-	132,614
Total payments on redemption of units	(1,364,810)	-	(1,364,810)	(2,081,522)	-	(2,081,522)
Total comprehensive (loss) for the period	-	(97,010)	(97,010)	-	(969,512)	(969,512)
Distribution during the year	-	-	-	-	(20,979)	(20,979)
Net (loss) for the period after distribution	-	(97,010)	(97,010)	-	(990,491)	(990,491)
Net assets at end of the year	5,798,629	(84,025)	5,714,604	7,145,685	248,238	7,393,923
Undistributed income brought forward						
Realised Income		502,116			681,555	
Unrealised (loss) / Income		(489,131)			557,174	
		12,985			1,238,729	
Accounting income / (loss) available for distribution						
-Relating to capital gains		-				
-Excluding capital gains		-				
Net (loss) for the year after taxation		(97,010)			(969,512)	
Distribution for the year		-			(20,979)	
Undistributed (loss) / income carried forward		<u>(84,025)</u>			<u>248,238</u>	
Undistributed (loss) / income carried forward						
- Realised income		13,034			1,079,220	
- Unrealised (loss)		<u>(97,059)</u>			<u>(830,982)</u>	
		<u>(84,025)</u>			<u>248,238</u>	
				(Rupees)		(Rupees)
Net assets value per unit at beginning of the period				<u>11.3973</u>		<u>13.1045</u>
Net assets value per unit at end of the period				<u>11.2598</u>		<u>11.6690</u>

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

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

Chief Financial Officer

Chief Executive Officer

Director

NAFA ISLAMIC STOCK FUND

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

	For the Quarter ended September 30, 2018	For the Quarter ended September 30, 2017
CASH FLOW FROM OPERATING ACTIVITIES		
(Rupees in '000)		
Net (loss) for the period	(97,010)	(969,512)
Adjustments		
Net unrealised diminution on re-measurement as 'financial assets at fair value through profit or loss'	97,059	830,982
	49	(138,530)
Decrease in assets		
Investments	564,677	100,349
Dividend and profit receivable	(57,002)	(21,522)
Receivable against sale of investments	(56,586)	(32,465)
Advances, deposits and other receivables.	8,036	(14)
	459,125	46,348
(Decrease) in liabilities		
Payable to the Management Company	(9,361)	17,284
Payable to the Trustee	(83)	(104)
Payable to the Securities and Exchange Commission of Pakistan	(5,578)	(3,457)
Dividend payable	-	(8,407)
Accrued expenses and other liabilities	(826)	(15,847)
	(15,848)	(10,531)
Net cash generated form / (used in) operating activities	443,326	(102,713)
CASH FLOW FROM FINANCING ACTIVITIES		
Net receipts from issue of units	772,498	2,178,507
Net payments on redemption of units	(1,364,810)	(2,132,099)
Distributions made	-	(20,979)
Net cash (used in) / generated from financing activities	(592,312)	25,429
Net (decrease) in cash and cash equivalents during the period	(148,986)	(77,284)
Cash and cash equivalents at the beginning of the period	989,555	1,014,592
Cash and cash equivalents at the end of the period	840,569	937,308

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

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

Chief Financial Officer

Chief Executive Officer

Director

NAFA ISLAMIC STOCK FUND

NOTES TO AND FORMING PART OF THESE FINANCIAL INFORMATION (Un-Audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

1 LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

The Pakistan Credit Rating Agency (PACRA) has assigned an asset manager rating of AM1 to the Management Company.

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

2 BASIS OF PREPARATION

2.1 Statement of Compliance

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 Standards) 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 VIII A of the repealed Companies Ordinance, 1984; and
- 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 the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the 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.

3 SUMMARY OF ACCOUNTING POLICIES

Except as described below, the accounting policies applied in these unaudited condensed interim financial statements are the same as those applied in the Fund's annual audited financial statements for the year ended June 30, 2018.

IFRS 9: Financial Instruments ("IFRS 9"):

Effective July 1, 2018, the Fund adopted IFRS 9, which sets out requirements for recognition and measurement, impairment, derecognition, and general hedge accounting. This standard simplifies the classification of a financial asset as either at amortized cost or at fair value as opposed to the multiple classifications which were permitted under IAS 39. This standard also requires the use of a single impairment method as opposed to the multiple methods in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Impairment of financial assets is based on an expected credit loss ("ECL") model under IFRS 9, rather than the incurred loss model under IAS 39. However, SECP vide its letter to MUFAP dated November 21, 2017 relaxed the applicability of IFRS 9 impairment requirements for debt securities on mutual funds and deferred it till further instructions. The standard also adds guidance on the classification and measurement of financial liabilities.

There was no material impact of transition to IFRS 9 on the Fund's financial position at July 1, 2018.

NAFA ISLAMIC STOCK FUND

4 INVESTMENTS

Un-Audited
As at
September 30,
2018

Audited
As at June
30, 2018

Financial assets 'At fair value through profit or loss'

(Rupees in '000)

- Listed equity securities 4.1 4,833,212 5,494,948

Name of the investee company	As at July 01, 2018	Purchases during the period	Bonus / Right Issue	Sales during the period	As at September 30, 2018	Market value as at September 30, 2018	Market value as a percentage of		Holding as a percentage of Paid up capital of the investee company
							Net assets	Total investments	
						Rupees in '000	%		
OIL & GAS MARKETING COMPANIES									
Attock Petroleum Limited	101,250	-	12,550	38,500	75,300	33,422	0.58	0.69	0.08
Pakistan State Oil Company	648,820	168,000	-	416,700	400,120	127,574	2.23	2.64	0.10
Hascol Petroleum Limited	112,748	-	-	-	112,748	30,711	0.54	0.64	0.08
Sui Northern Gas Pipelines L	1,333,200	781,000	-	563,000	1,551,200	138,243	2.42	2.86	0.24
OIL & GAS EXPLORATION COMPANIES									
Pakistan Oilfields Limited	528,150	-	96,890	43,700	581,340	319,260	5.59	6.61	0.20
Pakistan Petroleum Limited	2,484,900	-	-	246,000	2,238,900	477,781	8.36	9.89	0.10
Mari Petroleum Company Li	185,950	42,060	-	-	228,010	355,315	6.22	7.35	0.19
Oil and Gas Development C	3,012,500	-	-	141,000	2,871,500	439,311	7.69	9.09	0.07
FERTILIZERS									
Engro Fertilizers Limited	5,179,000	707,000	-	2,182,500	3,703,500	279,577	4.89	5.78	0.28
Engro Corporation Limited	1,540,500	-	-	375,600	1,164,900	363,018	6.35	7.51	0.22
Dawood Hercules Corporati	260,400	-	-	195,200	65,200	6,947	0.12	0.14	0.01
CEMENT									
D.G. Khan Cement Compan	965,700	707,500	-	471,000	1,202,200	123,117	2.15	2.55	0.27
Kohat Cement Limited	462,500	-	-	148,800	313,700	39,256	0.69	0.81	0.16
Lucky Cement Limited	266,000	138,250	-	58,450	345,800	177,375	3.10	3.67	0.11
Maple Leaf Cement Factory I	383,588	1,601,000	-	1,391,087	593,501	27,954	0.49	0.58	0.10
Pioneer Cement Limited	530,100	-	-	-	530,100	23,038	0.40	0.48	0.23
Attock Cement (Pakistan) Lim	702,200	-	-	702,200	-	-	-	-	0.00
Cherat Cement Company Lir	807,651	-	-	286,000	521,651	39,816	0.70	0.82	0.30
GENERAL INDUSTRIES									
Ecopack Limited	1,811	-	-	-	1,811	41	0.00	0.00	0.01
Synthetic Products Enterprise	1,409,600	7,000	-	-	1,416,600	53,831	0.94	1.11	1.66
AUTOMOBILE PARTS & ACCESSORIES									
Thal Limited	29,550	-	-	29,550	-	-	-	-	0.00
Agriaautos Industries Limited	105,900	-	-	-	105,900	24,938	0.44	0.52	0.37
AUTOMOBILES ASSEMBLER									
Baluchistan Wheels Limited	10,000	-	-	-	10,000	905	0.02	0.02	0.07
Indus Motor Company Limib	16,610	-	-	16,610	-	-	-	-	0.00
Sazgar Engineering Works Li	4	-	-	-	4	1	-	-	0.00
Millat Tractors Limited	45,350	-	-	8,000	37,350	37,879	0.66	0.78	0.08
GLASS AND CERAMICS									
Tariq Glass Industries Limite	1,087,600	5,500	-	450,300	642,800	60,918	1.07	1.26	0.88
Shabbir Tiles and Ceramics I	1,199,500	-	-	475,000	724,500	13,657	0.24	0.28	0.30
CABLE AND ELECTRIC GOODS									
Pak Elektron Limited	226,050	1,134,000	-	410,050	950,000	29,203	0.51	0.60	0.19

NAFA ISLAMIC STOCK FUND

Name of the investee company	As at July 01, 2018	Purchases during the period	Bonus / Right Issue	Sales during the period	As at September 30, 2018	Market value as at September 30, 2018	Market value as a percentage of		Holding as a percentage of Paid up capital of the investee company
							Net assets	Total investments	
.....No. of shares.....						Rupees in '000	%		
ENGINEERING									
Mughal Iron and Steel Indust	371,408	-	-	366,585	4,823	236	0.00	0.00	0.00
Amreli Steels Ltd.	228,600	-	-	228,600	-	-	-	-	0.00
International Steels Limited	1,410,400	642,000	-	587,500	1,464,900	133,262	2.33	2.76	0.34
International Industries Limit	96,600	-	-	-	96,600	20,788	0.36	0.43	0.08
Ittefaq Iron Industries Limited	631,500	-	-	631,500	-	-	-	-	0.00
Crescent Steel & Allied Prodi	16,400	-	-	16,400	-	-	-	-	0.00
TEXTILE COMPOSITE									
Kohinoor Textile Mills Limite	1,613,034	-	-	271,000	1,342,034	72,792	1.27	1.51	0.45
Nishat Mills Limited	1,528,600	451,000	-	484,000	1,495,600	210,266	3.68	4.35	0.43
PAPER AND BOARD									
Cherat Packaging Limited.	219,200	3,500	-	-	222,700	43,269	0.76	0.90	0.58
Century Paper and Board Mi	496,700	-	-	496,700	-	-	-	-	0.00
PHARMASEUEICALS									
Ferozsons Laboratories Limit	170,600	-	-	62,700	107,900	18,218	0.32	0.38	0.36
Abbot Laboratories (Pakistan)	47,550	-	-	14,900	32,650	20,147	0.35	0.42	0.03
The Searle Company Limited	64,625	-	-	62,960	1,665	527	0.01	0.01	0.00
GlaxoSmithKline (Pakistan) L	106,700	-	-	-	106,700	15,772	0.28	0.33	0.03
AGP Limited	372,125	-	-	360,005	12,120	1,046	0.02	0.02	0.00
TECHNOLOGY AND COMMUNICATION									
Avanceon Limited	624,625	-	-	274,000	350,625	29,088	0.51	0.60	0.26
NetSol Technologies Limited	833,500	-	-	358,100	475,400	63,295	1.11	1.31	0.53
Systems Limited	880,500	-	-	-	880,500	106,003	1.86	2.19	0.79
POWER GENERATION AND DISTRIBUTION									
Hub Power Company Limite	3,086,500	899,000	-	581,000	3,404,500	297,792	5.21	6.16	0.29
Kot Addu Power Company L	655,500	-	-	655,500	-	-	-	-	0.00
K-Electric Limited	10,260,500	-	-	6,026,500	4,234,000	22,652	0.40	0.47	0.02
COMMERCIAL BANKS									
Meezan Bank Limited	1,336,550	1,820,500	315,705	-	3,472,755	309,700	5.42	6.41	0.30
FOOD AND PERSONAL CARE PRODUCTS									
Al-Shaheer Corporation Limi	1,091,338	-	-	-	1,091,338	30,012	0.53	0.62	0.77
At-Tahur Limited	1,105,865	-	-	135,000	970,865	24,466	0.43	0.51	0.66
CHEMICAL									
Lotte Chemical Pakistan Limi	8,278,500	1,510,000	-	3,648,000	6,140,500	82,835	1.45	1.71	0.41
Engro Polymer and Chemica	3,606,480	1,612,500	-	1,653,500	3,565,480	103,542	1.81	2.14	0.39
TRANSPORT									
Pakistan National Shipping C	117,500	-	-	49,500	68,000	4,416	0.08	0.09	0.05
Total as at September 30, 2018					49,930,290	4,833,212	85	100	
Carrying value as at September 30, 2018					4,930,270				

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

4.1.1 Investments include shares with market value of Rs 199.83 million which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular number 11 dated October 23, 2007 issued by the SECP.

NAFA ISLAMIC STOCK FUND

	Un-Audited As at September 30, 2018 (Rupees in '000)	Audited As at June 30, 2018
5 DIVIDEND AND PROFIT RECEIVABLE		
Accrued profit on profit and loss sharing accounts	7,259	4,166
Dividend receivable	62,021	8,112
	<u>69,280</u>	<u>12,278</u>
6 ACCRUED EXPENSES AND OTHER LIABILITIES		
Auditors' remuneration payable	158	380
Brokerage payable	2,592	1,023
Settlement charges	2	43
Legal fee	40	31
Mutual fund rating fee	-	90
Charity payable	6,305	7,674
Shariah advisor fee payable	586	483
Provision for Sindh Worker's Welfare Fund	44,440	44,440
W.H.Tax payable-others	94	558
CGT Payable	9	338
Payable against printing charges	87	81
Bank charges	7	5
	<u>54,320</u>	<u>55,146</u>

7 CONTINGENCIES AND COMMITMENTS

There were no contingencies 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. 44.44 million (September 30, 2017: Rs. 44.44 million). Had the provision not being made, the net asset value per unit as at September 30, 2018 would have been higher by Rs.0.0876 per unit (September 30, 2017: Rs. 0.0701) 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 ISLAMIC STOCK 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 3.21% p.a. including 0.37% representing government levies on collective Investment scheme such as Sales tax, Sindh 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 Fullerton Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan and Alexandra Fund Management Pte. Limited being the sponsors, NAFA provident Trust Fund being the employee contribution plan of the Management Company, other collective investment schemes managed by the Management Company and directors and officers of the Management Company.

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

13.4 Remuneration and front-end load payable to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

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

	Un-audited For the Quarter ended September 30, 2018	Un-audited For the Quarter ended September 30, 2017
	(Rupees in '000)	

13.6 Details of the transactions with connected persons are as follows:

NBP Fund Management Limited - Management Company

Remuneration of the Management Company	30,244	40,275
Sindh sales tax on remuneration of the Management Company	3,932	5,236
Accounting and operational expenses	1,512	2,014
Selling and marketing expense	6,049	8,054
Units issued / transferred in Nil (2017: 10,120 units)	-	119
Units redeemed / transferred out Nil (2017: 2,876,981 units)	-	33,691

NAFA Islamic Principal Preservation Fund

Units issued / transferred In Nil (2017: 2,196 units)	-	26
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NAFA ISLAMIC STOCK FUND

Un-audited
For the
Quarter ended
September 30,
2018

Un-audited
For the
Quarter ended
September 30,
2017

(Rupees in '000)

Employees of the Management Company

Units issued / transferred In 2,093,581 (2017: 3,057,794 units)	23,901	38,203
Units redeemed / transferred out 2,164,115 (2017: 3,953,211 units)	24,237	48,848

Central Depository Company of Pakistan Limited - Trustee

Remuneration	1,764	2,266
Sindh sales tax on remuneration of Trustee	229	295

Taurus Securities Limited (Subsidiary of Parent Company)

Brokerage	175	248
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Muhammad Murtaza Ali - Company Secretary / Chief Operating Officer

Units issued / transferred In 8,756 (2017: 190 units)	100	2
Units redeemed / transferred out 26,579 (2017: 59,608 units)	303	700

Bank Islami Pakistan Limited (Common Directorship)

Profit on bank deposits	5,149	10,661
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Cherat Cement Company Limited (Common Directorship)

Purchase of Nil shares(2017: 289,100 shares)	-	47,141
Sale of 286,000 shares (2017: Nil shares)	25,545	-

Cherat Packaging Limited (Common Directorship)

Purchase of 3,500 shares(2017: Nil shares)	598	-
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International Steel Limited (Common Directorship)

Purchase of 642,000 shares (2017: 375,000 shares)	73,567	47,631
Sale of 587,500 shares (2017: 312,000 shares)	52,315	37,227

National Fullerton Asset Management Limited - Employees Provident Fund

Units issued / transferred In Nil (2017: 190,779 units)	-	2,519
Units redeemed / transferred out Nil (2017: 831,208 units)	-	10,065

Telenor Pakistan (Private) Limited Employees Provident Fund (Portfolio managed by the Management Company)

Units issued / transferred In 392,250 (2017: 190,779 units)	4,507	-
Units redeemed / transferred out 461,076 (2017: 831,208 units)	5,008	-

Akhuwat

Units issued / transferred In Nil (2017: 2,076 units)	-	24
Units redeemed / transferred out Nil (2017: 94,059 units)	-	1,200

NAFA ISLAMIC STOCK FUND

	Un-audited As at September 30, 2018	Audited As at June 30, 2018
(Rupees in '000)		
13.7 Amounts outstanding as at period end		
NBP Fund Management Limited - Management Company		
Remuneration payable to the Management Company	9,653	11,125
Sindh sales tax payable on remuneration of Management Company	1,255	1,446
Federal excise duty payable on remuneration of Management Company	8,209	8,209
Accounting and operational charges	1,512	3,710
Selling and marketing expense	6,049	14,841
Sales load payable	3,362	507
Sindh sales tax payable on sale load	437	-
Federal excise duty payable on sales load	2,327	2,327
Other payable	19	19
Employees of the Management Company		
Units held 2,186,432 (June 30, 2018 2,256,965 units)	24,619	25,723
National Fullerton Asset Management Limited - Employees Provident Fund		
Units held: 395,673 units (June 30, 2018 395,673 units)	4,455	4,510
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee	565	638
Security deposit	103	102
Sindh Sales Tax on remuneration of Trustee	73	83
Muhammad Murtaza Ali - Company Secretary / Chief Operating Officer		
Units held: 41,721 units (2018: 59,544 units)	470	679
Bank Islami Pakistan Limited (Common Directorship)		
Bank balances	100,555	389,539
Profit receivable	1,928	3,462
Taurus Securities Limited (Subsidiary of Parent Company)		
Brokerage Payable	29	15
National Bank of Pakistan - Sponsor		
Bank Balances	5,067	10,558
Summit Bank Limited (Common Directorship)		
Bank Balances	6,119	8,049
Telenor Pakistan (Private) Limited Employees Provident Fund (Portfolio managed by the Management Company)		
Units held 2,715,164 units (2018: 2,783,990 units)	30,572	31,730
Gul Ahmed Textile Mills Limited Employees Provident Fund Trust (Portfolio managed by the Management Company)		
Units held 1,027,874 units (2018: 1,027,874 units)	11,574	11,715

NAFA ISLAMIC STOCK FUND

	Un-audited As at September 30, 2018	Audited As at June 30, 2018
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(Rupees in '000)

Service Sales Corporation provident Fund Trust
(Portfolio managed by the Management Company)

Units held: 1,601,627 units (2018: 1,601,627 units)	18,034	18,254
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Cherat Packaging Limited (Common Directorship)

Shares held: 250,051 shares (2018: 246,551 shares)	43,269	35,427
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Cherat Cement Company Limited (Common Directorship)

Shares held: 494,300 shares (2018: 780,300 shares)	39,816	75,869
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International Steel Limited (Common Directorship)

Shares held: 1,464,900 shares (2018: 1,410,400 shares)	133,262	143,438
Dividend income receivable	4,394	-

International Industries Limited (Common Directorship)

Shares held: 96,600 shares (2018: 96,600 shares)	20,788	22,439
Dividend income receivable	628	-

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, 2018.

15 GENERAL

- 15.1 Figures have been rounded off to the nearest thousand rupees.
- 15.2 Corresponding figures have been rearranged or reclassified, where necessary, for the purposes of better presentation. 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

7th Floor, Clifton Diamond Building, Block No.4,
Scheme No.5, Clifton, Karachi.

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