



NBP FUNDS

Managing Your Savings

Islamic Savings

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اسلامک سیوننگ

NAFA ISLAMIC MONEY MARKET 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.

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NAFA ISLAMIC MONEY MARKET 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

Habib Metropolitan Bank Limited
MCB Bank Limited
Habib Bank Limited
Bank Al Habib Limited
Allied Bank Limited
United Bank Limited
Summit Bank Limited
JS Bank Limited
Meezan Bank Limited

NAFA ISLAMIC MONEY MARKET FUND

Auditors

Deloitte Yousuf Adil
Chartered Accountants
Cavish Court,
A-35, Block 7 & 8,
KCHSU, Sharae Faisal
Karachi-75350 Pakistan

Legal Advisor

Joona 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: (111-111-632),
(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 MONEY MARKET FUND

DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the unaudited Condensed Interim financial statements of **NAFA Islamic Money Market Fund (NIMMF)** for the quarter ended September 30, 2018.

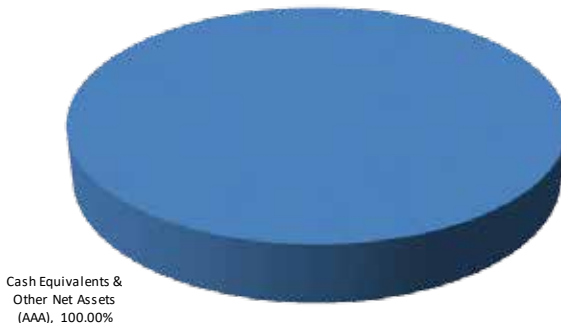
Fund's Performance

The size of NAFA Islamic Money Market Fund has decreased from Rs. 1,519 million to Rs. 1,471 million during the quarter, i.e. a fall of around 3%. During the period under review, the unit price of the Fund has increased from Rs. 10.0000 (Ex-Div) on June 30, 2018 to Rs. 10.1447 on September 30, 2018; thus posting a return of 5.7% as compared to its Benchmark return of 2.6%. The performance of the Fund is net of management fee and other expenses.

NIMMF is categorized as a Shariah Compliant Money Market Fund. The Fund aims to consistently provide better return than the profit rates offered by Islamic Banks/Islamic windows of commercial banks. Minimum eligible rating is AA, while the Fund is not allowed to invest in any security exceeding six months maturity. The weighted average time to maturity of the Fund cannot exceed 90 days while also providing easy liquidity along with a high quality credit profile.

During the period under review, the SBP hiked the discount rate by 200 basis points to 9% driven by upside risks to inflation and to rein in demand pressures to address ballooning current account deficit coupled with dwindling FX reserves. 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.

The Fund has earned a total income of Rs. 28.29 million during the year. After deducting total expenses of Rs. 6.48 million, the net income is Rs. 21.81 million. The asset allocation of NAFA Islamic Money Market Fund as on September 30, 2018 is as follows:



NAFA ISLAMIC MONEY MARKET 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 Trustees.

On behalf of the Board of
NBP Fund Management Limited

Chief Executive

Director

Date: October 30, 2018
Place: Karachi.

NAFA ISLAMIC MONEY MARKET FUND

ڈائریکٹرز رپورٹ

این بی پی فنڈ منجمنٹ لیمیٹڈ کے بورڈ آف ڈائریکٹرز NAFA ISLAMIC MONEY MARKET FUND (NIMMF) کی 30 ستمبر 2018 کو ختم ہونے والی سہ ماہی کے لیے کنڈیشنل غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

فنڈ کی کارکردگی

NAFA ISLAMIC MONEY MARKET FUND (NIMMF) کا ساڑھے ساڑھے دو سالوں کے دوران 1,519 ملین روپے سے کم ہو کر 1,471 ملین روپے ہو گیا ہے، یعنی تقریباً 3% کمی۔ زیر جائزہ مدت کے دوران فنڈ کے پونٹ کی قیمت 30 جون 2018 کو 10.0000 روپے (Ex-Div) سے بڑھ کر 30 ستمبر 2018 کو 10.1447 روپے ہو چکی ہے، اور اس طرح فنڈ نے اپنے بیچ مارک منافع 2.6% کے مقابلے میں 5.7% کا اضافہ دکھایا ہے۔ فنڈ کی یہ کارکردگی منجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

NIMMF کی وجہ بندی ایک شریعہ کیلینڈر منی مارکیٹ فنڈ کے طور پر ہوئی۔ فنڈ کا مقصد اسلامک بینکنگ / کمرشل بینکنگ کی اسلامک ونڈوز کی پیش کردہ منافع کی شرحوں کے مقابلے میں توازن سے بہتر منافع فراہم کرنا ہے۔ کم از کم قابل قبول ریٹنگ AA ہے، جب کہ فنڈ کو چھ ماہ سے زائد منجورٹی والی کسی سیکورٹی میں انویسٹ کرنے کی اجازت نہیں ہے۔ فنڈ کی منجورٹی کی پٹی ملی اوسط مدت 90 دن سے زائد نہیں ہو سکتی جبکہ فنڈ اعلیٰ معیار کے کریڈٹ پر وفا عمل مہیا کرنے کے ساتھ ساتھ آسان لیکویڈیٹی فراہم کرتا ہے۔

زیر جائزہ مدت کے دوران بڑھتے ہوئے اکاؤنٹ کے خسارے کی روک تھام کے لئے افراط زر میں خدشات کے پیش نظر اور زرمبادلہ کے زخاڑ میں کمی کے باعث اسٹیٹ بینک آف پاکستان نے پالیسی کی شرح 200 بیس پوائنٹ اضافے کے ساتھ 9% کر دی۔ جولائی - ستمبر مالی سال 19 میں 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 ریگولیٹری ڈیوٹی میں اضافہ، پاکستانی روپے کی قدر میں کمی اور خالص 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 اضافہ کے پیش نظر سرمایہ کاروں نے حکومت کی قلیل المدتی سیکورٹیز کو ترجیح دی جس کا اندازہ 3-month ٹی بلز میں ان کی بھاری تعداد میں شرکت سے ہوتا ہے۔ پالیسی کی شرح میں اضافہ سے بڑی سیکورٹیز پر نمایاں اثر پڑا اور قلیل المدتی ٹی بلز 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۔

فنڈ نے اس سال کے دوران 28.29 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 6.48 ملین روپے اخراجات منہا کرنے کے بعد خالص آمدنی 21.81 ملین روپے ہے۔

NAFA ISLAMIC MONEY MARKET FUND (NIMMF) کی ایسیٹ لیکویڈیشن 30 ستمبر 2018 کو بمطابق ذیل ہے:



Cash Equivalents &
Other Net Assets
(AAA), 100.00%

اظہار تشکر

بورڈ اس موقع کا فائدہ اٹھاتے ہوئے منجنت کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر یونٹ ہولڈرز کا شکر یہ 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 ڈسٹری بیوٹرز 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 منجنت لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

بتاریخ

30 اکتوبر 2018ء

مقام: کراچی

NAFA ISLAMIC MONEY MARKET 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		
Bank balances	1,465,664	1,513,430
Preliminary and floatation costs	848	1,026
Mark-up accrued	8,970	9,065
Deposits and prepayments	151	202
Total assets	1,475,633	1,523,723
LIABILITIES		
Payable to NBP Fund Management Limited - Management Company	2,912	3,227
Payable to Central Depository Company of Pakistan Limited - Trustee	173	211
Payable to the Securities and Exchange Commission of Pakistan	287	414
Accrued expenses and other liabilities	1,748	1,217
4		
Total liabilities	5,120	5,069
NET ASSETS	1,470,513	1,518,654
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)	1,470,513	1,518,654
Contingencies and commitments		
5		
	Number of units	Number of units
Number of units in issue	144,953,158	149,594,218
	-----Rupees-----	-----Rupees-----
Net asset value per unit	10.1447	10.1518

The annexed notes from 1 to 12 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 ISLAMIC MONEY MARKET FUND

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

	Note	Quarter Ended September 30, 2018 (Rupees in '000)
INCOME		
Return on - bank balances		28,293
Total income		<u>28,293</u>
EXPENSES		
Remuneration of NBP Fund Management Limited - Management Company		3,826
Sindh Sales Tax on remuneration of the Management Company		497
Reimbursement of operational expenses to the Management Company		383
Remuneration of the Central Depository Company of Pakistan Limited - Trustee		388
Sindh Sales Tax on remuneration of the Trustee		50
Annual fee to the Securities and Exchange Commission of Pakistan		287
Settlement and bank charges		23
Auditors' remuneration		164
Preliminary and floatation cost		178
Fund rating fee		51
Legal and professional charges		5
Annual listing fee		5
Printing charges		36
Shariah advisor fee		150
Total expenses		<u>6,043</u>
Net income from operating activities		22,250
Provision for Sindh Workers' Welfare Fund	7	(445)
Net income for the period before taxation		<u>21,805</u>
Taxation	6	-
Net income for the period after taxation		<u>21,805</u>
Earnings per unit	9	
Allocation of net income for the period:		
Net income for the period after taxation		21,805
Income already paid on units redeemed		(1,045)
		<u>20,760</u>
Accounting income available for distribution:		
- Relating to capital gain		-
- Excluding capital gain		20,760
		<u>20,760</u>

The annexed notes from 1 to 12 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 ISLAMIC MONEY MARKET FUND

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

	Quarter Ended September 30, 2018 (Rupees in '000)
Net income for the period after taxation	21,805
Other comprehensive income	-
Total comprehensive income for the period	21,805

The annexed notes from 1 to 12 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 ISLAMIC MONEY MARKET FUND

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

Quarter Ended		
September 30, 2018		
(Rupees in '000)		
Capital Value	Undistributed Income	Total

Net assets at beginning of the period	1,498,650	20,004	1,518,654
Issuance of units 7,512,539 units including 270,709 additional units			
- Capital value	72,418	-	72,418
- Refund of Capital	2,707	-	2,707
- Element of income	351	-	351
Total proceeds on issuance of units	75,476	-	75,476
Redemption of 12,153,599 units			
- Capital value	(121,536)	-	(121,536)
- Element of loss	(133)	(1,045)	(1,178)
Total payments on redemption of units	(121,669)	(1,045)	(122,714)
Total comprehensive income for the period	-	21,805	21,805
Final Distribution for the year ended June 30, 2018 @ Rs. 0.1518 declared on July 04, 2018			
- Cash Distribution	-	(20,001)	(20,001)
- Refund of Capital	(2,707)	-	(2,707)
	(2,707)	(20,001)	(22,708)
Net assets at end of the period	1,449,750	20,763	1,470,513
Undistributed income carried forward			
- Realised		20,004	
- Unrealised		-	
		20,004	
Accounting income available for distribution			
- Relating to capital gain		-	
- Excluding capital gain		20,760	
		20,760	
Final cash distribution for the year ended June 30, 2018		(20,001)	
Undistributed income carried forward		20,763	
Undistributed income carried forward			
- Realised		20,763	
- Unrealised		-	
		20,763	
			(Rupees) -
Net assets value per unit at beginning of the period			10.1518
Net assets value per unit at end of the period			10.1447

The annexed notes from 1 to 12 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 ISLAMIC MONEY MARKET FUND

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

	Quarter Ended September 30, 2018 (Rupees in '000)
CASH FLOWS FROM OPERATING ACTIVITIES	
Net income for the period before taxation	21,805
Adjustments:	
Return on - bank balances	(28,293)
Amortization of preliminary and floatation cost	178
Provision for Sindh Workers' Welfare Fund	445
	<u>(27,670)</u>
	(5,865)
Decrease in assets	
Deposits and prepayments	51
	<u>51</u>
(Decrease) / increase in liabilities	
Payable to the Management Company	(315)
Payable to the Trustee	(38)
Payable to the Securities and Exchange Commission of Pakistan	(127)
Accrued expenses and other liabilities	86
	<u>(394)</u>
Return on bank balances received	28,388
	<u>28,388</u>
Net cash generated from operating activities	22,180
CASH FLOWS FROM INVESTING ACTIVITIES	
Net cash generated from investing activities	-
CASH FLOWS FROM FINANCING ACTIVITIES	
Amounts received on issuance of units	72,769
Amounts paid on redemption of units	(122,714)
Dividend paid	(20,001)
	<u>(69,946)</u>
Net cash used in financing activities	(69,946)
Net decrease in cash and cash equivalents during the period	(47,766)
Cash and cash equivalents at the beginning of the period	1,513,430
Cash and cash equivalents at the end of the period	<u>1,465,664</u>

The annexed notes from 1 to 12 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 ISLAMIC MONEY MARKET FUND

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

1. LEGAL STATUS AND NATURE OF BUSINESS

NAFA Islamic Money Market Fund (the Fund) was established under a Trust Deed executed between NBP Fund Management Limited (formally; 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 January 09, 2018 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on January 04, 2018 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 Management Company is also the member of Mutual Fund Association of Pakistan (MUFAP).

The Fund is an open-ended mutual fund and classified as sharia compliant "shariah compliant money market scheme" by the Management Company and is listed on the Pakistan Stock Exchange Limited. 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 objective of the Fund is to provide competitive return with maximum possible capital preservation by investing in low risk and liquid Shariah Compliant authorized instruments.

The Pakistan Credit Rating Agency (PACRA) has assigned an asset manager rating of 'AM1' to the Management Company and has assigned stability rating AA(f) to the fund.

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) 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.

2.2 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.

NAFA ISLAMIC MONEY MARKET FUND

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.

		Un-audited September 30, 2018	Audited June 30, 2018
	Note	(Rupees in '000)	
4. ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration		160	297
Provision for Sindh Workers' Welfare Fund	7	948	503
Withholding tax		35	17
Capital gain tax		3	1
Legal and professional charges		25	20
Bank charges		26	19
Printing charges		71	35
Settlement Charges		1	1
Shariah advisor fee		323	173
Others		156	151
		<u>1,748</u>	<u>1,217</u>

5. CONTINGENCIES AND COMMITMENTS

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

6. 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.

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.

7. 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).

NAFA ISLAMIC MONEY MARKET FUND

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. 0.948 million (June 30, 2018: Rs. 0.503 million). Had the provision not being made, the net asset value per unit as at September 30, 2018 would have been higher by Rs.0.0065 per unit (June 30, 2018: Rs. 0.0034) per unit.

8. TOTAL EXPENSE RATIO

Total expense ratio (all the expenses incurred during the period divided by Average net assets value for the period) is 1.70% p.a. including 0.34% 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.

9. EARNING 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.

10. TRANSACTIONS WITH CONNECTED PERSONS AND RELATED PARTIES

10.1 Connected persons and related parties include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan being the Parent of the Management Company and Alexandra Fund Management Pte. Limited being the sponsor of the Management Company. It also includes associated companies of Management Company due to common directorship, post-employment benefit funds of the Management Company, its parent and sponsor. It also includes subsidiaries and associated companies of the Parent of the Management Company and other collective investment schemes (CIS) managed by the Management Company, directors and key management personnel of the Management Company and any person or company beneficially owning directly or indirectly 10% or more of the units in issue / net assets of the Fund.

10.2 The transactions with connected persons and related parties are carried out in the normal course of business, at contracted rates and terms determined in accordance with the market norms.

10.3 Remuneration of the Management Company is determined in accordance with the provisions of the NBFC Regulations.

10.4 Remuneration of the Trustee is determined in accordance with the provisions of the Trust Deed.

10.5 Details of transactions with connected persons are as follows:

**Un-audited
Quarter Ended
September 30,
2018
(Rupees in '000)**

NBP Fund Management Limited - Management Company

Remuneration of the Management Company	3,826
Sindh Sales Tax on Management Company's remuneration	497
Operational expenses	383
Sales load inclusive of Sindh Sales Tax	38

Central Depository Company of Pakistan Limited (Trustee)

Remuneration of the Trustee	388
Sindh Sales Tax on Remuneration of the Trustee	50
CDS charges	2

Employees of the Management Company

Units issued / transferred in 192,867 units	1,943
Unit redeemed / transferred out 158,383 units	1,594

NAFA ISLAMIC MONEY MARKET FUND

Un-audited
Quarter Ended
September 30,
2018
(Rupees in '000)

CDC Trustee NAFA Islamic Capital Preservation Plan-I

Units issued / transferred in 2,241,664 units
Unit redeemed / transferred out 9,302,141 units

19,839
94,000

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

10.6 Balances outstanding as at the period / year end

NBP Fund Management Limited - Management Company

Remuneration of the Management Company	1,215	1,377
Sindh Sales Tax payable on remuneration of the Management Company	158	179
Operational expenses	383	552
Sales load	49	17
Sindh Sales Tax on sales load	7	2
Preliminary and floatation costs payable	1,100	1,100

Central Depository Company of Pakistan Limited - Trustee

Remuneration payable	153	187
Sindh Sales tax Remuneration payable	20	24
CDC Charges	1	1
Security deposit	100	100

Employees of the Management Company

Investment held in the Fund: 34,484 units	350	-
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CDC Trustee NAFA Islamic Capital Preservation Plan-I

Investment held in the Fund: 140,673,122 units (June 30, 2018: 147,733,600 units)	1,427,087	1,499,762
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Summit Bank Limited (Common Directorship with the Management Company)

Bank balance	1,309	1,580
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11. 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.

12. GENERAL

12.1 Figures have been rounded off to the nearest thousand rupees.

12.2 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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