



**NBP FUNDS**

Managing Your Savings

Islamic Savings

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اسلامک سیونگز

## NAFA ISLAMIC ENERGY 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 ENERGY FUND

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# NAFA ISLAMIC ENERGY 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 Shahra-e-Faisal, Karachi.

### Bankers to the Fund

Silk Bank Limited  
United Bank Limited  
BankIslami Pakistan Limited  
Meezan Bank Limited  
Dubai Islamic Bank Pakistan Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
Allied Bank Limited  
Summit Bank Limited  
MCB Bank Limited  
JS Bank Limited

# NAFA ISLAMIC ENERGY 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.nbpffunds.com](http://www.nbpffunds.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:

1st Floor, Haji Tehmas Centre,  
Near KFC, Tehkal Payan  
University Road, Peshawar.  
Phone: 92-91-5711784, 5711782  
Fax: 92-91-5211780

## Multan Office:

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

# NAFA ISLAMIC ENERGY FUND

## DIRECTORS' REPORT

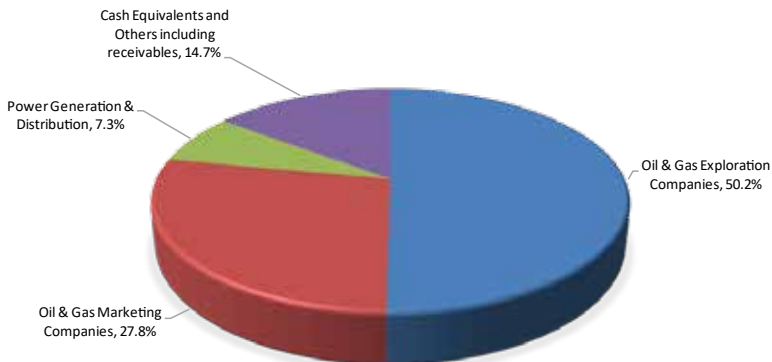
The Board of Directors of NBP Fund Asset Management Limited is pleased to present the unaudited condense financial statements of **NAFA Islamic Energy Fund (NIEF)** for the quarter ended September 30, 2018.

### Fund's Performance

The size of NAFA Islamic Energy Fund (NIEF) at the end of the period stood at Rs. 1,512 million, 8% lower than at June 30, 2018. During the period the unit price of NIEF has decreased from Rs. 12.6711 on June 30, 2018 to Rs. 12.2069 on September 30, 2018, thus showing a decrease of 3.66%. The Benchmark (KMI-30 Index) decreased by 2.57%. Thus, the Fund has underperformed its Benchmark by 1.09% during the period under review. Since inception (April 21, 2016), the unit price of the Fund has shown a growth of 34.93% as compared to 17.41% increase in its Benchmark. Thus, the Fund has outperformed its Benchmark by 17.52%. This performance is net of management fee and all other expenses.

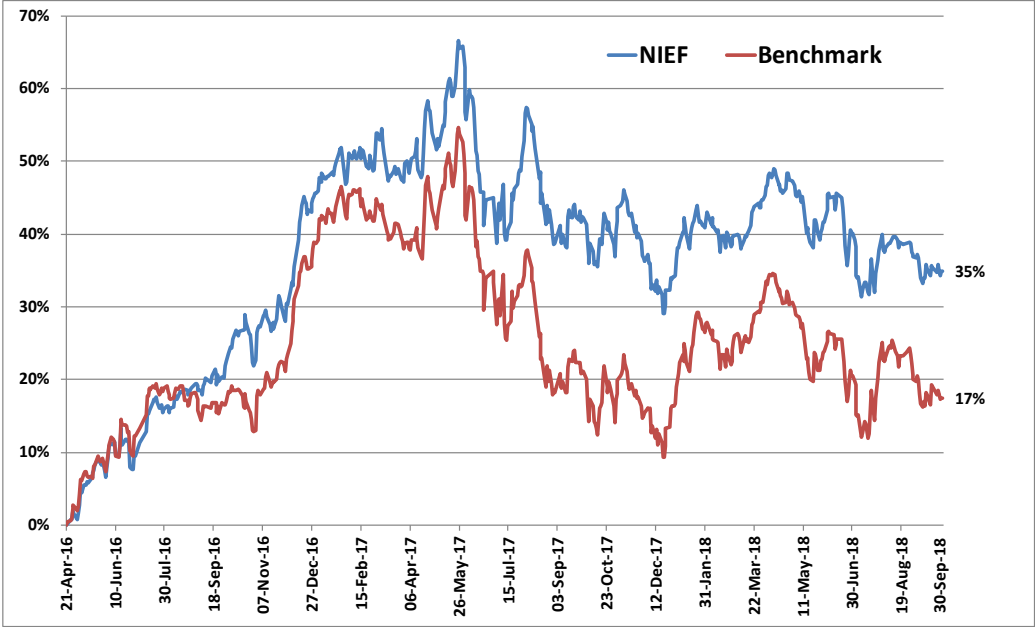
Amid amplified volatility, the stock market struggled during 1QFY2019 as the benchmark KMI-30 Index witnessed a decline of 2.6%. Lackluster performance of the stock market is primarily attributable to continued concerns on the twin deficits issue (Current Account Deficit & Fiscal Deficit) facing economy. 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 Energy Fund has incurred a total loss of Rs. 50.7883 million during the period. After deducting total expenses of Rs. 12.3741 million, the net loss is Rs. 63.1624 million. The asset allocation of the Fund as on September 30, 2018 is as follows:



# NAFA ISLAMIC ENERGY FUND

NIEF 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 ISLAMIC ENERGY FUND

## ڈائریکٹرز رپورٹ

این بی پی فنڈ منجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز INAFSA اسلامک انرجی فنڈ (NIEF) کی 30 ستمبر 2018 کو ختم ہونے والی سہ ماہی کے لیے کنڈینسڈ غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

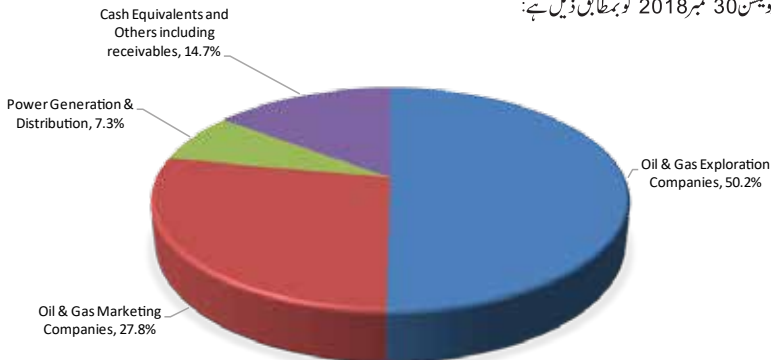
### فنڈ کی کارکردگی

INAFSA اسلامک انرجی فنڈ (NIEF) کا سائز اس مدت کے اختتام پر 1,512 ملین روپے رہا، جو 30 جون 2018 کے مقابلے میں 8% کم تھا۔ اس مدت کے دوران اسلامک انرجی فنڈ کے یونٹ کی قیمت 30 جون 2018 کو 12.6711 روپے سے کم ہو کر 30 ستمبر 2018 کو 12.2069 روپے ہو چکی ہے، یعنی 3.66% کی کمی دیکھی گئی۔ (پینچ مارک 30 KMI انڈیکس) 2.57% سے کم ہو گیا۔ لہذا زیر جائزہ مدت کے دوران فنڈ نے اپنے پیچ مارک کے مقابلے میں 1.09% کی ابتکار کردگی کا مظاہرہ کیا۔ اپنے قیام (21 اپریل 2016) سے اب تک فنڈ کے یونٹ کی قیمت میں اپنے پیچ مارک میں 17.41% اضافہ کا مقابلے میں 34.93% کی نمو دیکھنے میں آئی۔ لہذا فنڈ نے اپنے پیچ مارک کے مقابلے میں 17.52% کی بہتر کارکردگی دکھائی۔ یہ کارکردگی منجمنٹ فیس اور دیگر تمام اخراجات کے بعد حاصل ہے۔

بڑھتی ہوئی اتار 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 معلق 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 کی کیفیت ختم ہوئی۔ تاہم مقامی سطح پر سرمایہ کار کا جوش وقتی 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 افراد اور زر میں خدشات کے پیش نظر اور زرمبادلہ کے ذخائر میں کمی کے باعث اسٹیٹ بینک آف پاکستان نے پالیسی کی شرح 200 بیس پوائنٹ اضافے کے ساتھ 9% کر دی۔ اس سہ ماہی کے دوران غیر ملکی سرمایہ کار خاص فروخت کنندہ رہے اور 189 ملین امریکی ڈالر سرمایہ ملک سے باہر گیا جس کا بڑا حصہ انٹرنیشنل کمپنیز اور انفرادی سرمایہ کار کے حصے میں آیا۔ ابھرتی ہوئی مارکیٹس جیسے ترکی اور اردن جٹان 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۔

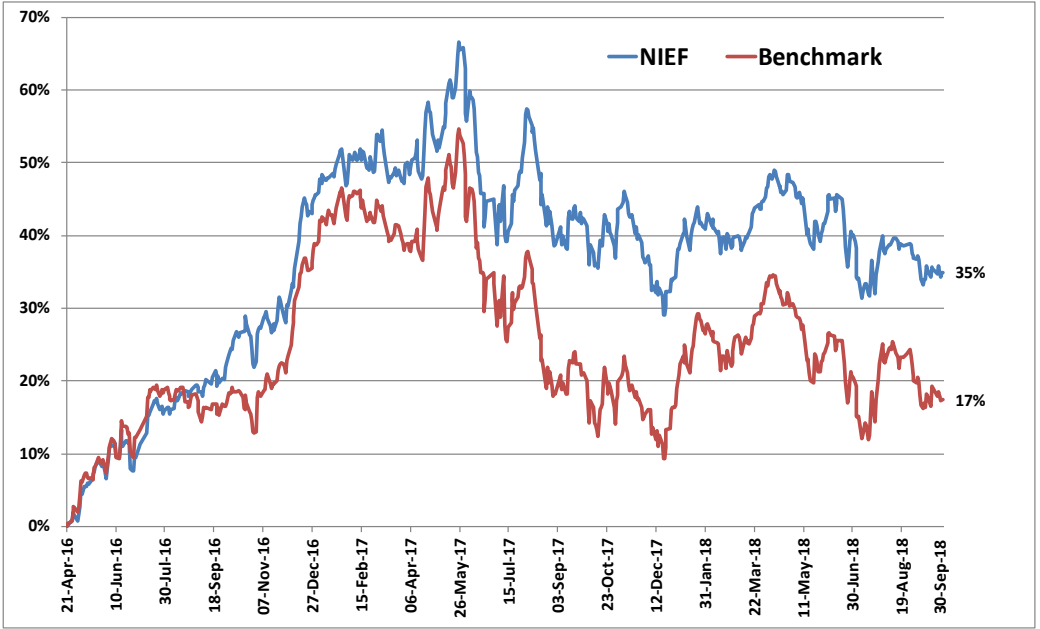
INAFSA اسلامک انرجی فنڈ (NIEF) کو اس مدت کے دوران 50,788.3 ملین روپے کا مجموعی نقصان ہوا۔ 12,374.1 ملین روپے کے اخراجات منہا کرنے کے بعد خالص نقصان 63,162.4 ملین روپے رہا۔

فنڈ کی البیسٹیٹ ایکویٹیشن 30 ستمبر 2018 کو بمطابق ذیل ہے:



# NAFA ISLAMIC ENERGY FUND

بچہ مارک کے مقابلے میں NIEF کی کارکردگی (اپنے قیام سے اب تک)



## اظہارِ تشکر

بورڈ اس موقع کا فائدہ اٹھاتے ہوئے منجھٹ کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر یونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سیکورٹیز اینڈ انویسٹمنٹ 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 ٹرسٹی کی طرف سے محنت، لگن اور عزم کے مظاہرے پر اپنا خراجِ تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

منیاب بورڈ آف ڈائریکٹرز

NBP فنڈ منجھٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

بتاریخ

130 اکتوبر 2018ء

مقام: کراچی

# NAFA ISLAMIC ENERGY FUND

## Condensed Interim Statement of Assets and Liabilities As at 30 September 2018

	Note	(Unaudited) 30 September 2018	(Audited) 30 June 2018
(Rupees in '000)			
<b>Assets</b>			
Balances with banks		240,217	235,501
Investments	4	1,289,646	1,440,039
Dividend and profit receivable		14,067	4,251
Deposits and other receivable		5,625	5,604
Preliminary expenses and floatation costs		1,169	1,285
<b>Total assets</b>		<u>1,550,724</u>	<u>1,686,680</u>
<b>Liabilities</b>			
Payable to - Management Company		19,662	18,131
Remuneration payable to the Central Depository Company of Pakistan Limited - Trustee		235	257
Payable to Securities and Exchange Commission of Pakistan		369	1,963
Accrued expenses and other liabilities		18,628	19,146
<b>Total liabilities</b>		<u>38,894</u>	<u>39,497</u>
<b>Net assets</b>		<u>1,511,830</u>	<u>1,647,183</u>
<b>Unit holders' fund</b>		<u>1,511,830</u>	<u>1,647,183</u>
<b>Contingencies and commitments</b>			
(Number of units)			
<b>Number of units in issue</b>		<u>123,850,297</u>	<u>129,995,295</u>
(Rupees)			
<b>Net assets value per unit</b>		<u>12.2069</u>	<u>12.6711</u>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For NBP Fund Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# NAFA ISLAMIC ENERGY FUND

## Condensed Interim Income Statement (Unaudited) For the quarter ended 30 September 2018

	Note	September 30	
		2018	2017
		(Rupees in '000)	
<b>Income</b>			
Profit on bank deposits		4,093	3,031
Dividend income		13,322	6,569
Net loss on sale of investments		(8,224)	(24,792)
Net unrealised loss on re-measurement of investments		(59,979)	(19,508)
<b>Total loss</b>		<b>(50,788)</b>	<b>(34,700)</b>
<b>Expenses</b>			
Remuneration of Management Company		7,772	11,257
Sales tax and federal excise duty on remuneration of Management Company		1,010	1,463
Accounting and operational charges		389	563
Selling and marketing expense		1,554	2,251
Remuneration of Central Depository Company of Pakistan Limited - Trustee		641	815
Sindh Sales tax on remuneration of trustee		83	106
Annual fee - Securities and Exchange Commission of Pakistan		369	535
Settlement and bank charges		44	309
Security and transaction cost		278	894
Amortization of formation cost		115	115
Listing Fee		7	7
Auditors' remuneration		83	94
Shariah Advisor fee		28	106
Printing and related charges		-	10
<b>Total expenses</b>		<b>12,374</b>	<b>18,525</b>
		<b>(63,162)</b>	<b>(53,225)</b>
Provision for Sindh Workers' Welfare Fund	7	-	-
<b>Net loss for the period before taxation</b>		<b>(63,162)</b>	<b>(53,225)</b>
Taxation	8	-	-
<b>Net loss for the period after taxation</b>		<b>(63,162)</b>	<b>(53,225)</b>
<b>Earnings per unit</b>	9		
<b>Allocation of Net income for the period:</b>			
Income already paid on units redeemed		-	-
Accounting income available for distribution carried to distribution account:			
-Relating to capital gains		-	-
-Excluding capital gains		-	-
Accounting Income available for Distribution		-	-

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For NBP Fund Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# NAFA ISLAMIC ENERGY FUND

## Condensed Interim Statement of Comprehensive Income (Unaudited) For the quarter ended 30 September 2018

	<u>September 30</u> <u>2018</u>	<u>September 30</u> <u>2017</u>
	----- (Rupees in '000) -----	-----
<b>Accounting Income available for Distribution</b>	<b>(63,162)</b>	<b>(53,225)</b>
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to income statement</i>		
Net unrealised (diminution) on re-measurement of investments classified as other comprehensive income	-	-
<b>Total comprehensive loss for the period</b>	<b><u>(63,162)</u></b>	<b><u>(53,225)</u></b>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

For NBP Fund Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# NAFA ISLAMIC ENERGY FUND

## STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS For the quarter ended 30 September 2018

	2018				2017			
	Rupees in '000							
	Capital Value	Undistributed income	Unrealised appreciation/(diminution) through comprehensive income*	Total	Capital Value	Undistributed income	Unrealised appreciation/(diminution) through comprehensive income*	Total
Net assets at beginning of the period	1,229,320	417,863	-	1,647,183	1,811,540	503,986	-	2,315,526
Issue of 14,547,467 units (2017: 39,324,148 units)								
- Capital value (at net asset value per unit at the beginning of the year)	184,332	-	-	184,332	514,977			514,977
- Element of loss	(4,177)	-	-	(4,177)	10,445			10,445
Total proceeds on issuance of units	180,155	-	-	180,155	525,422			525,422
Redemption of 20,692,465 units (2017: 50,888,445 units)								
- Capital value (at net asset value per unit at the beginning of the year)	(262,196)	-	-	(262,196)	(666,420)			(666,420)
- Element of income	9,850	-	-	9,850	4,746			4,746
Total payments on redemption of units	(252,346)	-	-	(252,346)	(661,674)			(661,674)
Total comprehensive loss for the period	-	(63,162)	-	(63,162)	-	(53,225)	-	(53,225)
Distribution during the year	-	-	-	-	-	-	-	-
Net loss for the year less distribution	-	(63,162)	-	(63,162)	-	(53,225)	-	(53,225)
<b>Net assets at end of the period</b>	<b>1,157,129</b>	<b>354,701</b>	<b>-</b>	<b>1,511,830</b>	<b>2,998,636</b>	<b>450,761</b>	<b>-</b>	<b>2,126,049</b>
Undistributed income brought forward								
- Realised income		459,033				102,089		
- Unrealised		(41,170)				(401,897)		
		417,863				503,986		
Accounting loss available for distribution								
- Relating to capital gains								
- Excluding capital gains								
Accounting income available for distribution								
- Relating to capital gains								
- Excluding capital gains								
Net loss for the year before taxation		(63,162)				(53,225)		
Distribution for the year		-				-		
Undistributed income carried forward		354,701				450,761		
Undistributed income carried forward								
- Realised income		414,680				470,269		
- Unrealised loss		(59,979)				(19,508)		
		354,701				450,761		
				(Rupees)				(Rupees)
Net assets value per unit at beginning of the period				12.6711				13.0957
Net assets value per unit at end of the period				12.2069				12.8655

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director

# NAFA ISLAMIC ENERGY FUND

## Condensed Interim Cash Flow Statement (Unaudited) For the quarter ended 30 September 2018

	September 30	
	2018	2017
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss for the period before taxation	(63,162)	(53,225)
<i>Adjustments for non-cash charges and other items:</i>		
Net unrealised diminution in fair value of investments classified as 'at fair value through profit or loss'	59,979	19,508
Amortisation of preliminary expenses and floatation costs	115	115
	<b>(3,068)</b>	<b>(33,602)</b>
<b>Decrease / (increase) in assets</b>		
Investments	<b>90,415</b>	471,296
Dividend and profit receivable	<b>(9,816)</b>	551
Prepayments and other receivables	<b>(21)</b>	(21)
	<b>80,578</b>	471,826
<b>(Increase) / Decrease in liabilities</b>		
Payable to - Management Company	<b>1,532</b>	1,369
Payable to the Central Depository Company of Pakistan Limited - Trustee	<b>(22)</b>	219
Payable to the Securities and Exchange Commission of Pakistan	<b>(1,594)</b>	(1,677)
Dividend payable	<b>-</b>	(15,872)
Accrued expenses and other liabilities	<b>(518)</b>	1,957
	<b>(602)</b>	(14,004)
<b>Net cash generated / (used in) from operating activities</b>	<b>76,908</b>	424,220
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issuance of units	<b>180,154</b>	506,923
Payments on redemption of units	<b>(252,346)</b>	(896,663)
<b>Net cash (used in) / generated from financing activities</b>	<b>(72,192)</b>	(389,740)
Net increase in cash and cash equivalents during the period	4,716	34,480
Cash and cash equivalents at beginning of the period	<b>235,501</b>	246,013
<b>Cash and cash equivalents at end of the period</b>	<b>240,217</b>	280,493

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director

# NAFA ISLAMIC ENERGY FUND

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

### 1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Islamic Energy Fund (the Fund) was established under a Trust Deed executed between NBP Fund Management Limited (NAFA) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on March 28, 2016 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on April 07, 2016 in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

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 registered office of the Management Company is situated at 7th floor, Clifton Diamond Building, Block 4, Scheme No. 5, Clifton, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).

The Fund's pre-IPO investment was received on April 19, 2016. It is an open-ended mutual fund 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 Fund is categorised as an Open-End "Shariah Compliant Equity Scheme" as per the criteria laid down by the Securities and Exchange Commission of Pakistan for categorisation of Collective Investment Schemes (CIS).

The core objective of the Fund is to provide investors with long term capital growth from an actively managed portfolio of shariah compliant listed equities belonging to the energy sector.

The Pakistan Credit Rating Agency (PACRA) has assigned an Asset Manager Rating of AM 1 Management Company. The Fund has not yet been rated.

The title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund.

The duration of the Fund is perpetual. However, SECP or the Management Company may wind it up on the occurrence of certain events as specified in offering document of the Fund.

### 2 BASIS OF PREPARATION

The transactions undertaken by the Fund are in accordance with the process prescribed under the Shariah guidelines issued by the Shariah Supervisory Council.

#### 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 VIII A 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 VIII A 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 VIII A 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 ENERGY 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 As at September 30, 2018	Audited As at June 30, 2018
(Rupees in '000)	

## 4 INVESTMENTS

### Financial assets 'at fair value through profit or loss'

- Listed equity securities

5.1

1,289,646

1,440,039

### 5.1 Investments in shares of listed companies at fair value through profit or loss

Name of the investee company	As at July 1, 2018	Purchases during the period	Bonus / right shares	Sales during the period	As at September 30, 2018	Market Value as at September 30, 2018	Market value as a percentage of net assets	Market value as a percentage of total investment	Nominal value as a percentage of Paid up capital of the investee company
<b>OIL AND GAS EXPLORATION COMPANIES</b>									
Mari Petroleum Company Limited	120,650	10,800	-	-	131,450	204,842	13.55	15.88	0.01
Oil & Gas Development Company Limited	1,295,400	26,000	-	25,500	1,295,900	198,260	13.11	15.37	0.00
Pakistan Oilfields Limited	207,700	37,000	48,940	-	293,640	161,261	10.67	12.50	0.01
Pakistan Petroleum Limited	1,026,200	18,500	-	130,500	914,200	195,090	12.90	15.13	0.00
<b>OIL AND GAS MARKETING COMPANIES</b>									
Attock Petroleum Limited	144,600	-	21,400	37,600	128,400	56,990	3.77	4.42	0.02
Hascol Petroleum Limited	293,100	-	-	25,000	268,100	73,028	4.83	5.66	0.22
Hi-Tech Lubricants Limited	428,700	-	-	-	428,700	35,776	2.37	2.77	0.04
Pakistan State Oil Company Limited	308,420	71,100	-	127,500	252,020	80,354	5.32	6.23	0.01
Shell (Pakistan) Limited	189,700	-	-	49,300	140,400	41,228	2.73	3.20	0.01
Sui Northern Gas Pipelines Limited	1,146,200	-	-	164,000	982,200	87,534	5.79	6.79	0.02
Sui Southern Gas Company	2,283,000	-	-	659,000	1,624,000	44,985	2.98	3.49	0.02
<b>POWER GENERATION AND DISTRIBUTION</b>									
Hub Power Company Limited	735,900	332,000	-	86,000	981,900	85,887	5.68	6.66	0.01
Kot Addu Power Company Limited	466,000	-	-	466,000	-	0	-	-	-
K-Electric Limited	3,298,000	-	-	692,500	2,605,500	13,939	0.92	1.08	0.00
Lalpur Power Limited	847,500	-	-	80,000	767,500	10,415	0.69	0.81	0.22
<b>REFINERY</b>									
Attock Refinery Limited	300	-	75	-	375	57	0.00	0.00	0.00
	402,000				10,814,285	1,289,646	85.30	100.00	

Carrying value as at September 30, 2018

1,349,625

Investments include shares with market value of Rs 97.3541 million (June 2018: Rs 100.071 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular no.11 dated October 23, 2007 issued by the SECP.

## 6 CONTINGENCIES AND COMMITMENTS

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

## 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 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 ENERGY 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. 14.0520 million (September 30, 2017: Rs. 14.0505 million). Had the provision not being made, the net asset value per unit as at September 30, 2018 would have been higher by Rs.0.1135 per unit (September 30, 2017: Rs. 0.0850) per unit

## 8 TAXATION

The income of the Fund is exempt from income tax as per clause 99 of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend. The management intends to distribute 90 percent of the Fund's net accounting income earned by the year end as cash dividend to the unit holders. Accordingly, no provision in respect of taxation has been made in this condensed interim financial information.

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

## 9 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.

## 10 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses incurred during the period divided by Average net assets value for the period) is 3.19% p.a. including 0.38% 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.

## 11 SELLING AND MARKETING EXPENSE

The SECP vide circular 40 of 2016 dated December 30, 2016 (later amended vide circular 05 of 2017 dated February 13, 2017 and circular 5 of 2018 dated June 4, 2018) has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds and money market funds) initially for three years (from January 1, 2017 till December 31, 2019). The maximum cap of selling and marketing expense shall be 0.4% per annum of net assets of the fund or actual expenses whichever is lower. Accordingly, the Management Company has charged selling and marketing expenses amounting to Rs. 1.554 million at the rate of 0.4% of the net assets of the Fund being lower than the actual expenses chargeable to the Fund for the year.

## 12 TRANSACTIONS WITH CONNECTED PERSONS

12.1 Related parties / 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 (NBP) and Alexandra Fund Management Pte. Limited being the sponsors, other collective investment schemes managed by the Management Company, entities having common directorship with the Management Company, retirement funds of group companies, directors and key management personnel of the Management Company and any person or company which beneficially owns directly or indirectly 10% or more of the units in issue / net assets of the Fund.

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

12.3 Remuneration of the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

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

	For the Quarter September 30,2018	For the Quarter September 30,2017
<b>12.5 Details of the transactions with connected persons are as follows:</b>		<b>(Rupees in '000)</b>
<b>NBP Fund Management Limited - Management Company</b>		
Remuneration of the Management Company	7,772	1,457
Sindh sales tax on remuneration of the Management Company	1,010	189
Accounting and operational charges to the Management Company	389	230
Selling and marketing expense	1,554	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration	641	230
Sindh sales tax on remuneration of Trustee	83	30
CDS Charges	46	10
<b>Employees of Management Company</b>		
Units Issued / Trasferred In 9,931 units (2017: nil units)	123	-
Units redeemed / transferred out 294,549 units(2017: 29,890 units)	3,590	263
<b>NBP Fund Management Limited</b>		
Units Redeemed / Transferred Out 4,393,429	53,377	-
<b>Gul Ahmed Textile Mills Employees Provident Fund</b>		
Units Issued / Trasferred In 919,300 units (2017: nil units)	11,500	-

# NAFA ISLAMIC ENERGY FUND

Un-audited as at  
30-Sep-18  
Audited as at  
30-Jun-18  
(Rupees in '000)

## 12.6 Amounts outstanding as at period end

### NBP Fund Management Limited - Management Company

Payable to the Management Company	2,523	2,898
Sindh sales tax on remuneration of Management Company	328	377
Federal excise duty on remuneration of Management Company	583	583
Front-end load payable	7,817	6,952
Sindh sales tax on front end load	1,030	917
Federal excise duty on front end load	1,557	1,557
Selling and marketing expense	5,419	3,865
Other	16	16
Accounting and operational charges charged by the Management Company	389	966
Units held 10,769,544 units (2018:485,385 units)	-	55,670

### Employees of the Management Company

Units held 200,766 units (2018:485,385 units)	2,451	6,150
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### Central Depository Company of Pakistan Limited - Trustee

Trustee fee	208	227
Sindh sales tax on the remuneration of trustee	27	30
Security deposit	100	100
Settlement charges	-	65

### Summit Bank Limited (Common Directorship)

Bank Balances	2,163	2,312
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### BankIslami Pakistan Limited (Common Directorship)

Bank balances	129,239	193,650
Profit receivable	701	666

### Taurus Securities Limited - Subsidiary of Parent Company

Brokerage payable	-	30
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### Prosperity Weaving Mills

Units held 1,040,543 units (2017: 1,040,543 units)	12,702	13,185
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### Gul Ahmed Textile Mills Employees Provident Fund

Units held 919,300 units (2018: nil units)	11,222	-
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## 13 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**

## 14 GENERAL

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

14.2 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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