



# NBP FUNDS

Managing Your Savings

Islamic Savings

# Aitemaad اعتماد



اسلامک سیونگز

## NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

**ANNUAL  
REPORT  
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 ACTIVE ALLOCATION RIBA FREE SAVINGS 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

Bank Islami Pakistan Limited  
Habib Bank Limited  
United Bank Limited  
Dubai Islamic Bank Limited  
Silk Bank Limited  
Al Baraka Bank (Pakistan) Limited  
Habib Metropolitan Bank Limited  
Allied Bank Limited  
Soneri Bank Limited  
Bank Al-Habib Limited

# NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS 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.nbp funds.com](http://www.nbp funds.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

## Contents

DIRECTORS' REPORT	05
TRUSTEE REPORT TO THE UNIT HOLDERS	10
FUND MANAGER REPORT	11
STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES	13
REPORT OF THE SHARIAH ADVISOR	14
INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS	15
STATEMENT OF ASSETS AND LIABILITIES	18
INCOME STATEMENT	19
STATEMENT OF COMPREHENSIVE INCOME	20
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND	21
CASH FLOW STATEMENT	22
NOTES TO THE FINANCIAL STATEMENTS	23
PERFORMANCE TABLE	42

# Board of Directors



Dr. Amjad Waheed, CFA  
Chief Executive Officer



Mr. Mudassir Husain Khan  
Chairman



Mr. Kamal Amir Chinoy  
Director



Mr. Humayun Bashir  
Director



Mr. Tariq Jamali  
Director



Mr. Shehryar Faruque  
Director



Dr. Foo Chiah Shiung (Kelvin Foo)  
Director



Mr. Abdul Hadi Palekar  
Director



Mr. Wajahat Rasul Khan  
Director



# Senior Management



Mr. Sajjad Anwar, CFA  
Chief Investment Officer



Dr. Amjad Waheed, CFA  
Chief Executive Officer



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



Mr. Khalid Mehmood  
Chief Financial Officer



Mr. Samiuddin Ahmed  
Country Head Corporate  
Marketing



Mr. Ozair Khan  
Chief Technology Officer



Syed Rizwan Aziez  
Country Head Sales Strategy



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



Mr. Taha Khan Javed, CFA  
Head of Equity



Mr. Hassan Raza, CFA  
Head of Research



Syed Ali Azhar Hasani  
Head of Internal Audit



Mr. Salman Ahmed, CFA  
Head of Risk Management



Mr. Zaheer Iqbal - ACA, FPFA  
Head Of Operations



Mr. Raheel Rehman, ACA  
Head of Compliance



Mr. Shahbaz Umer  
Head of Human Resource &  
Administration

# NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

## DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the Third Annual Report of **NAFA Active Allocation Riba Free Savings Fund (NAARFSF)** for the year ended June 30, 2018.

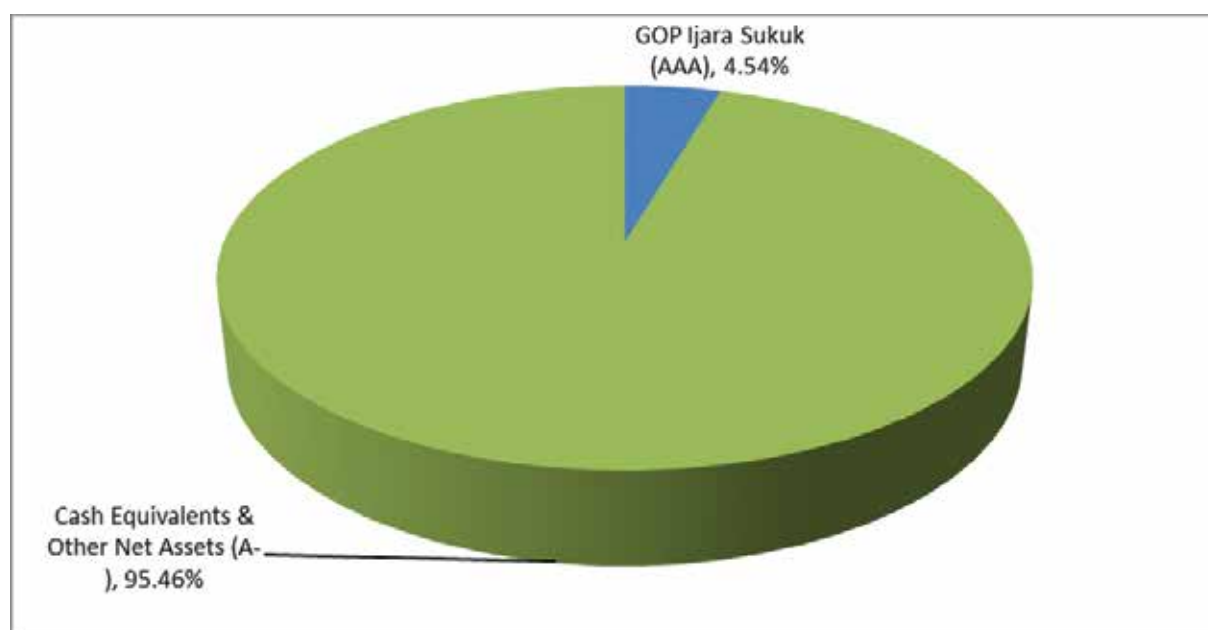
### Fund's Performance

The size of NAFA Active Allocation Riba Free Savings Fund has significantly grown from Rs. 955 million to Rs. 2,161 million during the period, i.e. a significant increase of 126%. During the said period, the unit price of the Fund has increased from Rs. 10.0154 on June 30, 2017 to Rs. 10.4233 on June 30, 2018, thus posting a return of 4.1% as compared to its Benchmark return of 2.4% for the same period. The return of the Fund is net of management fee and all other expenses.

NAARFSF is an Islamic Income Scheme with no direct or indirect exposure to stock market. The Fund aims to consistently provide better returns than profit rates offered by Islamic Banks/Islamic windows of commercial banks, while also providing easy liquidity along with a good quality credit profile. The maturity of any single instrument except GOP Ijarah Sukuks cannot exceed six months.

The primary market for Corporate Sukuks remained under-supplied against the large and growing demand. In the secondary market, the trading activity in the Corporate Sukuks remained skewed towards high quality debt issues with cumulative trade value of Rs. 9.6 billion in FY18 compared to Rs. 2.7 billion during the last year. However, the scarcity of primary issuance versus elevated demand squeezed the spread and kept the yields on the high credit quality corporate bonds depressed. During the first half of FY18, the SBP maintained the policy rate at 5.75% owing to strong likelihood of continued growth momentum; contained inflation; and anticipation of gain in exports due to improvement in domestic energy supplies and incentives given to exports industry. However, in the latter half, the SBP cumulatively increased the policy rate by 75 basis points to 6.5% in response to growing pressures on the external front driven by ballooning Current Account Deficit (CAD), preempt overheating of the economy, and rein in inflationary pressures. Sovereign yields responded to increase in the policy rate whereby 3-month, 6-month, and 12-month T-Bills yields went up by 79 bps, 90 bps, and 116 bps, respectively.

The Fund has earned a total income of Rs.96.09 million during the year. After deducting total expenses of Rs.30.69 million, the net income is Rs.65.39 million. The asset allocation of NAFA Active Allocation Riba Free Savings Fund as on June 30, 2018 is as follows:





# NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

## Income Distribution

The Management Company has approved cash dividend of 4.07% of opening (ex-NAV 4.08 and the par value) subsequent to the year end.

## Taxation

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

## Auditors

The present auditors Messrs A.F. Ferguson & Co. Chartered Accountants retire and, being eligible, offer themselves for re-appointment for the year ending June 30, 2019.

## Directors' Statement in Compliance with Code of Corporate Governance

1. The financial statements, prepared by the management company, present fairly the state of affairs of the Fund, the result of its operations, cash flows and statement of movement in unit holders' funds.
2. Proper books of account of the Fund have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Fund's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
8. A performance table/ key financial data is given in this annual report.
9. Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements.
10. The Board of Directors of the Management Company held four meetings during the period. The attendance of all directors is disclosed in the note 27 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 24 to these financial statements.
12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 19 to these financial statements.
13. The Company encourages representation of independent non-executive directors on its Board. The Company, being an un-listed company, does not have any minority interest. As at June 30, 2018, the Board included:

# NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

Category	Names
Independent Directors	1. Mr. Kamal Amir Chinoy 2. Mr. Shehryar Faruque 3. Mr. Humayun Bashir
Executive Directors	Dr. Amjad Waheed – Chief Executive Officer
Non-Executive Directors	1. Mr. Mudassir Husain Khan (Chairman) 2. Mr. Tariq Jamali 3. Mr. Abdul Hadi Palekar 4. Mr. Wajahat Rasul Khan 5. Dr. FOO Chiah Shiung (Kelvin Foo)

## 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  
Date: September 05, 2018  
Place: Karachi.

Director

## ڈائریکٹرز رپورٹ

این بی پی فنڈ منیجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NAFA ایکٹیو ایلوکیشن ریفاری سیونگز فنڈ (NAARFSF) کی تیسری سالانہ رپورٹ برائے سال ختمہ 30 جون 2018ء پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

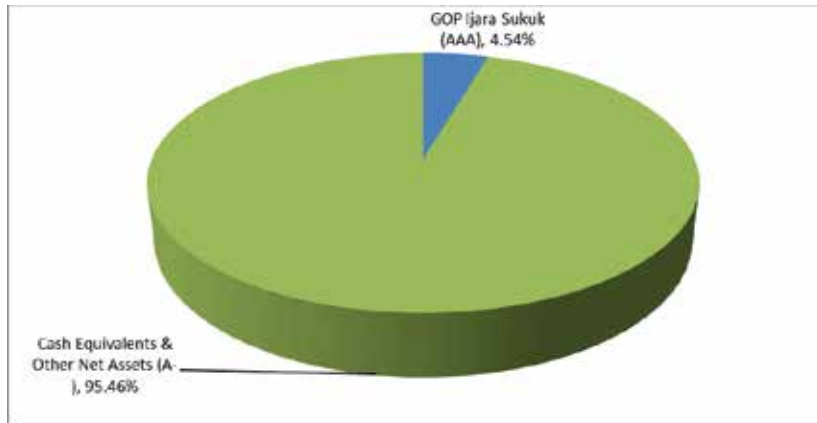
### فنڈ کی کارکردگی

NAFA ایکٹیو ایلوکیشن ریفاری سیونگز فنڈ (NAARFSF) کا سائز اس مدت کے دوران خاطر خواہ اضافہ کے بعد 955 ملین روپے سے بڑھ کر 2,161 ملین روپے ہو گیا، یعنی تقریباً 126% کا خاطر خواہ اضافہ۔ زیر جائزہ مدت کے دوران فنڈ کے یونٹ کی قیمت 30 جون 2017 کو 10.0154 روپے (Ex-Div) سے بڑھ کر 30 جون 2018 کو 10.4233 روپے ہو چکی ہے، لہذا فنڈ نے اسی مدت میں 2.4% پیج مارک منافع کے مقابلے میں 4.1% کا منافع دیا۔ یہ کارکردگی منیجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

NAARFSF ایک اسلامک انکم اسکیم ہے جس کا اسٹاک مارکیٹ سے کوئی براہ راست یا بالواسطہ تعلق نہیں ہے۔ فنڈ کا مقصد اسلامک بینکس / کمرشل بینکس کی اسلامک ونڈوز کی پیش کردہ منافع کی شرحوں کے مقابلے میں توازن سے بہتر منافع فراہم کرنا ہے، جب کہ اعلیٰ کوالٹی کے کریڈٹ پروفائل کے ساتھ آسان لیکویڈیٹی بھی مہیا کرنا ہے۔ کسی واحد انسٹرومنٹ کی میچورٹی، ماسوائے حکومت پاکستان کے اجارہ صکوک، 6 ماہ سے تجاوز نہیں کر سکتی۔

ابتدائی مارکیٹ میں کارپوریٹ سکوک کی فراہمی زائد اور بڑھتی ہوئی طلب کے باوجود کم رہی۔ ثانوی مارکیٹ میں کارپوریٹ سکوک کی تجارتی سرگرمیوں کا جھکاؤ اعلیٰ سطح کے قرضہ جات کے اجارہ کی جانب رہا اور مالی سال 18 میں تجارتی حجم 9.6 ملین روپے رہا جب کہ گزشتہ سال کے دوران یہ رقم 2.7 ملین روپے تھی۔ البتہ ابتدائی اجراء کی کمی کے مقابلے میں بڑھتی ہوئی طلب نے اسپرڈ کو محدود کیا جس کے باعث بہتر معیار کے کارپوریٹ بانڈز پر اصل شرح منافع متاثر ہوا۔ پہلے نصف عرصہ کے دوران، ترقی کی رفتار جاری رہنے کی قوی توقع، افراط زر کی موجودگی، اور ملکی توانائی کی فراہمی میں بہتری اور برآمدات کی صنعت کو دی گئی ترغیبات کے باعث برآمدات میں فروغ کے سلسلے میں پیش رفت کے پیش نظر، ایس بی پی نے 5.75% پالیسی شرح کو برقرار رکھا۔ تاہم اگلے نصف عرصہ میں، بیرونی محاذ پر کرنٹ اکاؤنٹ کے خسارے (CAD) میں اضافے کے باعث بڑھتے ہوئے دباؤ، معیشت میں پہلے سے موجود افراط زر اور افراط زر پر قابو کیلئے پانے کے لئے، ایس بی پی نے پالیسی کی شرح میں 75 بیسس پوائنٹ کا اضافہ کر دیا اور پالیسی کی شرح 6.5% ہو گئی۔ پالیسی کی شرح میں اضافہ سے اچھے نتائج برآمد ہوئے اور 3 ماہ، 6 ماہ اور 12 ماہ T-Bills کی منافع بالترتیب 79 bps، 90 bps اور 116 bps سے بڑھ گئے۔

NAFA ایکٹیو ایلوکیشن ریفاری سیونگز فنڈ (NAARFSF) نے اس سال کے دوران 96.09 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 30.69 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 65.39 ملین روپے رہی۔ فنڈ کی ایسیٹ ایلوکیشن 30 جون 2018 کو بمطابق ذیل ہے:



### آمدنی کی تقسیم

منیجمنٹ کمپنی نے سال کے اختتام کے بعد اویگ ex-NAV 4.07% (بنیادی قدر کا 4.08%) نقد ڈیویڈنڈ کی منظوری دی ہے۔

### ٹیکسیشن

درج بالا نقد منافع، سال کے دوران میں حاصل ہونے والی آمدنی میں سے سرمایہ کاری پر حاصل ہونے والے محصول شدہ اور غیر محصول شدہ کیپٹل گین منہا کرنے کے بعد 90% ہے، اس لئے فنڈ پر انکم ٹیکس آرڈیننس 2001 کے سیکشن 110 کے تحت ٹیکس لاگو نہیں ہے۔

# NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

## آڈیٹرز

موجودہ آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور اہل ہونے کی بناء پر انہوں نے خود کو 30 جون 2019 کو ختم ہونے والے سال میں دوبارہ تقرر کیلئے پیش کیا ہے۔

## کوڈ آف کارپوریٹ گوررننس کی پیروی میں ڈائریکٹرز اسٹیٹمنٹ

- 1- منجھٹ کمپنی کی طرف سے تیار کردہ مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلو اور یونٹ ہولڈرز فنڈ میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
- 2- فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
- 3- مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے۔ شماریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔
- 4- ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی معیاروں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، کی پیروی کی گئی ہے۔
- 5- انٹرئل کنٹرول کا نظام مستحکم اور مؤثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔
- 6- فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
- 7- لسٹنگ ریگولیشنز میں تفصیلاً درج کارپوریٹ گورننس کی اعلیٰ ترین روایت سے کوئی پہلو ہی نہیں کی گئی۔
- 8- پرفارمنس ٹیبل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہے۔
- 9- ٹیکسوں، ڈیویڈنڈ، محصولات اور چارجز کی مد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
- 10- اس مدت کے دوران منجھٹ کمپنی کے بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 27 میں ظاہر کی گئی ہے۔
- 11- یونٹ ہولڈنگ کا تفصیلی پیٹرن مالیاتی گوشواروں کے نوٹ 24 میں ظاہر کیا گیا ہے۔
- 12- ڈائریکٹرز، CEO، CFO، کمپنی سیکرٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے یونٹس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 19 میں ظاہر کی گئی ہے۔
- 13- کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدارانہ ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ کمپنی ایک غیر فہرست شدہ کمپنی ہونے کے ناطہ کوئی مائٹنری انٹرسٹ نہیں رکھتی۔ 30 جون 2018 کو بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل ہیں۔

کیٹیگری	نام
غیر جانبدار ڈائریکٹرز	1- جناب کمال عامر چنائے 2- جناب شہریار فاروق 3- جناب ہمایوں بشیر
ایگزیکٹو ڈائریکٹرز	ڈاکٹر احمد وحید (چیف ایگزیکٹو آفیسر)
نان ایگزیکٹو ڈائریکٹرز	1- جناب مدر حسین خان (چیئر مین) 2- جناب طارق جمالی 3- جناب عبدالہادی پالیکر 4- جناب وجاہت رسول خان 5- ڈاکٹر فوشیہ شیونگٹ (کیلون فو)

## اعتراف

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

منجانب بورڈ آف ڈائریکٹرز

NBP منجھٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

بتاریخ

05 ستمبر 2018ء

مقام: کراچی

# NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

## TRUSTEE REPORT TO THE UNIT HOLDERS NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

**Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of NAFA Active Allocation Riba Free Savings Fund (the Fund) are of the opinion that NBP Fund Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2018 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

**Aftab Ahmed Diwan**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi, September 12, 2018



# NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

## FUND MANAGER REPORT

NAFA Active Allocation Riba Free Savings Fund (NAARFSF) is an Open-end Shariah Compliant Income Scheme.

### Investment Objective of the Fund

To earn a reasonable rate of return along with a high degree of liquidity by investing in short-term Shari'ah compliant banks deposits and money market/debt securities.

### Benchmark

6-month average deposit rates of three A rated Islamic Banks/Islamic windows of conventional banks as selected by MUFAP.

### Fund Performance Review

This is the Third Annual report since the launch of the Fund on January 18, 2016. The Fund size significantly increased by 126% and stands at Rs. 2,161 million as on June 30, 2018. Since its inception, the Fund posted an annualized return of 4.0% versus the benchmark return of 3.1%. This translates into an outperformance of 0.9% p.a. During FY18, the Fund posted 4.1% return versus the benchmark return of 2.4%, thus registering an outperformance of 1.7% p.a. This performance is net of management fee and all other expenses.

NAARFSF is an Islamic Income Scheme with no direct or indirect exposure to stock market. The Fund aims to consistently generate better returns than profit rates offered by Islamic Banks/Islamic windows of commercial banks, while also providing easy liquidity along with a good quality credit profile. The maturity of any single instrument except GOP Ijarah Sukuks cannot exceed six months. GOP Ijarah Sukuks are floating rate Shariah compliant securities with six monthly coupon resets. This minimizes pricing risk.

The primary market for Corporate Sukuks remained under-supplied against the large and growing demand. In the secondary market, the trading activity in the Corporate Sukuks remained skewed towards high quality debt issues with cumulative trade value of Rs. 9.6 billion in FY18 compared to Rs. 2.7 billion during the last year. However, the scarcity of primary issuance versus elevated demand squeezed the spread and kept the yields on the high credit quality corporate bonds depressed. During the first half of FY18, the SBP maintained the policy rate at 5.75% owing to strong likelihood of continued growth momentum; contained inflation; and anticipation of gain in exports due to improvement in domestic energy supplies and incentives given to exports industry. However, in the latter half, the SBP cumulatively increased the policy rate by 75 basis points to 6.5% in response to growing pressures on the external front driven by ballooning Current Account Deficit (CAD), preempt overheating of the economy, and rein in inflationary pressures. Sovereign yields responded to increase in the policy rate whereby 3-month, 6-month, and 12-month T-Bills yields went up by 79 bps, 90 bps, and 116 bps, respectively. All Sukuks in the Fund are floating rate linked to KIBOR with three to 6-month coupon resetting period.

### Asset Allocation of Fund (% of NAV)

Particulars	30-Jun-18	30-Jun-17
GOP Ijara Sukuk	4.54 %	10.54 %
Cash (Cash Equivalents) & Other Assets	95.46 %	89.46 %
<b>Total</b>	<b>100</b>	<b>100</b>

# NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

## Distribution for the Financial Year 2018

Interim Period/Quarter	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
Final	4.08 %	0.4079	10.0154

## Unit Holding Pattern of NAFA Active Allocation Riba Free Savings Fund as on June 30, 2018

Size of Unit Holding (Units)	# of Unit Holders
5000001-10000000	1
10000001-100000000	7
	8

## During the period under question

There has been no significant change in the state of affairs of the Fund, other than stated above. NAFA Active Allocation Riba Free Savings Fund does not have any soft commission arrangement with any broker in the industry.

## Sindh Workers' Welfare Fund (SWWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs. 2.254 million. If the same were not made the NAV per unit/FY18 return of scheme would be higher by Rs. 0.011. For details investors are advised to read note 12 of the Financial Statement of the Scheme for the year ended June 30, 2018.

# NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

## STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

**NAFA Active Allocation Riba Free Savings Fund** (the Fund) has fully complied with the Shari'ah principles specified in the Trust Deed and in the guidelines issued by the Shari'ah Advisor for its operations, investments and placements made during the year ended June 30, 2018. This has been duly confirmed by the Shari'ah Supervisory Board of the Fund.

For and behalf of the board

Date: September 05, 2018  
Karachi

Dr. Amjad Waheed, CFA  
Chief Executive Officer

# NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

## Report of the Shari'ah Supervisory Board

September 04, 2018/ Dhu Al-Hijjah 23, 1439

**Alhamdulillah**, the period from July 1, 2017 to June 30, 2018 was the third year of the operations of NAFA Active Allocation Riba Free Savings Fund (NAARFSF). This report is being issued in accordance with clause 3.7.1 of the Offering Document of the Fund. The scope of the report is to express an opinion on the Shari'ah Compliance of the Fund's activity.

In the capacity of Shari'ah Supervisory Board, we have prescribed criteria and procedure to be followed in ensuring Shari'ah Compliance in every investment.

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

In light of the above, we hereby certify that:

- i. We have reviewed and approved the modes of investments of NAARFSF in light of Shari'ah guidelines.
- ii. All the provisions of the scheme and investments made on account of NAARFSF by NBP Funds are Shari'ah Compliant and are in accordance with the criteria established.

On the basis of information provided by the management, nothing has come to our attention that causes us to believe that all the operations of NAARFSF for the year ended June 30, 2018 are not in compliance with the Shari'ah principles.

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

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**For and On Behalf of Meezan Bank Limited**  
Shari'ah Technical Services and Support Provider

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**Mufti Muhammad Naveed Alam**  
Member  
Shariah Supervisory Board

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**Mufti Ehsan Waquar**  
Shariah Advisor & Member  
Shariah Supervisory Board

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**Dr. Imran Ashraf Usmani**  
Chairman  
Shariah Supervisory Board

# NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

## INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of NAFA Active Allocation Riba Free Savings Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2018, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2018, and of its financial performance, its cash flows and transactions for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

S. No.	Key Audit Matters	How the matter was addressed in our audit
1	<p><b>Amendments to NBFC Regulations, 2008</b></p> <p>(Refer note 3.10 to the annexed financial statements)</p> <p>The Securities and Exchange Commission of Pakistan (the SECP) through its notification [SRO 756(I) / 2017] dated August 3, 2017 made certain amendments in the Non-Banking Finance Companies and Notified Entities Regulations, 2008. The impacts of these amendments have been incorporated in the financial statements of the Fund for the year ended June 30, 2018. These amendments mainly include changes with respect to recognition, measurement and presentation of "element of income", addition of certain disclosures with respect to 'Income Statement' (relating to allocation of net income for the year) and 'Statement of Movement in Unit Holders' Fund'.</p> <p>The Fund has changed its accounting policy during the current year in respect of accounting for "element of income" consequent to the issuance of the above mentioned notification. The change in accounting policy has been applied prospectively from July 1, 2017 based on the clarification issued by the SECP. With this change in accounting policy the element of income which was previously recognized as part of the income for the year in the Income Statement is now considered as a "capital contribution" and taken to the Statement of Movement in Unit Holders' Fund. Element of income is explained in note 3.10.</p> <p>The SECP notification also stipulates that the accounting income available for distribution as appearing in the "Income Statement" excludes income already paid on units redeemed during the year. Accordingly, the net amount appearing on the "Income Statement" after deducting the income already paid on units redeemed is to be considered as the distributable amount.</p> <p>In order to avail tax exemption, the Fund has to distribute 90 percent of its accounting income (excluding realised and unrealised capital gains). However, at the time of distribution of income, the element of income contributed on issue of units recognized in the equity during the year is required to be refunded on the units in the same proportion in which income is distributed from the Income Statement i.e. after taking into account the amount of income already paid on units redeemed. Management has developed a system for carrying out the calculations for such distributions.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>understood the requirements of the SECP notification and made inquiries from the management in respect of their methodology for implementing the changes with respect to recording of element of income.</li> <li>performed walkthrough tests for ensuring compliance with the revised requirements and in this respect obtained reports of distribution of income and refund of capital by the Fund.</li> <li>verified transactions on a test basis with the underlying records of the reports provided by the management to assess their compliance with the revised regulations.</li> <li>recalculated the profit available for distribution taking into account amount already distributed at the time of redemption.</li> <li>verified the accuracy of the management report for allocation of distributable amount between "distribution out of income" and "refund of capital". This included testing the parameters of the report.</li> <li>verified disclosures relating to change in accounting policy to ensure that these are in compliance with the applicable accounting and reporting framework.</li> </ul>



# NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

S. No.	Key Audit Matters	How the matter was addressed in our audit
	These calculations are important from the point of view of ensuring compliance with the applicable requirements. The above matters are significant accounting and regulatory developments / events for the mutual fund industry affecting the financial statements for the current year and therefore we considered these developments as key audit matter.	
2	<p><b>Net Asset Value</b> (Refer notes 4 and 5 to the annexed financial statements)</p> <p>The investments and bank balances constitute the most significant component of the net asset value (NAV). The investments of the Fund as at June 30, 2018 amounted to Rs 98.16 million and bank balances aggregated to Rs 2,057.15 million.</p> <p>The proper valuation of investments and bank balances for the determination of NAV of the Fund as at June 30, 2018 was considered a significant area and therefore we considered this as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>tested the design and operating effectiveness of the key controls for valuation of investments.</li> <li>obtained independent confirmations for verifying the existence of the investment portfolio and bank balances as at June 30, 2018 and reconciled it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed.</li> <li>re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies.</li> <li>obtained approval of Board of Directors of the management company in relation to opening of bank accounts.</li> <li>obtained bank reconciliation statements and tested reconciling items on a sample basis.</li> </ul>

## Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Board of Directors of the Management Company for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

# NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

Board of directors of the management company is responsible for overseeing the Fund's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with board of directors of the management company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide board of directors of the management company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with board of directors of the management company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is Noman Abbas Sheikh.

A.F. Ferguson & Co.  
Chartered Accountants  
Karachi  
Date: September 26, 2018

# NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

## STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2018

	Note	2018 ------(Rupees in '000)-----	2017 ------(Rupees in '000)-----
<b>Assets</b>			
Bank balances	4	2,057,150	852,862
Investments	5	98,160	100,670
Profit receivable	6	11,960	6,403
Deposit, prepayment and other receivable	7	1,477	1,027
Preliminary expenses and floatation costs	8	510	710
<b>Total assets</b>		2,169,257	961,672
<b>Liabilities</b>			
Payable to NBP Fund Management Limited - Management Company	9	3,482	3,614
Payable to the Central Depository Company of Pakistan Limited - Trustee	10	218	170
Payable to the Securities and Exchange Commission of Pakistan	11	1,208	623
Accrued expenses and other liabilities	12	3,210	1,803
<b>Total liabilities</b>		8,118	6,210
<b>NET ASSETS</b>		<u>2,161,139</u>	<u>955,462</u>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<u>2,161,139</u>	<u>955,462</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	13	Number of units	
		----- Number of units -----	
<b>NUMBER OF UNITS IN ISSUE</b>	14	Rupees <u>207,338,305</u>	<u>95,399,191</u>
		----- Rupees -----	
<b>NET ASSET VALUE PER UNIT</b>		<u>10.4233</u>	<u>10.0154</u>

The annexed notes from 1 to 30 form an integral part of these financial statements.

For NBP Fund Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

## INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 ------(Rupees in '000)-----	2017
<b>Income</b>			
Income on GoP Ijara Sukuk		5,240	14
Income on Commercial Paper	5.2	1,470	-
Profit on bank deposits		91,887	48,918
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	5.3	(2,510)	670
<b>Total income</b>		<u>96,087</u>	<u>49,602</u>
<b>Expenses</b>			
Remuneration of NBP Fund Management Limited - Management Company	9.1	20,130	10,391
Sindh Sales Tax on remuneration of the Management Company	9.2	2,617	1,351
Accounting and operational expenses	9.4	1,610	831
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1	2,215	1,412
Sindh Sales Tax on remuneration of the Trustee	10.2	288	184
Annual fees to the Securities and Exchange Commission of Pakistan	11.1	1,208	623
Amortisation of preliminary expenses and floatation costs	8	200	200
Settlement and bank charges		61	79
Auditors' remuneration	15	323	405
Annual rating fee		197	176
Shariah advisory fee		489	422
Legal and professional charges		21	43
<b>Total operating expenses</b>		<u>29,359</u>	<u>16,117</u>
<b>Net income from operating activities</b>		<u>66,728</u>	<u>33,485</u>
Element of income and capital gains / (losses) included in the prices of units issued less those in units redeemed - net	3.10	-	5,102
Provision against Sindh Workers' Welfare Fund	12.1	(1,334)	(920)
<b>Net profit for the year before taxation</b>		<u>65,394</u>	<u>37,667</u>
Taxation	17	-	-
<b>Net profit for the year after taxation</b>		<u><u>65,394</u></u>	<u><u>37,667</u></u>
<b>Earnings per unit</b>	18		
<b>Allocation of net income for the year</b>			
Net income for the year after taxation		65,394	
Income already paid on units redeemed		(35,161)	
		<u>30,233</u>	
<b>Accounting income available for distribution</b>			
- Relating to capital gains		-	
- Excluding capital gains		30,233	
		<u>30,233</u>	

The annexed notes from 1 to 30 form an integral part of these financial statements.

For NBP Fund Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2018

	2018 ------(Rupees in '000)-----	2017 ------(Rupees in '000)-----
Net profit for the year after taxation	65,394	37,667
Other comprehensive income / (loss) for the year	-	-
<b>Total comprehensive income for the year</b>	<b><u>65,394</u></b>	<b><u>37,667</u></b>

The annexed notes from 1 to 30 form an integral part of these financial statements.

For NBP Fund Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



# NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

## STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS FOR THE YEAR ENDED JUNE 30, 2018

	2018				2017			
	Rupees in '000				Rupees in '000			
	Capital Value	Undistributed income / (loss)	Unrealised appreciation / (diminution) on 'available for sale' investment	Total	Capital Value	Undistributed income / (loss)	Unrealised appreciation / (diminution) on 'available for sale' investment	Total
Net assets at the beginning of the year	953,270	2,192	-	955,462	995,742	1,565	-	997,307
Issue of 371,195,990 units (2017: 242,819,399)								
- Capital value (at net asset value per unit at the beginning of the year)	3,717,676	-	-	3,717,676				
- Element of income	70,814	-	-	70,814				
Total proceeds on issuance of units	3,788,490	-	-	3,788,490	2,427,243	42,280	-	2,469,523
Redemption of units 259,256,876 (2017: 246,994,463)								
- Capital value (at net asset value per unit at the beginning of the year)	(2,596,561)	-	-	(2,596,561)				
- Element of loss	(16,485)	(35,161)	-	(51,646)				
Total payments on redemption of units	(2,613,046)	(35,161)	-	(2,648,207)	(2,469,715)	(37,178)	-	(2,506,893)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net	-	-	-	-	-	(5,102)	-	(5,102)
Total comprehensive income / (loss) for the year	-	65,394	-	65,394	-	37,667	-	37,667
Distribution during the year	-	-	-	-	-	(37,040)	-	(37,040)
Net income (loss) for the year less distribution	-	65,394	-	65,394	-	627	-	627
Net assets at end of the year - June 30, 2018	2,128,714	32,425	-	2,161,139	953,270	2,192	-	955,462
Undistributed income brought forward								
- Realised		1,522				1,565		
- Unrealised		670				-		
		2,192				1,565		
Accounting income / (loss) available for distribution								
- Relating to capital gains		-						
- Excluding capital gains		30,233						
		30,233						
Net profit for the year after taxation		-				37,667		
Distribution for the year		-				(37,040)		
Undistributed income carried forward		32,425				2,192		
Undistributed income carried forward								
- Realised income		34,935				1,522		
- Unrealised (loss) / income		(2,510)				670		
		32,425				2,192		
				(Rupees)				(Rupees)
Net assets value per unit at beginning of the year				10.0154				10.0157
Net assets value per unit at end of the year				10.4233				10.0154

The annexed notes from 1 to 30 form an integral part of these financial statements.

For NBP Fund Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

## CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 ------(Rupees in '000)-----	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income for the year before taxation		65,394	37,667
<b>Adjustments for:</b>			
Profit on bank deposits		(91,887)	(48,918)
Income on GoP Ijara Sukuk		(5,240)	(14)
Provision against Sindh Workers' Welfare Fund	12.1	1,334	920
Amortisation of preliminary expenses and floatation costs		200	200
Net unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss	5.3	2,510	(670)
Element of (income) and capital (gains) / losses included in the prices of units issued less those in units redeemed - net		-	(5,102)
		(93,083)	(53,584)
<b>(Increase) in assets</b>			
Deposit, prepayment and other receivable		(450)	(236)
Investments		-	(100,000)
		(450)	(100,236)
<b>Increase in liabilities</b>			
Payable to NBP Fund Management Limited - Management Company		(132)	1,164
Payable to the Central Depository Company of Pakistan Limited - Trustee		48	101
Payable to the Securities and Exchange Commission of Pakistan		585	393
Accrued expenses and other liabilities		73	429
		574	2,087
		(27,565)	(114,066)
Income received on GoP Ijara Sukuk		2,627	-
Profit received		88,943	45,112
<b>Net cash generated from / (used in) operating activities</b>		64,005	(68,954)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net receipts from issuance of units		3,788,490	3,129,523
Net payments against redemption of units		(2,648,207)	(2,506,893)
Distribution paid		-	(37,040)
<b>Net cash generated from financing activities</b>		1,140,283	585,590
<b>Net increase in cash and cash equivalents</b>		1,204,288	516,636
Cash and cash equivalents at the beginning of the year		852,862	336,226
<b>Cash and cash equivalents at the end of the year</b>	4	2,057,150	852,862

The annexed notes from 1 to 30 form an integral part of these financial statements.

For NBP Fund Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

### 1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** NAFA Active Allocation Riba Free Savings Fund (the Fund) is an open ended mutual fund constituted under a Trust Deed entered into on November 03, 2015 between NBP Fund Management Limited as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (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 has been categorised as an open ended "Shariah Compliant Income Scheme" by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at a par value of Rs 10 per unit. Thereafter, the units are being offered for public subscription on a continuous basis from January 19, 2016 and are transferable and redeemable by surrendering them to the Fund.

The objective of the Fund is to earn a reasonable rate of return along with a high degree of liquidity by investing in short-term Shari'ah compliant banks deposits and money market / debt securities.

The Pakistan Credit Rating Agency (PACRA) has assigned an Asset Manager Rating of AM1 to the Management Company as at June 30, 2018. The Fund has been rated A-(f) with stable outlook as at June 30, 2018.

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

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

These financial statements have been prepared in accordance with 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 VIIIA 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 VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the 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 the requirements of the Trust Deed have been followed.

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

There are certain amended standards and interpretations that are mandatory for the Fund's accounting period beginning or after July 1, 2017 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

# NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

## 2.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards have been adopted in Pakistan and would be effective from the dates mentioned below against the respective standards:

Standard	Effective date (accounting periods beginning on or after)
- IFRS 9 - Financial Instruments	July 01, 2018
- IFRS 15 - Revenue from Contracts with Customers	July 01, 2018
- IFRS 16 - Leases	January 01, 2019

These standards may impact the financial statements of the Fund on adoption. The Management is currently in the process of assessing the full impact of these standards on the financial statements of the Fund.

## 2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the accounting and reporting standards requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgments and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The estimates and judgments that have a significant effect on the financial statements of the Fund relate to classification, valuation and impairment of financial assets (notes 3.3 and 5) and provision for taxation (notes 3.14 and 17).

## 2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except that investments have been carried at fair values.

## 2.6 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistan Rupee, which is the Fund's functional and presentation currency.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years except for the change in accounting policy as explained in note 3.10 below.

### 3.2 Cash and cash equivalents

These comprise balances with banks in savings and current accounts, cheques in hand and other short-term highly liquid investments with original maturities of three months or less.

### 3.3 Financial assets

#### 3.3.1 Classification

The management determines the appropriate classification of the financial assets of the Fund in accordance with the requirements of International Accounting Standard (IAS) 39: 'Financial Instruments: Recognition and Measurement' at the time of the purchase of the financial assets and re-evaluates this classification on a regular basis. The classification depends on the purpose for which the financial assets are acquired. The financial assets of the Fund are categorised as follows:

# NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

## **a) Financial assets at fair value through profit or loss**

These are acquired principally for the purpose of generating profits from short-term fluctuations in prices.

## **b) Loans and receivables**

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

## **c) Available-for-sale**

These are those non-derivative financial assets that are designated as available for sale or are not classified as (a) 'financial assets at fair value through profit or loss', or (b) loans and receivables. These are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or change in price.

### **3.3.2 Regular way contracts**

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

### **3.3.3 Initial recognition and measurement**

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the Income Statement.

### **3.3.4 Subsequent measurement**

Subsequent to initial recognition, financial assets are valued as follows:

#### **a) 'Financial assets at fair value through profit or loss' and 'available-for-sale financial assets'**

##### **Basis of valuation of debt securities**

The investments of the Fund in debt securities is valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the SECP for valuation of debt securities. In the determination of the rates MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities.

#### **b) Loans and receivables**

These are carried at amortised cost using the effective interest method.

Gains or losses are recognised in the Income Statement through the amortisation process or when the financial assets carried at amortised cost are derecognised or impaired.

### **3.3.5 Impairment**

The Fund assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds the recoverable amount.

##### **Impairment loss on debt securities**

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the Income Statement.



# NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, in accordance with the provisioning policy duly approved by the Board of Directors and placed by the Management Company on its website.

## **b) Loans and receivables**

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

### **3.3.6 Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the Income Statement.

### **3.4 Financial liabilities**

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the Income Statement.

### **3.5 Offsetting of financial assets and financial liabilities**

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

### **3.6 Provisions**

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

### **3.7 Net asset value per unit**

The Net Asset Value (NAV) per unit as disclosed in the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

### **3.8 Issue and redemption of units**

Units issued are recorded at the offer price, determined by the Management Company for the application received by the Management Company / distributors during business hours on that day. The offer price represents the Net Asset Value (NAV) per unit as of the close of the business day, plus the allowable sales load and provision of any duties and charges if applicable. The sales load is payable to the Management Company / distributors.

Units redeemed are recorded at the redemption price applicable to units for which the Management Company / distributors receive redemption application during business hours of that day. The redemption price is equal to NAV as of the close of the business day, less an amount as the Management Company may consider to be an appropriate provision of duties and charges.

### **3.9 Distributions to unit holders**

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

# NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared and approved by the Board of Directors of the Management Company.

## **3.10 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed**

The Securities and Exchange Commission of Pakistan through its SRO 756(I)/2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations. The notification includes a definition and explanation relating to "element of income" and excludes the element of income from the expression "accounting income" as described in regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the revised regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution. MUFAP, in consultation with the SECP, has specified methodology of determination of income paid on units redeemed during the year under which such income is paid on gross element received and is calculated from the latest date at which the Fund achieved net profitability during the year. Furthermore, the revised regulations also require certain additional disclosures with respect to 'Income Statement' (relating to allocation of net income for the year) and 'Statement of Movement in Unit Holders' Fund', whereas disclosure with respect to 'Distribution Statement' has been deleted in the revised regulations.

Previously, an equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' was created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. The net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during the accounting period which pertained to unrealised appreciation / (diminution) held in the Unit Holder's Fund was recorded in a separate account and any amount remaining in this reserve account at the end of the accounting period (whether gain or loss) was included in the amount available for distribution to the unitholders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period was recognised in the Income Statement.

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosure requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from July 1, 2017 based on a clarification issued by the SECP. Accordingly, corresponding figures have not been restated. The 'Distribution Statement' for the comparative period has not been presented as it has been deleted as a result of the amendments made in the NBFC Regulations through the aforementioned SRO issued by the SECP.

Had the element of income been recognised as per the previous accounting policy, the income of the Fund would have been higher by Rs. 19.168 million in respect of element of income with no effect on the 'net assets attributable to the unit holders' and NAV per unit of the Fund as disclosed in the 'Statement of Assets and Liabilities' and 'Statement of Movement in Unit Holders' Fund' respectively. However, the change in accounting policy does not have any impact on the 'Cash Flow Statement'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund which have been incorporated in these statements.

## **3.11 Revenue recognition**

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- Income from investments in sukuks is recognised on an accrual basis using effective interest method.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are recorded in the period in which these arise.
- Profit income on bank balances is recognised on an accrual basis.

# NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

## 3.12 Expenses

All expenses including management fee and trustee fee are recognised in the Income Statement on an accrual basis.

## 3.13 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund. These costs are being amortised over a period of 5 years in accordance with the requirements set out in the Trust Deed of the Fund.

## 3.14 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders in cash.

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.

## 3.15 Earnings per unit

Earnings per unit is calculated by dividing the net income of the year before taxation of the Fund by the weighted average number of units outstanding during the year.

## 3.16 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistan Rupees at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

## 4 BANK BALANCES

Note

2018

----- Rupees in '000 -----

Balances with banks in savings accounts

4.1

2,057,150

852,862

4.1 This includes balance of Rs. 645.739 million (2017: 6.047 million) maintained with BankIslami Pakistan Limited (a related party) that carries profit at 2.75% to 6.50% per annum (2017: 5.60% per annum). Other profit and loss sharing accounts of the Fund carry profit rates ranging from 2.75% to 7.50% per annum (2017: 5.80% to 6.50% per annum).

## 5 INVESTMENTS

Note

2018

2017

----- Rupees in '000 -----

**At fair value through profit or loss - held for trading**

Sukuk certificates - listed

5.1

98,160

100,670

### 5.1 Sukuk certificates - listed

(Certificates having a face value of Rs. 5,000 each unless stated otherwise)

Issue Date	Coupon rate (%) / Tenor	As at July 01, 2017	Issue during the year	Disposed of / matured during the year	As at June 30, 2018	Carrying value as at June 30, 2018	Market value as at June 30, 2018	Market value as a percentage of total investments	Market value as a percentage of net assets	Investment as a percentage of total issue size
----- Number of certificates ----- Rupees in '000 ----- Percentage -----										
June 30, 2017	5.24 June 30, 2020	20,000	-	-	20,000	100,670	98,160	100%	4.54%	2.80%
Total						100,670	98,160	100%	4.54%	
Total - June 30, 2017						100,000	100,670	100%	10.54%	

# NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

5.2 This represents Commercial paper of Hascol Petroleum Limited which carries profit at the rate of 6.60% per annum and was matured on June 29, 2018.

5.3	Unrealised (diminution) / appreciation on re-measurement of investments classified as Financial assets at fair value through profit or loss	Note	2018 -----Rupees in '000-----	2017
	Market value of investments	5.1	98,160	100,670
	Carrying value of investments	5.1	100,670	100,000
			<u>(2,510)</u>	<u>670</u>

## 6 PROFIT RECEIVABLE

Profit accrued on:

Bank balances

Debt Securities - Sukuk certificates

9,333	6,389
<u>2,627</u>	<u>14</u>
<u>11,960</u>	<u>6,403</u>

## 7 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advance tax

Prepaid mutual fund rating fee

Security deposit with Central Depository Company of Pakistan Limited

7.1	1,377	921
	-	106
	<u>100</u>	<u>-</u>
	<u>1,477</u>	<u>1,027</u>

7.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, during the year ended June 30, 2018, withholding tax on profit on bank deposit paid to the Fund was deducted by various withholding agents based on the interpretation issued by FBR vide letter C. No. 1(43) DG (WHT)/2008-VOL.II-66417-R dated May 12, 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholder. The tax withheld on profit on bank deposit amounts to Rs. 1.377 million.

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. On January 28, 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgement of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit received by the Fund on bank deposits has been shown as deposits and other receivables as at June 30, 2018 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

8	PRELIMINARY EXPENSES AND FLOATATION COSTS	Note	2018 -----Rupees in '000-----	2017
	At the beginning of the year		710	1,000
	Less: amortisation during the year	8.1	<u>(200)</u>	<u>(290)</u>
	At the end of the year		<u>510</u>	<u>710</u>

8.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund and are being amortised over a period of five years commencing from January 19, 2016 as per the requirements set out in the Trust Deed of the Fund.

# NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

9	PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	2018 -----Rupees in '000-----	2017
	Remuneration of the Management Company	9.1	1,805	1,016
	Sindh Sales Tax payable on remuneration of the Management Company	9.2	235	132
	Federal excise duty on remuneration of the Management Company	9.3	612	612
	Preliminary expenses and floatation costs		-	1,000
	Accounting and operational expenses	9.4	830	831
	Other payable		-	23
			<u>3,482</u>	<u>3,614</u>

**9.1** As per the amendments made in the NBFC Regulations, 2008 vide SRO 1160(1)/2015 dated November 25, 2015, the Management Company is entitled to a remuneration equal to an amount not exceeding 2% of the average annual net assets in case of shariah compliant income schemes. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 2% (2017: 2%) per annum of the average net assets of the Fund during the year ended June 30, 2018. The remuneration is payable to the Management Company monthly in arrears.

**9.2** During the year, an amount of Rs. 2.617 million (2017: Rs 1.351 million) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011, and an amount of Rs. 2.514 million (2017: Rs. 1.291 million) has been paid to the Management Company which acts as a collecting agent.

**9.3** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

With effect from July 01, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 01, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 0.612 million is being retained in these financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been made, the Net Asset Value of the Fund as at June 30, 2018 would have been higher by Re 0.003 (2017: Re 0.006) per unit.

**9.4** In accordance with Regulation 60 of the NBFC Regulations, the Management Company has charged expenses at the rate of 0.1% of the average net assets of the Fund being lower than actual expenses chargeable to the Fund for the year.

10	PAYABLE TO CENTRAL DEPOSITORY COMPANY LIMITED - TRUSTEE	Note	2018 -----Rupees in '000-----	2017
	Trustee fee payable	10.1	193	150
	Sindh Sales Tax payable on trustee fee	10.2	25	20
			<u>218</u>	<u>170</u>



# NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

- 10.1** The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the trust deed as follows:

On net assets:

- upto Rs 1,000 million Rs 0.7 million or 0.20% p.a. of Net Assets, whichever is higher
- on an amount exceeding Rs 1,000 million Rs 2.0 million plus 0.10% p.a. of Net Assets exceeding Rs. 1,000 million

- 10.2** During the year, an amount of Rs 0.288 million was charged on account of sales tax on remuneration of the Trustee levied through Sindh Sales Tax on Services Act, 2011 and an amount of Rs. 0.283 million was paid to the Trustee which acts as a collecting agent.

<b>11</b>	<b>PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>	<b>Note</b>	<b>2018</b> -----Rupees in '000-----	<b>2017</b>
	Annual fee payable	11.1	<u>1,208</u>	<u>623</u>

- 11.1** In accordance with the NBFC Regulations, 2008, a collective investment scheme classified as a shariah compliant income scheme is required to pay to the Securities and Exchange Commission of Pakistan an amount equal to 0.095% of the average annual net assets of the Fund as annual fee.

<b>12</b>	<b>ACCRUED EXPENSES AND OTHER LIABILITIES</b>	<b>Note</b>	<b>2018</b> -----Rupees in '000-----	<b>2017</b>
	Auditors' remuneration payable		290	227
	Settlement and bank charges		42	14
	Legal fee		22	13
	Annual rating fee		92	171
	Shariah advisor fee payable		493	423
	Provision for Sindh Workers Welfare Fund	12.1	2,254	920
	Withholding tax payable		<u>17</u>	<u>35</u>
			<u>3,210</u>	<u>1,803</u>

- 12.1** 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.

Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from January 18, 2016 to June 30, 2018, the net asset value of the Fund as at June 30, 2018 would have been higher by Re. 0.011 per unit (2017: Re 0.01).

## **13 CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at June 30, 2018 and June 30, 2017.



# NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

14	NUMBER OF UNITS IN ISSUE	2018 -----Number of units-----	2017
	Total units in issue at the beginning of the year	95,399,191	99,574,255
	Units issued during the year	371,195,990	242,819,399
	Less: units redeemed during the year	<u>259,256,876</u>	<u>246,994,463</u>
	Total units in issue at the end of the year	<u>207,338,305</u>	<u>95,399,191</u>

15	AUDITORS' REMUNERATION	Note	2018 -----Rupees in '000-----	2017
	Annual audit fee and other certification		192	192
	Half yearly review of condensed interim financial statements		71	65
	Out of pocket expenses		<u>60</u>	<u>148</u>
			<u>323</u>	<u>405</u>

## 16 TOTAL EXPENSE RATIO

The total expense ratio (TER) of the Fund for the year ended June 30, 2018 is 1.90% (2017: 2.05%) which includes 0.34% (2017: 0.37%) representing government levies on the Fund such as sales taxes, Sindh Workers' Welfare Fund, annual fee payable to the SECP, etc. This ratio is within the maximum limit of 2% prescribed under the NBFC Regulations for a collective investment scheme categorised as an "Income" scheme.

## 17 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unitholders. Since the management intends to distribute the required minimum percentage of income earned by the Fund for the year ended June 30, 2018 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

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.

## 18 EARNINGS PER UNIT

Earnings per unit (EPU) has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating EPU is not practicable.

## 19 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

**19.1** Connected persons include NBP Fund Management Limited being the Management Company, the Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes managed by the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.

**19.2** Transactions with connected persons are executed on an arm's length basis and essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

# NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

**19.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

**19.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

**19.5** Details of the transactions with related parties / connected persons during the year are as follows:

	2018 ----- Rupees in '000 -----	2017 -----
<b>NBP Fund Management Limited (Management Company)</b>		
Remuneration for the year	20,130	10,391
Sindh Sales Tax on remuneration of Management Company	2,617	1,351
Payment of preliminary expenses and floatation costs	1,000	-
Accounting and operational charges	1,610	831
<b>NAFA Islamic Active Allocation Fund- I (Plan I)</b>		
Units issued during the year 49,394,973 (2017: 18,407,387)	502,833	187,048
Units redeemed during the year 40,624,991 (2017: 28,062,912)	415,349	286,183
<b>NAFA Islamic Active Allocation Fund- I (Plan II)</b>		
Units issued during the year 36,049,057 (2017: 12,999,522)	366,250	132,247
Units redeemed during the year 22,439,273 (2017: 23,769,548)	229,824	242,001
<b>NAFA Islamic Active Allocation Fund- I (Plan III)</b>		
Units issued during the year 69,614,395 (2017: 44,408,860)	712,803	447,623
Units redeemed during the year 28,118,983 (2017: 97,902,868)	286,394	987,868
<b>NAFA Islamic Active Allocation Fund- I (Plan IV)</b>		
Units issued during the year 34,725,920 (2017: 55,377,456)	355,116	560,416
Units redeemed during the year 13,025,073 (2017: 48,376,868)	133,214	492,026
<b>NAFA Islamic Active Allocation Fund- I (Plan V)</b>		
Units issued during the year 65,984,443 (2017: 78,356,632)	675,368	798,621
Units redeemed during the year 59,619,110 (2017: 48,882,267)	611,020	498,815
<b>NAFA Islamic Active Allocation Fund- II (Plan VI)</b>		
Units issued during the year 29,378,328 (2017: 33,269,542)	300,956	343,567
Units redeemed during the year 43,257,652 (2017: Nil)	439,286	-
<b>NAFA Islamic Active Allocation Fund- II (Plan VII)</b>		
Units issued during the year 20,393,408 (2017: Nil)	206,526	-
Units redeemed during the year 11,869,944 (2017: Nil)	120,629	-
<b>NAFA Islamic Active Allocation Fund- II (Plan VIII)</b>		
Units issued during the year 65,655,465 (2017: Nil)	668,638	-
Units redeemed during the year 40,301,849 (2017: Nil)	412,491	-
<b>BankIslami Pakistan Limited</b>		
Profit income	21,336	10,784
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration of the Trustee	2,215	1,412
Sindh Sales Tax on remuneration of the Trustee	288	184

# NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

	2018	2017
	----- Rupees in '000 -----	
<b>19.6 Amounts / balances outstanding as at year end:</b>		
<b>NBP Fund Management Limited - Management Company</b>		
Remuneration of the Management Company	1,805	1,016
Sindh sales tax on remuneration of the Management Company	235	132
Federal excise duty on remuneration of the Management Company	612	612
Preliminary expenses and floatation costs	-	1,000
Accounting and operational charges	830	831
Other payable	-	23
<b>NAFA Islamic Active Allocation Fund- I (Plan I)</b>		
Units held 16,398,814 (2017: 7,628,832)	170,930	76,406
<b>NAFA Islamic Active Allocation Fund- I (Plan II)</b>		
Units held 19,233,113 (2017: 5,623,329)	200,472	56,320
<b>NAFA Islamic Active Allocation Fund- I (Plan III)</b>		
Units held 53,897,946 (2017: 12,402,534)	561,795	124,216
<b>NAFA Islamic Active Allocation Fund- I (Plan IV)</b>		
Units held 28,701,435 (2017: 7,000,588)	299,164	70,114
<b>NAFA Islamic Active Allocation Fund- I (Plan V)</b>		
Units held 35,839,699 (2017: 29,474,366)	373,568	295,198
<b>NAFA Islamic Active Allocation Fund- II (Plan VI)</b>		
Units held 19,390,218 (2017: 33,269,542)	202,110	333,208
<b>NAFA Islamic Active Allocation Fund- II (Plan VII)</b>		
Units held 8,523,464 (2017: Nil)	88,843	-
<b>NAFA Islamic Active Allocation Fund- II (Plan VIII)</b>		
Units held 25,353,616 (2017: Nil)	264,268	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	193	150
Sindh sales tax on remuneration of Trustee	25	20
Security Deposit	100	-
<b>BankIslami Pakistan Limited</b>		
Balance with bank	645,739	6,047
Profit receivable	1,102	533
<b>19.7</b> Other balances due to / from related parties / connected persons are included in the respective notes to the financial statements.		

## 20 FINANCIAL INSTRUMENTS BY CATEGORY

	----- 2018 -----			
	Loans and receivables	At fair value through profit or loss	Available-for-sale	Total
	----- Rupees in '000 -----			
<b>Financial assets</b>				
Bank balances	2,057,150	-	-	2,057,150
Investments	-	98,160	-	98,160
Profit receivable	11,960	-	-	11,960
Deposit, prepayment and other receivable	100	-	-	100
	<u>2,069,210</u>	<u>98,160</u>	<u>-</u>	<u>2,167,370</u>

# NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

## Financial liabilities

Payable to NBP Fund Management Limited - Management Company  
 Payable to the Central Depository Company of Pakistan Limited - Trustee  
 Accrued expenses and other liabilities

----- 2018 -----		
At fair value through profit or loss	At amortised cost	Total
----- Rupees in '000 -----		
-	3,482	3,482
-	218	218
-	939	939
-	4,639	4,639

## Financial assets

Bank balances  
 Investments  
 Profit receivable

----- 2017 -----			
Loans and receivables	At fair value through profit or loss	Available-for- sale	Total
----- Rupees in '000 -----			
852,862	-	-	852,862
-	100,670	-	100,670
6,403	-	-	6,403
859,265	100,670	-	959,935

## Financial liabilities

Payable to NBP Fund Management Limited - Management Company  
 Payable to the Central Depository Company of Pakistan Limited - Trustee  
 Accrued expenses and other liabilities

----- 2017 -----		
At fair value through profit or loss	At amortised cost	Total
----- Rupees in '000 -----		
-	3,614	3,614
-	170	170
-	848	848
-	4,632	4,632

## 21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

### 21.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee.

Market risk comprises of three types of risks: yield / profit rate risk, currency risk, and price risk.

#### (i) Yield / profit rate risk

Yield / profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. As of June 30, 2018, the Fund is exposed to such risk on its balances held with banks and investment in sukuk certificate. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

# NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

## a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds KIBOR based Sukuk and accrued mark-up on banks balances which expose the fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher / lower by Rs. 1.075 million (2017: 1.07 million)

## b) Sensitivity analysis for fixed rate instruments

As at June 30, 2018, the Fund does not hold any fixed rate instrument that may expose the Fund to fair value profit rate risk.

The Fund's profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2018 can be determined as follows:

----- 2018 -----					
Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		

----- Rupees in '000 -----

### Financial assets

Bank balances	2.75% - 7.50%	2,057,150	-	-	-	2,057,150
Investments		-	-	98,160	-	98,160
Profit receivable		-	-	-	11,960	11,960
Deposit, prepayment and other receivable		-	-	-	100	100
		2,057,150	-	98,160	12,060	2,167,370

### Financial liabilities

Payable to NBP Fund Management Limited - Management Compa		-	-	-	3,482	3,482
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	218	218
Accrued expenses and other liabilities		-	-	-	939	939
		-	-	-	4,639	4,639

### On-balance sheet gap

2,057,150	-	98,160	7,421	2,162,731
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### Total profit rate sensitivity gap

2,057,150	-	98,160
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### Cumulative profit rate sensitivity gap

2,057,150	-	98,160
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# NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

2017					
Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		
----- Rupees in '000-----					
<b>Financial assets</b>					
Bank balances	5.60% - 6.50%	852,862	-	-	852,862
Investments		-	-	100,670	100,670
Profit receivable		-	-	6,403	6,403
		852,862	-	100,670	959,935
<b>Financial liabilities</b>					
Payable to NBP Fund Management Limited - Management Company		-	-	3,614	3,614
Payable to the Central Depository Company of Pakistan Limited - Trustee				170	170
Accrued expenses and other liabilities			-	848	848
		-	-	4,632	4,632
<b>On-balance sheet gap</b>		852,862	-	100,670	955,303
<b>Total profit rate sensitivity gap</b>		852,862	-	100,670	
<b>Cumulative profit rate sensitivity gap</b>		852,862	-	100,670	

## (ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

## (iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Equity price risk is the risk that the fair value of equity instruments decreases as a result of changes in the level of equity indices and the value of individual stocks. The Fund does not have any investment in equity securities as of June 30, 2018.

## 21.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.



# NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month:

2018						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
Rupees in '000						
<b>Financial assets</b>						
Bank balances	2,057,150	-	-	-	-	2,057,150
Investments	-	-	98,160	-	-	98,160
Profit receivable	11,960	-	-	-	-	11,960
Deposit, prepayment and other receivable	100	-	-	-	-	100
	2,069,210	-	98,160	-	-	2,167,370
<b>Financial liabilities</b>						
Payable to NBP Fund Management Limited Management Company	3,482	-	-	-	-	3,482
Payable to Central Depository Company of Pakistan Limited - Trustee	218	-	-	-	-	218
Accrued expenses and other liabilities	939	-	-	-	-	939
	4,639	-	-	-	-	4,639
<b>Net assets</b>	2,064,571	-	98,160	-	-	2,162,731
2017						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
Rupees in '000						
<b>Financial assets</b>						
Balances with banks	852,862	-	-	-	-	852,862
Investments	-	-	100,670	-	-	100,670
Profit receivable	6,403	-	-	-	-	6,403
	859,265	-	100,670	-	-	959,935
<b>Financial liabilities</b>						
Payable to NBP Fund Management Limited Management Company	3,614	-	-	-	-	3,614
Payable to Central Depository Company of Pakistan Limited - Trustee	170	-	-	-	-	170
Accrued expenses and other liabilities	848	-	-	-	-	848
	4,632	-	-	-	-	4,632
<b>Net assets</b>	854,633	-	100,670	-	-	955,303

## 21.3 Credit risk

**21.3.1** There is a possibility of default by participants or failure of the financial market / stock exchanges, the depositories, the settlements or clearing systems, etc. The Fund's policy is to enter into financial contracts in accordance with internal risk management policies and instruments guidelines approved by the Investment Committee.

## 21.3.2 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks and mark-up accrued thereon, investments and sukuk certificates. The credit rating profile of balances with banks are as follows:

# NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

Rating	% of financial assets exposed to credit risk	
	2018	2017
AAA	4.60	52.88
AA+*	-	0.69
AA-	19.32	0.04
A+	29.84	46.34
A-	46.10	0.05
A*	-	0.00
	<u>99.86</u>	<u>100.00</u>

\* Nil due to rounding off difference

## 22 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

### Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2018 and June 30, 2017, the Fund held the following financial instruments measured at fair values:

	----- 2018 -----		
	Level 1	Level 2	Level 3
	----- Rupees in '000 -----		
<b>Financial assets</b>			
At fair value through profit or loss	-	98,160	-
	<u>-</u>	<u>98,160</u>	<u>-</u>
	----- 2017 -----		
<b>Financial assets</b>			
At fair value through profit or loss	-	100,670	-
	<u>-</u>	<u>100,670</u>	<u>-</u>

# NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

## 23 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to dividends and to payment of a proportionate share based on the Fund's Net Asset Value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in Unit Holders' Fund'.

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, 2008 every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirement of minimum fund size at all times.

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

In accordance with the risk management policies as stated in note 21, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

## 24 UNIT HOLDING PATTERN OF THE FUND

Category	----- 2018 -----			----- 2017 -----		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total
Associated Companies	2	2,161,139	100.00%	2	955,462	100.00%

## 25 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

Following are the details in respect of members of the Investment Committee of the Fund:

Name	Designation	Qualification	Overall experience
Dr. Amjad Waheed	Chief Executive Officer	MBA / Doctorate in Business	30
Sajjad Anwar	Chief Investment Officer	CFA / MBA	18
Muhammad Ali Bhaba	Head of Fixed Income	CFA / MBA / FRM / MS (CS)	23
Hassan Raza	Head of Research	ACCA / BSC / CFA	7
Taha Khan Javed	Fund Manager	MBA / CFA	12

## 26 NAME AND QUALIFICATION OF THE FUND MANAGER

Name	Designation	Qualification	Other Funds managed by the Fund Manager
Muhammad Ali Bhabha	Fund Manager	CFA, FRM, MBA & MS(CS)	NIOF, NGSSF, NMMF, NSPF, NGSLE, NFSIF, NIIF, NRFSF, NIMMF, NIF

# NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

## 27 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The 64th, 65th, 66th and 67th Board meetings were held on September 15, 2017, October 27, 2017, February 22, 2018 and April 30, 2018, respectively. Information in respect of attendance by directors in the meetings is given below:

Name of Director	Number of meetings			Meetings not attended
	Held	Attended	Leave granted	
Mudassir Husain Khan	4	4	-	-
Tariq Jamali	4	3	1	67th
Abdul Hadi Palekar	4	4	-	-
Lui Mang Yin (Martin Lui) [note 27.1]	2	2	-	-
FOO Chiah Shiung (Kelvin Foo)	4	3	1	65th
Kamal Amir Chinoy	4	4	-	-
Shehryar Faruque	4	4	-	-
Humayun Bashir	4	4	-	-
Wajahat Rasul Khan [note 27.2]	-	-	-	-
Amjad Waheed	4	4	-	-

**27.1** Mr. Lui Mang Yin (Martin Lui) resigned as director on the Board with effect from December 21, 2017.

**27.2** Mr. Wajahat Rasul Khan appointed as director on the Board in 67th Board meeting with effect from April 30, 2018.

## 28 NON-ADJUSTING EVENTS AFTER REPORTING PERIOD

Subsequent to the year end, the Management Company of the fund has declared cash dividend of Re 0.4079 per unit on the face value of Rs 10 each (i.e. 4.08%) amounting to Rs 30.238 million. The financial statements of the Fund for the period ended June 30, 2018 do not include the effect of this distribution which will be accounted for in the financial statements of the Fund for the year ending June 30, 2019.

## 29 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on September 05, 2018.

## 30 GENERAL

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

For NBP Fund Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# NAFA ACTIVE ALLOCATION RIBA FREE SAVINGS FUND

## PERFORMANCE TABLE








Particulars	For the year ended June 30, 2018	For the year ended June 30, 2017	For the year ended June 30, 2016
Net assets at the year / period ended (Rs '000)	2,161,139	955,462	997,307
Net income for the year / period ended (Rs '000)	65,394	37,667	7,571
Net Asset Value per unit at the year / period ended (Rs)	10.4233	10.0154	10.0157
Offer Price per unit	-	-	-
Redemption Price per unit	10.4233	10.0154	10.0157
Ex - Highest offer price per unit (Rs.)	-	-	-
Ex - Lowest offer price per unit (Rs.)	-	-	-
Ex - Highest redemption price per unit (Rs.)	10.4233	10.0154	10.0096
Ex - Lowest redemption price per unit (Rs.)	10.0154	9.6673	9.8229
Fiscal Year Opening Nav	10.0154	9.6456	9.8218
Total return of the fund	4.07%	3.83%	1.97%
Capital growth	0.00%	0.10%	-0.10%
Income distribution as % of Ex nav	4.07%	3.73%	2.08%
Income distribution as % of Par nav	4.08%	3.60%	2.04%
<b>Distribution</b>			
Interim distribution per unit		0.3602	0.1816
Final distribution per unit	0.4079	-	0.0226
<b>Distribution Dates</b>			
Interim			29-Jun-16
Final	4-Jul-18	19-Jun-17	23-Sep-16
Average annual return of the fund (launch date January 18, 2016)			
(Since inception to June 30, 2018)	<b>4.04%</b>		
(Since inception to June 30, 2017)		4.02%	
(Since inception to June 30, 2016)			4.39%
Portfolio Composition ( Please see Fund Manager Report)			
Weighted average portfolio duration	31 Days	106 Days	1 Day
<i>Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up</i>			



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