



NBP FUNDS

Managing Your Savings

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NAFA ASSET ALLOCATION 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 ASSET ALLOCATION FUND

FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of the Management Company

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

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

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

Human Resource and Remuneration Committee

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

Strategy & Business Planning Committee

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

Trustee

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

Bankers to the Fund

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

NAFA ASSET ALLOCATION FUND

Auditors

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

Legal Advisor

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

Head Office:

7th Floor Clifton Diamond Building, Block No. 4,
Scheme No. 5, Clifton Karachi.
UAN: 021 (111-111-632),
(Toll Free): 0800-20002,
Fax: (021) 35825329
Website: www.nbpfunds.com

Lahore Office:

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

Islamabad Office:

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

Peshawar Office:

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

Multan Office:

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

NAFA ASSET ALLOCATION FUND

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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



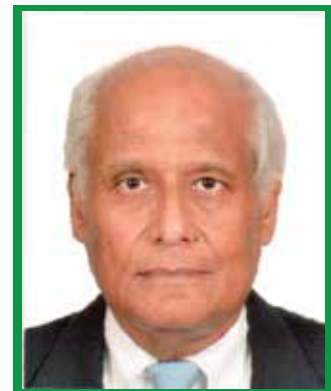
Mr. Shehryar Faruque
Director



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 ASSET ALLOCATION FUND

DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the Eighth Annual Report of **NAFA Asset Allocation Fund (NAAF)** for the year ended June 30, 2018.

Fund's Performance

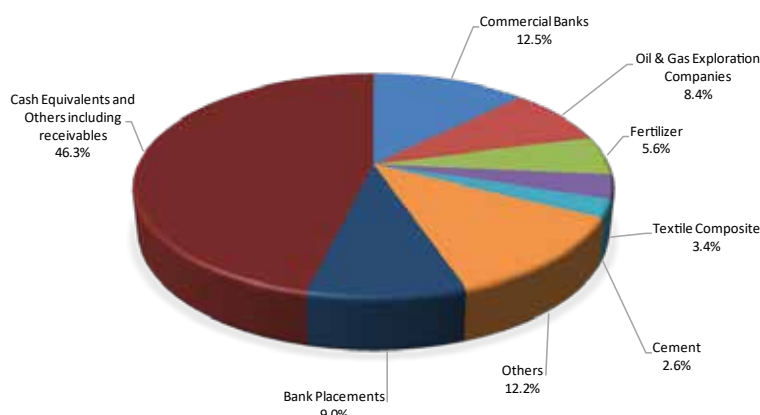
The size of the NAFA Asset Allocation Fund has decreased from 3,290 million on June 30, 2017 to Rs. 3,140 million on June 30, 2018, i.e. a decrease of 4.56%. During the year, the unit price of NAFA Asset Allocation Fund has decreased from Rs. 16.9877 (Ex-Div) on June 30, 2017 to Rs. 15.8337 on June 30, 2018. During the fiscal year, NAFA Asset Allocation Fund decreased by 6.79% versus 2.84% decline in the benchmark. Thus, the Fund underperformed the benchmark by 3.95% during the year. The drag on the Fund performance was lagged performance of its key holdings belonging to some cyclical sectors, which were indiscriminately sold-off during the risk-off period under review. We expect these stocks to regain the lost ground with the improvement of market sentiments in the due course of time given their undemanding valuations. Since its launch (August 20, 2010), the Fund has risen by 232.83%, versus the benchmark return of 111.89%, thus to date outperformance is 120.94%. This outperformance is net of management fee and all other expenses.

FY2017-18 proved a challenging year for the stock market as the KSE-100 Index dropped by 10%. It was the first negative return for equity investors after eight years. A host of factors can be attributed to this lackluster performance of the stock market. Contrary to the market expectations, continued sell-off by the foreign investors in FY18 despite up-gradation of PSX into a widely followed MSCI Emerging Index from Frontier Market, shook investors' confidence. Adding to investors' angst was elevated uncertainty in the domestic politics linked to disqualification of elected PM in the historic judgments of Panama Leaks Case, who was later on barred from politics for lifetime. Sit-in by some religious parties in the federal capital and the uncertainty surrounding the elections also took its toll on the stock market. Much awaited Afghan Policy was unveiled by US President, Mr. Donald Trump, signaling tough stance of the US towards Pakistan also perturbed market participants. On the economic front, Current Account Deficit (CAD) sprang up to an unprecedented level of USD18bn during FY18 owing to rising crude oil prices and higher oil & LNG imports, rising imports of industrial raw material, transport vehicles, and machinery that remained a cause of grave concern for the market. To rein in aggregate demand pressures, series of steps were undertaken that included a measured PKR devaluation, deepening and broadening of duties on non-essential imported items, and hike in interest rates. In a bid to shore up the dwindling Foreign exchange reserves and documentation of economy, the government also announced a Foreign & Domestic Assets Declaration Schemes that fell below expectations.

In terms of sectoral performance, Oil & Gas Exploration, Fertilizer and Commercial Bank sectors out-performed the market during FY18, while Cement, Refinery, Engineering, and Automobile Parts & Accessories sectors lagged behind. Foreign investors remained net sellers with outflows of USD 289 million during the aforesaid period. Among local Investors, Insurance and Companies remained major net buyers, taking fresh equity exposure worth USD 204 million and USD 100 million, respectively. Mutual Funds, on the other hand, remained net sellers, off-loading shares worth USD 35 million.

During FY 2018, State Bank of Pakistan (SBP) held six (06) bi-monthly monetary policy reviews. During the first half, 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 exporting industry. However, in the latter half, the SBP 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.

NAFA Asset Allocation Fund has incurred a total loss of Rs.143.3 million during the year. After deducting total expenses of Rs.104.9 million, the net loss is Rs.248.2 million. The asset allocation of NAFA Asset Allocation Fund as on June 30, 2018 is as follows:



NAFA ASSET ALLOCATION FUND

Income Distribution

Due to net loss for the year, no distribution has been made.

Taxation

On account of net loss, no provision for taxation was made in the financial statements of the Fund.

Auditors

The present auditors, Messer Deloitte Yousuf Adil & 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 24 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 23 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 20 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 ASSET ALLOCATION 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

NAFA ASSET ALLOCATION FUND

ڈائریکٹرز رپورٹ

این بی پی فنڈ منیجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NAFA ایسیٹ ایلیکشن فنڈ (NAAF) کی آٹھویں سالانہ رپورٹ برائے سال ختمہ 30 جون 2018ء پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

فنڈ کی کارکردگی

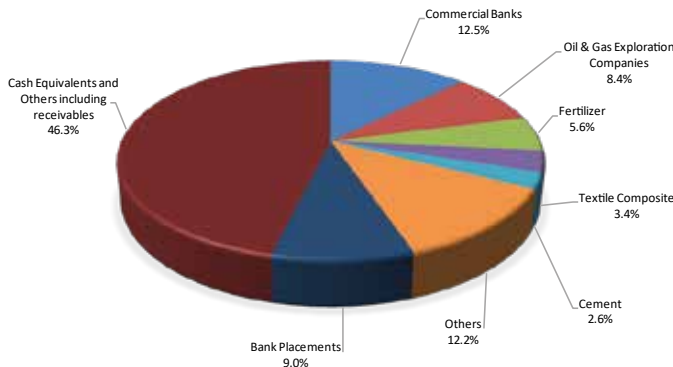
NAFA ایسیٹ ایلیکشن فنڈ (NAAF) کا فنڈ سائز 30 جون 2017 کو 3,290 ملین روپے سے کم ہو کر 30 جون 2018 کو 3,140 ملین روپے ہو چکا ہے، یعنی 4.56% کی کمی۔ اس سال کے دوران NAFA ایسیٹ ایلیکشن فنڈ (NAAF) کے یونٹ کی قیمت 30 جون 2017 کو 16.9877 روپے (Ex-Div) سے کم ہو کر 30 جون 2018 کو 15.8377 روپے ہو چکی ہے۔ مالی سال میں NAFA ایسیٹ ایلیکشن فنڈ اپنے بنچ مارک کی کمی 2.84% کے مقابلے میں 6.79% کم ہوا۔ اس طرح فنڈ نے سال کے دوران میں 3.95% کی ایتر کارکردگی دکھائی۔ فنڈ کی کارکردگی میں کمی کا سبب بعض گردش شعبہ جات کے ساتھ وابستہ اس کے بنیادی ہولڈنگز کی کمزور کارکردگی تھی جو بر جائزہ مدت میں بلا تخصیص فروخت کر دیے گئے۔ ہمیں امید ہے کہ ان کی غیر مطلوبہ اقدار کے کچھ عرصہ بعد مارکیٹ کی صورت حال بہتر ہوتے ہی ان حصص کی کھوئی ہوئی حیثیت بحال ہو جائے گی۔ اپنے قیام (20 اگست 2010) سے اب تک فنڈ اپنے بنچ مارک منافع کے مقابلے میں 111.89% سے بڑھ کر 232.83% ہو گیا، لہذا اب تک 120.94% کی بہتر کارکردگی دکھائی۔ یہ کارکردگی منیجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

مالی سال 2017-2018 اسٹاک مارکیٹ کیلئے چیلنج کا سال تھا کیونکہ KSE-100 انڈیکس 10% گر گیا۔ یہ آٹھ سال کے عرصے میں ایکویٹی سرمایہ کاروں کے منافع میں پہلی کمی تھی۔ اسٹاک مارکیٹ کی اس ناقص کارکردگی کا سبب کئی عوامل تھے۔ مارکیٹ کی توقعات کے برعکس PSX کی فرنیچر مارکیٹ کے MSCI ایمرنگ انڈیکس میں اپ گریڈنگ کے باوجود سرمایہ کاروں کے اعتماد کو دھچکا لگا اور مالی سال 18 میں غیر ملکی سرمایہ کاروں کی جانب سے فروخت کا سلسلہ جاری رہا۔ اس کے علاوہ سرمایہ کاروں کی تشویش میں ملکی سیاست کی بڑھتی ہوئی غیر یقینی کیفیت سے اور اضافہ ہوا جو پانامہ لیکس کیس میں منتخب وزیر اعظم کو نااہل قرار دینے کے تاریخی فیصلے سے پیدا ہوئی اور بعد میں ان کے عمر بھر کیلئے سیاست میں حصہ لینے پر پابندی کا باعث بنی۔ بعض مذہبی جماعتوں کی طرف سے وفاقی دارالحکومت میں دھرنے اور الیکشن کے قریب غیر یقینی کی فضا سے اسٹاک مارکیٹ پر مزید اثر پڑا۔ امریکی صدر مسٹر ڈونلڈ ٹرمپ نے بلاخرافی عرصہ سے متوقع افغان پالیسی کا اعلان کر دیا جس میں امریکہ کی جانب سے پاکستان پر مزید پابندیاں لگانے کا اشارہ دیا گیا تھا جو مارکیٹ کے شرکاء کے لئے مزید پریشانی کا باعث بنا۔ دھرمعاشی منظر نامہ میں، خام تیل کی بڑھتی ہوئی قیمتیں اور آئل اور این جی کے ساتھ ساتھ صنعتی خام مال، ٹرانسپورٹ گاڑیوں اور مشینری کی بڑھتی ہوئی درآمدات کی بنا پر کرنٹ اکاؤنٹ کا خسارہ غیر روایتی سطح کی حد تک 18 بلین یو ایس ڈالر تک پہنچ گیا جو مارکیٹ میں تشویش کا بڑا سبب بنا۔ وسیع طلب کے دباؤ کو قابو کرنے کیلئے کئی اقدامات اٹھائے گئے جن میں پاکستانی روپے کی قدر میں کمی پر قابو، غیر ضروری درآمد شدہ اشیاء پر زیادہ اور وسیع حد تک ڈیوٹیز کا نفاذ اور شرح سود میں اضافہ شامل تھا۔ گرتے ہوئے غیر ملکی زرمبادلہ اور دستاویزی معیشت کو سہارا دینے کے لئے حکومت نے غیر ملکی اور ملکی اثاثہ جات ظاہر کرنے کی اسکیمیں متعارف کروائیں جو قابل توقع نتائج نہ دے سکیں۔

مالی سال میں 18 شعبہ جاتی کارکردگی کے لحاظ سے مارکیٹ میں آئل اینڈ گیس ایکسپلوریشن، فریڈلینڈ اور ورکشاپ بینک کے شعبہ جات کی کارکردگی بہت عمدہ رہی جب کہ سینٹ، ریفائنری، انجینئرنگ اور آٹوموبائل پارٹس اور ایسیسریز کے شعبہ بہت پیچھے رہے۔ غیر ملکی سرمایہ کار خالصتاً فروخت کنندہ رہے اور مذکورہ مدت میں 289 بلین یو ایس ڈالر کا سرمایہ ملک سے باہر گیا۔ مقامی سرمایہ کاروں میں انشورنس اوپینیز بڑے خریدار رہے اور انہوں نے بالترتیب 204 بلین یو ایس ڈالر اور 100 بلین یو ایس ڈالر کے حصص حاصل کئے۔ دوسری طرف میوچوئل فنڈز خالص فروخت کنندہ رہے اور 35 بلین یو ایس ڈالر کے حصص فروخت ہوئے۔

مالی سال 2018 کے دوران میں اسٹیٹ بینک آف پاکستان (ایس بی پی) نے مانیٹری پالیسی کے چھ (06) مرتبہ دو ماہی جائزے لئے۔ پہلے نصف عرصہ کے دوران، ترقی کی رفتار جاری رہنے کی قوی توقع، افراط زر کی موجودگی، او 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 کی 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 بیس 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 کے منافع بالترتیب 79 bps، 90 bps اور 116 bps سے بڑھ گئے۔

NAFA ایسیٹ ایلیکشن فنڈ (NAAF) کو اس سال کے دوران 143.3 ملین روپے کا مجموعی نقصان ہوا۔ 104.9 ملین روپے کے اخراجات منہا کرنے کے بعد خالص نقصان 248.2 ملین روپے رہا۔ فنڈ کی ایسیٹ ایلیکشن 30 جون 2018 کو بمطابق ذیل ہے:



آمدنی کی تقسیم

مذکورہ مالی سال میں فنڈ میں خالص نقصان کے سبب کوئی رقم تقسیم نہیں کی گئی۔

ٹیکسیشن

خالص نقصان کے سبب فنڈ کے مالیاتی گوشوارے میں ٹیکس کا کوئی پروویژن نہیں رکھا گیا۔

NAFA ASSET ALLOCATION FUND

آڈیٹرز

موجودہ آڈیٹرز ڈیلوئیٹس ڈیلوئیٹس، 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 گورننس کی پیروی میں ڈائریکٹرز اسٹیٹمنٹ

- 1- منجمنٹ 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۔ شریاتی 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- انٹرنل 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 روایات سے کوئی پہلو تہی نہیں کی گئی۔
- 8- پرفارمنس ٹیبل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہے۔
- 9- ٹیکسوں، ڈیوٹیز، 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 منجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 24 میں ظاہر کی گئی ہے۔
- 11- یونٹ ہولڈنگ کا تفصیلی پیٹرن مالیاتی گوشواروں کے نوٹ 23 میں ظاہر کیا گیا ہے۔
- 12- ڈائریکٹرز، CFO، CEO، 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 20 میں ظاہر کی گئی ہے۔
- 13- کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدار نان ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ کمپنی ایک غیر فہرست شدہ کمپنی ہونے کے ناطہ کوئی مائٹناری 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 امجد وحید (چیف ایگزیکٹو آفیسر)
نان ایگزیکٹو ڈائریکٹرز	1- جناب مدر حسین خان (چیئرمین) 2- جناب طارق جمالی 3- جناب عبدالہادی بابیکر 4- جناب وجاہت رسول خان 5- ڈاکٹر فوشیہ شیونگ (کیلون فو)

اعتراف

بورڈ اس موقع کا فائدہ اٹھاتے ہوئے منجمنٹ 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 فنڈ منجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

بتاریخ

05 ستمبر 2018ء

مقام: کراچی

NAFA ASSET ALLOCATION FUND

TRUSTEE REPORT TO THE UNIT HOLDERS

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 Asset Allocation 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 13, 2018

NAFA ASSET ALLOCATION FUND

FUND MANAGER REPORT

NAFA Asset Allocation Fund (NAAF) is an Open-ended Asset Allocation Fund.

Investment Objective of the Fund

Objective of NAAF is to generate income by investing in debt and money market securities and to generate capital appreciation by investing in equity and equity related securities.

Benchmark

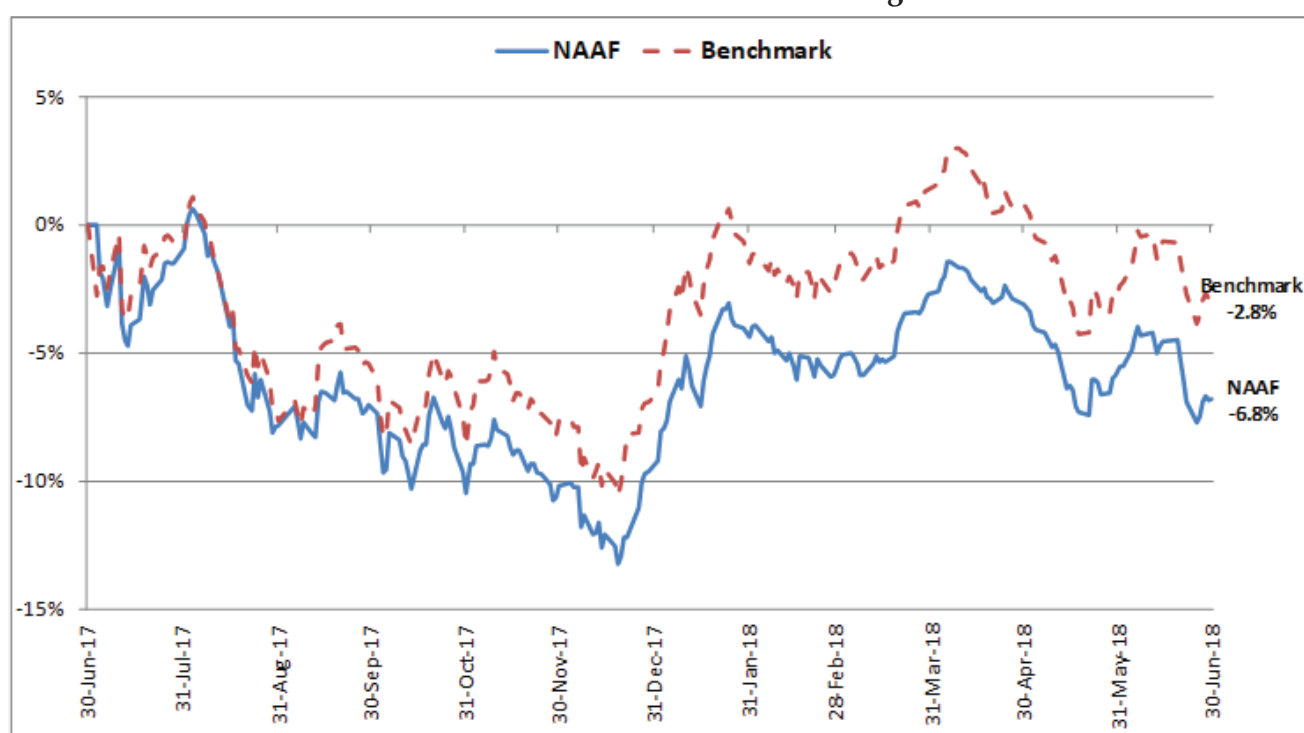
Daily weighted return of KSE-30 Total Return Index & 6-month KIBOR based on Fund's actual allocation, effective from September 01, 2016. Previously 1/3 of average 3-month bank deposit rate; 1/3 of 6-month KIBOR; 1/3 of KSE-30 Index Total Return.

Fund Performance Review

This is the eighth annual report of the Fund. During the fiscal year, NAFA Asset Allocation Fund decreased by 6.79% versus the benchmark which decreased by 2.84%. Thus the Fund underperformed by 3.95% during the year. Since its launch (August 20, 2010), the Fund has risen by 232.83%, versus the benchmark return of 111.89%, thus to date outperformance is 120.94%. This outperformance is net of management fee and all other expenses. Thus, NAAF has met its investment objective. During the year, the fund size of NAAF decreased by 5% to Rs.3,140mn.

NAAF underperformed during the year as the Fund was overweight in key stocks in Cement, Textile Composite, Oil & Gas Marketing Companies, Paper & Board, and Engineering sectors that underperformed the market and underweight in key stocks in Commercial Banks, Oil & Gas Exploration Companies, Food & Personal Care Product, and Fertilizer sectors that outperformed the market, which contributed to the underperformance. The chart below shows the performance of NAAF against the Benchmark for the year.

NAAF Performance vs. Benchmark during FY18



NAFA ASSET ALLOCATION FUND

At the start of the year, NAAF was around 62.6% invested in equities. During the year, we altered the allocation of the Fund based on our view on the relative performance of different asset classes. Towards the end of the year, the allocation in equities was around 44.7%.

FY2017-18 turned out to be a challenging year for the stock market with first negative return since 2009, as the benchmark KSE-100 Index dropped by 10% on a yearly basis. This lackluster performance, in sharp contrast to FY2010-17 period, in which market surged at a CAGR of 26.3%, is attributable to a host of factors. The upgrade of Pakistan's market to a widely followed MSCI Emerging Index from Frontier Market status failed to live up to expectations and unabated sell-off by the foreign investors during the year shook investors' confidence. Amplified uncertainty in the domestic politics linked to disqualification of elected PM in the historic judgments surrounding Panama Leaks Case, who was later on barred from politics for lifetime also unnerved the investors. Sit-in by some religious parties in the federal capital and uncertainty surrounding the elections also took its toll on the stock market. Market participants were also perturbed by the US Policy toward Afghanistan, signaling challenges for Pakistan.

On the economic front, twin deficits remained a challenge for the government. Current Account Deficit (CAD) sprang up to an unprecedented level of USD18bn during FY18 owing to rising crude oil prices and higher oil & LNG imports, rising imports of industrial raw material, transport vehicles, and machinery that remained a cause of grave concern for the market. To rein in aggregate demand pressures, series of steps were undertaken of late that included exchange rate adjustment, deepening and broadening of duties on non-essential imported items, and hike in interest rates. In a bid to shore up the dwindling Foreign exchange reserves and documentation of economy, the government also announced a much awaited Foreign & Domestic Assets Declaration Schemes that however, failed to live up to the expectations.

During FY 2018, State Bank of Pakistan (SBP) held six (06) bi-monthly monetary policy reviews. During the first half, 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 exporting industry. However, in the latter half, in response to growing pressures on the external front driven by ballooning Current Account Deficit (CAD) and rein in inflationary pressures, the SBP cumulatively increased the policy rate by 75 basis points from 5.75% to 6.5%. 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.

Asset Allocation of the Fund (% of NAV)

Particulars	30-Jun-18	30-Jun-17
Equities / Stocks	44.68%	62.6%
Placement with Banks	9.03%	9.3%
Cash Equivalents	47.36%	32.0%
Other Net Liabilities	-1.07%	-3.9%
Total	100.0%	100.0%

NAFA ASSET ALLOCATION FUND

Distribution for the Financial Year 2018

Due to net loss for the year, no distribution has been made.

Unit Holding Pattern of NAFA Asset Allocation Fund as on June 30, 2018

Size of Unit Holding (Units)	# of Unit Holders
1-1000	359
1001-5000	219
5001-10000	170
10001-50000	407
50001-100000	179
100001-500000	170
500001-1000000	22
1000001-5000000	28
5000001-10000000	6
10000001-100000000	2
	1,562

During the period under question:

There has been no significant change in the state of affairs of the Fund. NAFA Asset Allocation 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.18.468m. If the same were not made the NAV per unit/FY18 return of scheme would be higher by Rs 0.0931/0.59%. For details investors are advised to read note 16 of the Financial Statement of the Scheme for the year ended June 30, 2018

NAFA ASSET ALLOCATION 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 Asset Allocation Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2018, and the related 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, cash flows and transaction for the year then ended in accordance with 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 and Management Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted by the Institute of Chartered Accountants of Pakistan together with the ethical requirements that are relevant to our audit of the financial statements in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA 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 informing our opinion thereon, and we do not provide a separate opinion on these matters.

S. No.	Key audit matters	How the matter was addressed in our audit
1	<p>Valuation and existence of investment</p> <p>As disclosed in note 5 to the financial statements, investments held at fair value through profit or loss – held for trading amounting to Rs. 1.686 billion as at June 30, 2018.</p> <p>The Fund's investments mainly include listed equities securities as at year end therefore there is a risk that appropriate quoted prices may not be used to determine fair value of the investments.</p> <p>Further, in respect of existence of investments, there is a risk that the Fund may have included investments in its financial statements which are not owned by Fund.</p>	<p>Valuation and existence was assessed by:</p> <ul style="list-style-type: none">evaluating the design and implementation of key controls around investments;independently testing 100% of the valuations directly to pricing sources;any differences identified during our testing that were over our acceptable threshold were investigated further; andindependently matching the securities held by the Fund as per internal records with the securities appearing in the CDC account and investigated any reconciling items.

NAFA ASSET ALLOCATION FUND

<p>2</p>	<p>Element of Income</p> <p>As disclosed in note 3.5.1, the Securities and Exchange Commission of Pakistan (the SECP) issued SRO no. 756(1)/2017 dated August 03, 2017 whereby certain amendments were made in the Non-Banking Finance Companies and Notified Entities Regulation, 2008 (the NBFC Regulations). As part of such amendments as definition of Element of Income has been incorporated i.e., 'The Element of Income represents the income composition (income earned during the year) of the net asset value of an open-end collective investment scheme that the collective investment scheme receives on issue of units less it pays on redemption'. In addition to the definition, amendment were also made in the 5th Schedule to the NBFC Regulations whereby distribution statement has been omitted from the financial statements and Element of Income has been made part of the 'Unit Holders' Fund' instead of the 'Income Statement' as suggested by ICAP and a new disclosure regarding allocation of accounting income is added to the 'Income Statement'.</p> <p>The abovementioned amendments require significant changes in the presentation of the financial statements and the accounting treatment of the 'Element of Income' and the policy for distribution/dividends made by the Fund.</p>	<p>In order to address the matter we have:</p> <ul style="list-style-type: none"> • Obtained understanding of the amendments made in the NBFC Regulations; • Obtained understanding of the changes required in the disclosures and accounting treatments in the financial statements of the Fund; • Held discussions with the Management regarding the changes required; and • On sample basis we have checked the calculation made and recorded in the financial statements as related to this key audit matter.
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Information other than the Financial Statements and Auditor's Report Thereon

Management Company is responsible for the other information. The other information comprises the Director's report, Fund Managers' report, trustee report to the unit holders, statement of compliance with the shariah principles, report of the shariah advisor, performance table and proxy voting disclosure.

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 Company for the Financial Statements

Management Company 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 the Management Company 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 Company 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 Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Management Company are 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.

NAFA ASSET ALLOCATION FUND

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 Management Company'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 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 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 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

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is Ms. Hena Sadiq.

Deloitte Yousuf Adil
Chartered Accountants

Date: September 25, 2018
Place: Karachi

NAFA ASSET ALLOCATION FUND

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2018

	Note	2018 -----Rupees in '000 -----	2017 -----Rupees in '000 -----
ASSETS			
Bank balances	4	1,487,039	1,018,260
Investments	5	1,686,486	2,365,015
Mark-up accrued and dividend receivable	6	4,940	6,101
Receivable against sale of investments		19,736	-
Deposits, prepayments and other receivables	7	3,282	3,348
Total assets		3,201,483	3,392,724
LIABILITIES			
Payable to NBP Fund Management Limited - Management Company	8	22,411	17,876
Payable to Central Depository Company of Pakistan Limited - Trustee	9	392	434
Payable to the Securities and Exchange Commission of Pakistan	10	3,167	2,199
Accrued expenses and other liabilities	11	35,959	82,097
Total liabilities		61,929	102,606
NET ASSETS		3,139,554	3,290,118
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		3,139,554	3,290,118
Contingencies and commitments	12		
Number of units			
Number of units in issue	13	198,283,591	193,005,748
Rupees			
Net asset value per unit	14	15.8337	17.0467

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

For NBP Fund Management Limited
(Management Company)

NAFA ASSET ALLOCATION FUND

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 ----- Rupees in '000 -----	2017 -----
INCOME			
Return / mark-up on;			
- bank balances and term deposits		83,877	48,834
- government securities		7,642	4
Net (loss) / gain on sale of investments		(174,424)	52,374
Dividend income		97,698	63,926
Net unrealized (loss) / gain on re-measurement of investments at fair value through profit or loss - held for trading	5.3	(158,090)	328,124
Total (loss) / income		(143,297)	493,262
EXPENSES			
Remuneration of NBP Fund Management Limited - Management Company	8.1	66,680	46,294
Sindh Sales Tax on remuneration of the Management Company	8.2	8,668	6,018
Reimbursement of operational expenses to the Management Company	8.3	3,334	2,315
Selling and marketing expenses charged by the Management Company	8.4	13,336	4,432
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	4,334	3,315
Sindh Sales Tax on remuneration of the Trustee	9.2	563	431
Annual fee to the Securities and Exchange Commission of Pakistan	10.1	3,167	2,199
Securities transaction cost		2,833	1,491
Settlement and bank charges		1,134	908
Auditors' remuneration	15	562	537
Fund rating fee		181	90
Legal and professional charges		37	59
Annual listing fee		28	55
Printing charges		48	32
Total expenses		104,905	68,176
Net (loss) / income from operating activities		(248,202)	425,086
Net element of income and capital gains included in prices of units issued less those in units redeemed		-	331,133
Reversal of provision for Workers' Welfare Fund	16	-	18,637
Provision for Sindh Workers' Welfare Fund	16	-	(18,468)
Net (loss) / income for the year before taxation		(248,202)	756,388
Taxation	17	-	-
Net (loss) / income for the year after taxation		(248,202)	756,388
Earnings per unit			
Allocation of net income for the year			
Net (loss) for the year after taxation		(248,202)	
Income already paid on units redeemed		-	
		(248,202)	
Accounting income available for distribution:			
- Relating to capital gain		-	
- Excluding capital gain		-	
		-	

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

For NBP Fund Management Limited
(Management Company)

NAFA ASSET ALLOCATION FUND

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

	2018	2017
	----- Rupees in '000 -----	
Net (loss) / income for the year after taxation	(248,202)	756,388
Other comprehensive income	-	-
Total comprehensive (loss) / income for the year	(248,202)	756,388

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

For NBP Fund Management Limited
(Management Company)

NAFA ASSET ALLOCATION FUND

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

	2018			2017		
	(Rupees in '000)					
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
Net assets at beginning of the year	2,269,232	1,020,886	3,290,118	581,671	592,986	1,174,657
Issuance of 130,739,536 units (2017: 322,578,223 units)						
- Capital value	2,223,575	-	2,223,575			
- Element of loss	(99,045)	-	(99,045)			
Total proceeds on issuance of units	2,124,530	-	2,124,530	5,498,894	444,307	5,943,201
Redemption of 125,461,693 units (2017: 208,782,160 units)						
- Capital value	(2,133,030)	-	(2,133,030)			
- Element of income	117,646	-	117,646			
Total payments on redemption of units	(2,015,384)	-	(2,015,384)	(3,559,047)	(365,460)	(3,924,507)
Net element of income and capital gains included in prices of units issued less those in units redeemed	-	-	-	-	(331,133)	(331,133)
Total comprehensive (loss) / income for the year	-	(248,202)	(248,202)		756,388	756,388
Distribution during the year	-	(11,508)	(11,508)		(328,488)	(328,488)
Net assets at end of the year	2,378,378	761,176	3,139,554	2,521,518	768,600	3,290,118
Undistributed income brought forward						
- Realised		692,762			537,461	
- Unrealised		328,124			55,525	
		1,020,886			592,986	
Accounting income available for distribution						
- Relating to capital gain		-				
- Excluding capital gain		-				
		-				
Net (loss) / income for the year after taxation		(248,202)			756,388	
Distribution during the year		(11,508)			(328,488)	
Undistributed income carried forward		761,176			1,020,886	
Undistributed income carried forward						
- Realised		919,266			692,762	
- Unrealised		(158,090)			328,124	
		761,176			1,020,886	
			- (Rupees) -			- (Rupees) -
Net assets value per unit at beginning of the year			17.0467			14.8297
Net assets value per unit at end of the year			15.8337			17.0467

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

For NBP Fund Management Limited
(Management Company)

NAFA ASSET ALLOCATION FUND

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees in '000	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss) / income for the year before taxation		(248,202)	756,388
Adjustments:			
Return / mark-up on;			
- bank balances and term deposits		(83,877)	(48,834)
- government securities		(7,642)	(4)
Dividend income		(97,698)	(63,926)
Net unrealized loss / (gain) on re-measurement of investments at fair value through profit or loss - held for trading		158,090	(328,124)
Net element of income and capital gains included in prices of units issued less those in units redeemed		-	(331,133)
Reversal of provision for Workers' Welfare Fund		-	(18,637)
Provision for Sindh Workers' Welfare Fund		-	18,468
		(31,127)	(772,190)
		(279,329)	(15,802)
(Increase) / decrease in assets			
Investments - net		270,439	(1,002,701)
Receivable against sale of investments		(19,736)	-
Deposits, prepayments and other receivables		66	(411)
		250,769	(1,003,112)
Increase / (decrease) in liabilities			
Payable to the Management Company		4,535	10,520
Payable to the Trustee		(42)	220
Payable to the Securities and Exchange Commission of Pakistan		968	798
Accrued expenses and other liabilities		(37,210)	27,645
		(31,749)	39,183
Mark-up on bank balances and term deposits received		82,306	48,856
Mark-up on government securities received		7,648	4
Dividend received		100,424	59,722
Net cash generated from / (used in) operating activities		130,069	(871,149)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash generated from investing activities		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Amounts received on issuance of units		2,124,530	5,943,220
Amounts paid on redemption of units		(2,017,031)	(3,961,670)
Dividend paid		(18,789)	(321,476)
Net cash generated from financing activities		88,710	1,660,074
Net increase in cash and cash equivalents during the year		218,779	788,925
Cash and cash equivalents at the beginning of the year		1,268,260	479,335
Cash and cash equivalents at the end of the year	4.2	1,487,039	1,268,260

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 ASSET ALLOCATION FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

1. LEGAL STATUS AND NATURE OF BUSINESS

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

The Management Company of the Fund has been licensed to act as an asset management company under the NBFC Rules through a certificate of registration issued by SECP. The registered office of the Management Company is situated at 7th floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi.

The Fund is an open-ended mutual fund categorised as "asset allocation scheme" and its units are listed on Pakistan Stock Exchange Limited. Units of the Fund are offered for public subscription on a continuous basis. The units of the Fund are transferable and can be redeemed by surrendering them to the Fund.

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

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

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for the investments which are stated at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Fund.

2.4 Adoption of new standards, amendments and interpretations to the published approved accounting standards:

2.4.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2018

The following standards, amendments and interpretations are effective for the year ended June 30, 2018. These standards, interpretations and the amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

NAFA ASSET ALLOCATION FUND

Effective from accounting period
beginning on or after:

Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative

January 01, 2017

Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses

January 01, 2017

Certain annual improvements have also been made to a number of IFRSs, which are also not relevant to the Fund.

2.4.2 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and amendments (except for IFRS 9 'Financial Instruments') are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

IFRS 15 'Revenue from contracts with customers' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.

July 01, 2018

IFRS 16 'Leases' - This standard will supersede IAS 17 'Leases' upon its effective date.

January 01, 2019

Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions

January 01, 2018

IFRS 9 'Financial Instruments' - This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.

July 01, 2018

Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities

January 01, 2019

IFRS 4 'Insurance Contracts': Amendments regarding the interaction of IFRS 4 and IFRS 9.

An entity choosing to apply the overlay approach retrospectively to qualifying financial assets does so when it first applies IFRS 9. An entity choosing to apply the

Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

January 01, 2019

Amendments to IAS 19 'Employee Benefits' - Plan Amendment, Curtailment or Settlement

January 01, 2019

Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property

January 01, 2018. Earlier application is permitted.

IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.

January 01, 2018. Earlier application is permitted.

IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.

January 01, 2019

Certain annual improvements have also been made to a number of IFRSs, which are also not expected to have material impact on financial reporting of the Fund.

NAFA ASSET ALLOCATION FUND

2.5 IFRS 9 'Financial Instruments' Impact Assessment

2.5.1 IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective from accounting periods beginning on or after July 1, 2018.

Key requirements of IFRS 9 are as follows;

Classification and measurement of financial assets

- All recognized financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value.
- Debt investments that are held within a business model whose objective is to collect the contractual cash flows, that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods.
- Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are generally measured at fair value through other comprehensive income "FVTOCI".
- All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods.
- In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.

Classification and measurement of financial liabilities

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires as follows:

- The amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.
- Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 have deferred the applicability of above provision requirements in relation to debt securities for mutual funds.

2.5.2 Impact assessment

Based on the analysis of Fund's financial assets and liabilities as at June 30, 2018 considering facts and circumstances that exists at that date, the Management Company have assessed the impact of IFRS 9 to the Fund's financial statements as follows;

Financial assets classified as loans and receivables are held with a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding. These financial assets will qualify to be classified and measured at "Amortised cost" upon application of IFRS 9.

NAFA ASSET ALLOCATION FUND

2.6 Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 17 – Insurance Contracts

2.7 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise its judgment in the process of applying Fund's accounting policies. Estimates, judgments and assumptions are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from those estimates.

In the process of applying Fund's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

- (a) classification of financial assets (Note 3.2.1)
- (b) impairment of financial assets (Note 3.2.5)
- (c) provisions (Note 3.6)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

3.1 Cash and cash equivalents

Cash comprises current and savings accounts with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to insignificant change in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

3.2 Financial assets

3.2.1 Classification

The management of the Fund determines appropriate classification of investments at the time of purchase and classifies these investments at fair value through profit or loss, loans and receivables or available-for-sale.

a) Investments at fair value through profit or loss - held-for-trading

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in market prices, interest rate movements or are financial assets included in a portfolio in which a pattern of short term profit making exists.

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

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as (i) loans and receivables, (ii) held to maturity investments or (iii) financial assets at fair value through profit and loss.

3.2.2 Regular way contracts

Regular purchases and sales of financial assets are recognized on the trade date i.e. the date that the Fund commits to purchase / sell the assets.

3.2.3 Initial recognition and measurement

Financial assets are initially recognized 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 recognized at fair value and transaction costs are recognized in the 'income statement'.

NAFA ASSET ALLOCATION FUND

3.2.4 Subsequent measurement

a) Financial assets designated by the management as 'at fair value through profit or loss - held for trading' and 'available for sale'

1) Debt securities (other than government securities)

The investment of the Fund in debt securities is valued on the basis of rates determined by the Mutual Fund Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the SECP for valuation of debt securities vide its Circular no. 1 of 2009 dated January 6, 2009 and Circular no. 33 of 2012 dated October 24, 2012. In the determination of valuation rates, the MUFAP takes into account the holding pattern of these securities and categorizes them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

2) Government securities

The investment of the Fund in government securities is valued on the basis of rates announced by the Financial Markets Association of Pakistan.

3) Equity securities

Net gains and losses arising from changes in the fair value of financial assets carried 'at fair value through profit or loss' are taken to the 'income statement'.

Net gains and losses arising from changes in fair value of 'available for sale' financial assets are taken to the 'statement of comprehensive income' until these are derecognized or impaired. At this time, the cumulative gain or loss previously recognized directly in the 'statement of comprehensive income' is transferred to the 'income statement'.

b) Loans and receivables

Subsequent to initial recognition, financial assets classified as 'loans and receivables' are carried at amortized cost using the effective interest method. Gains or losses are also recognized in the 'income statement' when financial assets carried at amortized cost are derecognised or impaired, and through the amortization process.

3.2.5 Impairment of financial assets

The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized whenever, the carrying amount of an asset exceeds its recoverable amount. impairment losses are recognized in the 'income statement'.

a) Debt securities

Provision for non-performing debt securities is made on the basis of time based criteria as prescribed under Circular no. 33 of 2012 dated October 24, 2012 issued by the SECP. Impairment losses recognized on debt securities can be reversed through the 'income statement'.

As allowed under Circular no. 13 of 2009 dated May 4, 2009 issued by the SECP, the management may also make provision against debt securities over and above the minimum provision requirement prescribed in the aforesaid circular, in accordance with the provisioning policy approved by the Board of Directors and disseminated by the Management Company on its website.

b) Equity securities

For equity securities classified as 'available for sale', a significant or prolonged decline in the fair value of the security below its cost is considered, among other indicators, as an indicator that the security is impaired. If any such evidence exists for 'available for sale' financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in 'income statement', is reclassified from other comprehensive income and recognized in the income statement. However, the decrease in impairment loss on equity securities are not reversed through the income statement.

c) 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 impairment is the difference between the assets carrying value and present value of estimated future cash outflows, discounted at the original effective interest rate.

NAFA ASSET ALLOCATION FUND

3.2.6 Derecognition

Financial assets are derecognized 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.

3.2.7 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 recognized amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

3.3 Financial liabilities

All financial liabilities are recognized at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognized at fair value and subsequently stated at amortized cost.

3.4 Issuance and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that date. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable. Sales load collected, if any, is payable to the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

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

An equalisation account called the element of income / (loss) included in prices of units sold less those in units redeemed is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

Element of income / (loss) 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 element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend net assets value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

On redemption of units, element of income is paid on units redeemed from element of income contributed by unit holders on issue of units (i.e. return of capital) or the element of income is paid from the income earned by the fund or the element of income is partly paid out of element of income contributed by unit holders (i.e. return of capital) and partly from the income earned by the fund.

3.5.1 Amendment in the NBFC Regulations in the current year

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 should 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. Furthermore, the amended regulations also require certain additional disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', whereas disclosure with respect to 'Distribution Statement' has been deleted in the amended regulations.

NAFA ASSET ALLOCATION FUND

Previously, an equalization 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 unrealized 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 recognized 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 disclosures requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from July 1, 2017 as allowed by the SECP vide their email to MUFAP dated February 8, 2018. 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 the aforementioned SRO issued by the SECP.

Had the element of income been recognised as per the previous accounting policy, the loss of the Fund would have been lower by Rs. 18.601 million consequently NAV per unit would have no impact. However, the change in accounting policy does not have any impact on the 'Cash Flow Statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' as shown in the 'statement of Assets and Liabilities' and 'Statement of Movement in Unit Holders' Fund'. 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.

3.6 Provisions

Provisions are recognized 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 Revenue recognition

- Realised capital gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Unrealised capital gains / (losses) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss - held for trading' are included in the income statement in the period in which they arise.
- Mark-up / return on government securities and bank balances are recognised on a time apportionment basis using the effective interest method.
- Dividend income is recognised when the right to receive the dividend is established.

3.8 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 its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders (excluding distribution made by issuance of bonus units).

The Fund 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.

3.9 Proposed distributions

Distributions declared subsequent to the year end are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared.

3.10 Earnings per unit

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

NAFA ASSET ALLOCATION FUND

		Note	2018 ----- Rupees in '000 -----	2017 ----- Rupees in '000 -----
4. BANK BALANCES				
Current accounts			9,783	16,715
Savings accounts		4.1	1,477,256	1,001,545
			1,487,039	1,018,260

4.1 These savings accounts carry markup at rates ranging from 2.40% to 7.50% per annum (2017: 5.2% to 6.25% per annum).

		Note	2018 ----- Rupees in '000 -----	2017 ----- Rupees in '000 -----
4.2 Cash and cash equivalents				
Current accounts			9,783	16,715
Savings accounts			1,477,256	1,001,545
Term deposits having original maturity of three months or less			-	250,000
			1,487,039	1,268,260

5. INVESTMENTS

Financial assets at fair value through profit or loss - held for trading

Listed equity securities 5.1 **1,402,884** 2,060,320

Loan and receivable

Term deposits 5.5 **283,602** 304,695

5.1 Listed equity securities **1,686,486** 2,365,015

Name of the investee company and sector	Number of shares					Market value as at June 30, 2018	Investment as a percentage of		
	As at July 01, 2017	Purchased during the year	Bonus / Right issue	Sold during the year	As at June 30, 2018		Market value as a percentage of net assets	Market value as a percentage of total investment	Investment as a percentage of paid up capital of the investee company

(Rupees in '000) ----- % -----

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

OIL AND GAS MARKETING COMPANIES

Attock Petroleum Limited	24,250	-	-	750	23,500	13,865	0.44	0.82	0.01
Pakistan State Oil Company Limited (R	116,720	101,000	27,744	177,500	67,964	21,634	0.69	1.28	0.01
Hascol Petroleum Limited	1,354	-	-	-	1,354	424	0.01	0.03	0.00
Sui Northern Gas Pipelines Limited	-	169,700	-	-	169,700	17,007	0.54	1.01	0.00
Shell Pakistan Limited	110,900	-	-	48,000	62,900	19,882	0.63	1.18	0.02
						2.31	4.32		

OIL AND GAS EXPLORATION

Oil and Gas Development Company Limited	341,300	456,900	-	395,000	403,200	62,746	2.00	3.72	0.00
Pakistan Oilfields Limited	139,650	101,800	-	172,200	69,250	46,521	1.48	2.76	0.02
Pakistan Petroleum Limited	391,960	269,600	-	312,200	349,360	75,078	2.39	4.45	0.00
Mari Petroleum Company Limited	62,250	4,200	-	13,500	52,950	79,752	2.54	4.73	0.07
						8.41	15.66		

REFINERY

Attock Refinery Limited	39,200	-	-	39,200	-	-	-	-	

FERTILIZER

Engro Corporation Limited	244,900	295,400	-	310,500	229,800	72,125	2.30	4.28	0.01
Engro Fertilizers Limited	452,500	1,464,000	-	959,500	957,000	71,689	2.28	4.25	0.01
Fauji Fertilizer Bin Qasim Limited	326,500	-	-	326,500	-	-	-	-	-
Fauji Fertilizer Company Limited	-	737,000	-	421,500	315,500	31,200	0.99	1.85	0.00
						5.57	10.38		

CHEMICALS

Engro Polymer and Chemicals Limited	1,357,000	355,000	-	1,188,000	524,000	16,433	0.52	0.97	0.00
Engro Polymer and Chemicals (Right is	-	-	193,857	-	193,857	1,710	0.05	0.10	0.00
						0.57	1.07		

FOOD AND PERSONAL CARE PRODUCTS

Rafhan Maize Products Company Lim	1,640	-	-	60	1,580	12,087	0.38	0.72	0.13
Al Shaheer Corporation Limited	92,000	54,500	-	-	146,500	3,992	0.13	0.24	0.00
Matco Foods Limited	-	200,000	-	175,000	25,000	940	0.03	0.06	0.00
						0.54	1.02		

ENGINEERING

International Steels Limited	258,500	291,000	-	290,000	259,500	26,391	0.84	1.56	0.01
International Industries Limited	139,000	-	-	10,200	128,800	29,919	0.95	1.77	0.02
Amreli Steels Limited	250,000	59,300	-	227,000	82,300	5,806	0.18	0.34	0.00
Mughal Iron And Steel Industries Limited	250,000	-	-	186,000	64,000	3,931	0.13	0.23	0.00
						2.10	3.90		

Balance carried forward

613,132 19.50 36.35

NAFA ASSET ALLOCATION FUND

Name of the investee company and sector	Number of shares					Market value as at June 30, 2018	Investment as a percentage of		
	As at July 01, 2017	Purchased during the year	Bonus / Right issue	Sold during the year	As at June 30, 2018		Market value as a percentage of net assets	Market value as a percentage of total investment	Investment as a percentage of paid up capital of the investee company
(Rupees in '000) %									
Balance brought forward						613,132	19.50	36.35	
CEMENT									
D.G. Khan Cement Company Limited	381,900	230,200	-	523,600	88,500	10,132	0.32	0.60	0.00
Lucky Cement Limited	100,500	22,500	-	84,800	38,200	19,403	0.62	1.15	0.01
Maple Leaf Cement Factory Limited	136,500	218,000	50	239,100	115,450	5,858	0.19	0.35	0.00
Attock Cement Pakistan Limited	183,700	-	-	-	183,700	24,703	0.79	1.46	0.02
Pioneer Cement Limited	265,400	-	-	265,400	-	-	-	-	-
Cherat Cement Company Limited	216,900	232,500	-	267,500	181,900	17,686	0.56	1.05	0.01
Kohat Cement Company Limited	-	36,500	-	-	36,500	4,492	0.14	0.27	0.00
Fauji Cement Company Limited	327,000	78,000	-	388,500	16,500	377	0.01	0.02	0.00
							2.63	4.90	
TRANSPORT									
Pakistan National Shipping Corporatic	78,700	-	-	19,700	59,000	4,834	0.15	0.29	0.00
							0.15	0.29	
TEXTILE COMPOSITE									
Nishat Mills Limited	471,700	322,000	-	643,000	150,700	21,237	0.68	1.26	0.01
Gul Ahmed Textile Mills Limited	854,800	125,000	-	421,000	558,800	23,989	0.76	1.42	0.01
Crescent Textile Mills Limited	182,500	-	-	50,000	132,500	3,339	0.11	0.20	0.00
Nishat (Chunian) Limited	619,000	798,000	-	980,500	436,500	20,725	0.66	1.23	0.01
Dawood Lawrencepur Limited	73,000	-	-	-	73,000	12,829	0.41	0.76	0.02
Kohinoor Textile Mills Limited (Refer 5	553,888	49,900	35,906	169,500	470,194	25,856	0.82	1.53	0.01
							3.44	6.40	
POWER GENERATION AND DISTRIBUTION									
The Hub Power Company Limited	338,700	458,500	-	318,500	478,700	44,117	1.41	2.62	0.00
Kot Addu Power Company Limited	310,000	-	-	144,000	166,000	8,949	0.29	0.53	0.00
Saif Power Limited	129,500	-	-	29,000	100,500	2,662	0.08	0.16	0.00
K-Electric Limited	2,642,000	4,250,000	-	6,697,000	195,000	1,108	0.04	0.07	0.00
							1.82	3.38	
COMMERCIAL BANKS									
Allied Bank Limited	550,700	44,500	-	-	595,200	61,395	1.96	3.64	0.01
Bank Al-Falah Limited	-	2,312,000	-	837,000	1,475,000	77,128	2.46	4.57	0.00
Bank Al Habib Limited	529,150	140,000	-	317,000	352,150	27,760	0.88	1.65	0.00
MCB Bank Limited	247,300	55,500	-	143,000	159,800	31,604	1.01	1.87	0.00
United Bank Limited	293,903	167,700	-	170,000	291,603	49,275	1.57	2.92	0.00
Faysal Bank Limited (Refer 5.4)	29,838	1,939,000	295,325	761,500	1,502,663	39,069	1.24	2.32	0.00
Habib Bank Limited	240,467	555,400	-	311,400	484,470	80,635	2.57	4.78	0.01
Askari Bank Limited	-	1,514,500	-	296,000	1,218,500	26,648	0.85	1.58	0.00
							12.54	23.33	
PAPER AND BOARD									
Century Paper and Board Mills Limited	352,500	-	-	3,000	349,500	22,193	0.71	1.32	0.02
Cherat Packaging Limited	3,572	-	482	-	4,054	583	0.02	0.03	0.00
							0.73	1.35	
AUTOMOBILE ASSEMBLER									
Millat Tractors Limited	57,500	-	-	46,240	11,260	13,378	0.43	0.79	0.03
Indus Motor Company Limited	39,330	-	-	30,380	8,950	12,722	0.41	0.75	0.02
Honda Atlas Cars Pakistan Limited	35,300	-	-	24,600	10,700	3,385	0.11	0.20	0.00
							0.95	1.74	
AUTOMOBILE PARTS AND ACCESSORIES									
Baluchistan Wheels Limited	7,500	-	-	-	7,500	812	0.03	0.05	0.01
Thal Limited	65,200	-	-	39,200	26,000	12,416	0.40	0.74	0.03
							0.43	0.79	
TECHNOLOGY AND COMMUNICATION									
Systems Limited	259,500	-	-	-	259,500	26,267	0.84	1.56	0.02
							0.84	1.56	
GLASS AND CERAMICS									
Tariq Glass Industries Limited	452,000	800	-	153,000	299,800	32,127	1.02	1.90	0.04
Shabbir Tiles and Ceramics Limited	2,128,500	-	-	2,128,500	-	-	-	-	-
							1.02	1.90	
CABLE AND ELECTRIC GOODS									
Pak Elektron Limited	391,375	32,000	-	423,375	-	-	-	-	-
							-	-	
PHARMACEUTICALS									
Abbott Laboratories Pakistan Limited	12,000	14,000	-	9,500	16,500	11,303	0.36	0.67	0.01
Ferozsons Laboratories Limited	18,050	-	-	-	18,050	3,515	0.11	0.21	0.01
The Searle Company Limited	-	22,000	-	10,400	11,600	3,938	0.13	0.23	0.00
							0.60	1.11	
SYNTHETIC PRODUCTS									
Synthetic Products Enterprises Limited	-	25,500	-	-	25,500	1,303	0.04	0.08	0.00
							0.04	0.08	
Total as at June 30, 2018	18,178,997	18,203,400	553,364	22,197,805	14,737,959	1,402,884	44.69	83.18	
Carrying value before mark to market as at June 30, 2018						1,560,974			

NAFA ASSET ALLOCATION FUND

- 5.1.1** Investments include shares with market value of Rs. 91,843 million (June 2017: Rs. 66.833 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with circular no. 11 dated October 23, 2007 issued by the SECP.

5.2 Government securities - at fair value through profit or loss - held for trading

Issue date	Tenor	Face value				Investment as a percentage of		
		As at July 1, 2017	Purchases during the year	Sold / matured during the year	As at June 30, 2018	Market value as at June 30, 2018	Net assets	Total investments
						Rupees in '000'	%	
Treasury Bill	3 Months	-	400,000	400,000	-	-	-	-
Treasury Bill	3 Months	-	800,000	800,000	-	-	-	-
			1,200,000	1,200,000				
							2018	2017
						Note	Rupees in '000'	

5.3 Net unrealised gain on re-measurement of investments at fair value through profit or loss - held for trading

Market value of investments	5.1	1,402,884	2,060,320
Less: carrying value of investments before mark to market	5.1	(1,560,974)	(1,732,196)
		(158,090)	328,124

- 5.4** This represents gross bonus shares as per Fund's entitlement declared by the investee company. The Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of five percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the company declaring bonus shares which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Funds Association of Pakistan, has filed a petition in Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the mutual funds based on the premise of exemption given to mutual funds under clause 47B and 99 of Second Schedule of Income Tax Ordinance, 2001. The Sindh High Court has granted stay order till the final outcome of the case. Accordingly, the investee company(s) has withheld the shares equivalent to five % of bonus announcement and not yet deposited in CDC account of department of Income Tax. Management is of the view that the decision will be in the favor and accordingly has recorded the bonus shares on gross basis.

- 5.5** This represents long term deposit having original maturity period of more than three months. These carry mark-up rate of 7.40% per annum (2017: 6.75% per annum) and will mature on September 27, 2018.

	2018	2017
	Rupees in '000'	
6. MARK-UP ACCRUED AND DIVIDEND RECEIVABLE		
Mark-up accrued on bank balances and term deposits	2,001	430
Mark-up accrued on government securities	-	6
Dividend receivable	2,939	5,665
	4,940	6,101

7. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Security deposits with:

- National Clearing Company of Pakistan Limited	2,750	2,750
- Central Depository Company of Pakistan Limited	100	100

Advance tax	432	432
Prepayments	-	66

Balance carried forward

613,132	3,282	19,50	3,348
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NAFA ASSET ALLOCATION FUND

		2018	2017
	Note	Rupees in '000	Rupees in '000
8. PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Remuneration of the Management Company	8.1	5,281	6,031
Sindh Sales Tax on remuneration of the Management Company	8.2	687	784
Operational expenses	8.3	1,713	2,315
Selling and marketing expenses	8.4	6,853	4,432
Sales load		3,667	514
Sindh Sales Tax and Federal Excise Duty on sales load		4,210	3,800
		22,411	17,876

8.1 Under the provisions of the NBFC Regulations, the Management Company of the Fund was entitled to a remuneration during the first five years of the Fund, of an amount not exceeding 3% of the average annual net assets of the Fund and thereafter of an amount equal to 2% of such assets provided that Management Company may charge performance based or fixed fee or a combination of both which shall not exceed the limit prescribed in the NBFC Regulations and such fee structure shall be disclosed in the offering document.

On November 25, 2015, SECP had made certain amendments in the NBFC Regulations through S.R.O 1160(1)/2015. As per the provision of amended NBFC Regulations, the applicable rate has been changed to 2% of average annual net assets.

Accordingly, Management Company has charged its remuneration at the rate of 2% of the average annual net assets of the Fund from that date.

8.2 This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (2017: 13%) on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.

8.3 This represents reimbursement of certain expenses to the Management Company. As per Regulation 60(3)(s) of the NBFC Regulations, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the scheme, maximum up to 0.1% of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged 0.1% of the average annual net assets, being the lower amount, to the Fund.

8.4 This represents selling and marketing expenses charged by the Management Company to the Fund. During the year, the SECP through Circular No. 40 of 2016 dated December 30, 2016 prescribed certain conditions on Asset Management Companies (AMCs) for charging of selling and marketing expenses to certain collective investment schemes managed by them. Pursuant to the circular, AMCs are allowed to charge selling and marketing expenses initially for three years (effective from January 01, 2017 till December 31, 2019) on open end equity, asset allocation, and index funds maximum up to 0.4% of the average annual net assets of the Fund or actual expenses, whichever is lower. Accordingly, the Management Company has charged 0.4% per annum of the average annual net assets of the Fund with effect from March 01, 2017, being the lower amount.

		2018	2017
	Note	Rupees in '000	Rupees in '000
9. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE			
Remuneration of the Trustee	9.1	347	384
Sindh Sales Tax on remuneration of the Trustee	9.2	45	50
		392	434

9.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net assets of the Fund. The remuneration is payable to the Trustee monthly in arrears.

Tariff structure applicable to the Fund as at June 30, 2018 is as follows:

Net asset value	Tariff per annum
Upto Rs. 1,000 million	Rs. 0.7 million or 0.20% per annum of net assets, whichever is higher
On an amount exceeding Rs. 1,000 million	Rs. 2.0 million plus 0.10% per annum of net assets exceeding Rs. 1,000 million.

NAFA ASSET ALLOCATION FUND

9.2 The Sindh Provincial Government levied Sindh Sales Tax at the rate of 13% (2017: 13%) on the remuneration of the trustee through Sindh Sales Tax on Services Act, 2011.

10. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

10.1 Under the provisions of the NBFC Regulations, a collective investment scheme categorized as "asset allocation scheme" is required to pay as annual fee to the Securities and Exchange Commission of Pakistan, an amount equal to 0.095 percent of the average annual net assets of the Fund. The fee is paid annually in arrears.

11. ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	2018 ----- Rupees in '000 -----	2017 ----- Rupees in '000 -----
Auditors' remuneration		434	444
Federal Excise Duty on remuneration of the Management Company	11.1	16,000	16,000
Provision for Workers' Welfare Fund	16.	-	-
Provision for Sindh Workers' Welfare Fund	16.	18,468	18,468
Brokerage charges		282	182
Settlement charges		120	69
Printing charges		75	92
Withholding tax		169	35,739
Capital gain tax		20	1,778
Legal and professional charges		30	24
Payable against redemption of units		-	1,647
Dividend payable		-	7,281
Rating fee		90	120
Others		271	253
		35,959	82,097

11.1 As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan with the Sindh High Court (SHC). September 04, 2013.

While disposing the above petition, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from July 01, 2011. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for the decision.

Further, the Finance Act 2016, also introduced an amendment to the Federal Excise Act, 2005 whereby FED was withdrawn on services of different industries including Non-Banking Financial Institutions, which are already subject to provisional sales tax.

However, since the appeal is pending in the Supreme Court of Pakistan, the Management Company, as a matter of being prudent, is carrying provision for FED aggregating to Rs. 16 million as at December 31, 2016. Had the provision not been made, the net asset value per unit as at June 30, 2018 would have been higher by Rs. 0.0807 per unit (2017: Rs. 0.0829 per unit).

11.2 The amount of FED accrued on remuneration of the Management Company will be paid via Management Company to the Taxation authority, if required.

12. CONTINGENCIES AND COMMITMENTS

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

13. NUMBER OF UNITS IN ISSUE

	2018 -----Number of units-----	2017 -----Number of units-----
Total units in issue at the beginning of the year	193,005,748	79,209,685
Add: units issued during the year	130,739,536	322,578,223
Less: units redeemed during the year	(125,461,693)	(208,782,160)
Total units in issue at the end of the year	198,283,591	193,005,748

14. NET ASSET VALUE PER UNIT

The net asset value 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 issue at the year end.

NAFA ASSET ALLOCATION FUND

	2018	2017
	Rupees in '000	
15. AUDITORS' REMUNERATION		
Annual audit fee	356	365
Half yearly review fee	143	146
Out of pocket expenses	63	26
	562	537

16. WORKERS' WELFARE FUND AND SINDH WORKERS' WELFARE FUND

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

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

As at June 30, 2018, the provision in relation to SWWF amounted to Rs. 18.468 million (2017: Rs. 18.468 million). Had the provision not being made, the Net Asset Value per unit as at June 30, 2018 would have been higher by Rs. 0.0931 (June 30, 2017: Rs. 0.0829) per unit.

17. TAXATION

The Fund's income is exempt from income tax as per clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders (excluding distribution made by issuance of bonus units). There is a loss of Rs. 248 million in the current year, therefore, distribution is not required to be made in the current year.

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

18. EARNINGS PER UNIT

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

19. TOTAL EXPENSE RATIO

Total expense ratio (all the expenses incurred during the year divided by average net asset value for the year) is 3.15% per annum including 0.38% representing government levies on Collective Investment Schemes such as sales tax, provision for Sindh Worker's Welfare Fund and Securities and Exchange Commission of Pakistan fee for the year.

20. TRANSACTION WITH CONNECTED PERSONS AND RELATED PARTIES

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

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

NAFA ASSET ALLOCATION FUND

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

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

	2018	2017
	Rupees in '000	
20.5 Details of transactions with connected persons and related parties are as follows:		
NBP Fund Managemnt Limited - Management Company		
Remuneration of the Management Company	66,680	46,294
Sindh Sales Tax on remuneration of the Management Company	8,668	6,018
Reimbursement of operational expenses to the Management Company	3,334	2,315
Sales load	6,031	9,571
Sindh Sales tax and Federal Excise Duty on sales load	784	1,308
Units Issued / transferred in 3,062,787 units (2017: 2,930,334 units)	50,000	50,000
Units redeemed / transferred out 622,580 units (2017: 2,930,334 units)	10,000	49,981
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	4,334	3,315
Sindh Sales Tax on remuneration of the Trustee	563	431
CDS charges	157	101
Taurus Securities Limited (Subsidiary of the Parent of the Management Company)		
Brokerage expense	183	84
Summit Bank Limited (Common Directorship with the Management Company)		
Mark-up on bank balances	-	17
Askari Bank Limited (Common Directorship with the Management Company)		
Mark-up on bank balances	67	121
BankIslami Pakistan Limited (Common Directorship with the Management Company)		
Mark-up on bank balances	2,655	73
NBP Fullerton Asset Management Limited Employees Provident Fund (Provident Fund of the Management Company)		
Units Issued / transferred in Nil units (2017: 982,584 units)	-	18,856
Units redeemed / transferred out Nil units (2017: 1,279,286 units)	-	24,624
* Aamir Sattar (Director of the Management Company)		
Dividend re-invest Nil units (2017: 10,247 units)	-	173
Company Secretary / Chief Operating Officer of the Management Company		
Units issued / transferred in Nil units (2017: 5,540 units)	-	87
Units redeemed / transferred out Nil units (2017: 51,003 units)	-	841
Dividend re-invest Nil units (2017: 1 unit)	-	-
Humayun Bashir (Director of the Management Company)		
Units issued / transferred in Nil units (2017: 249,795 units)	-	5,000
Units redeemed / transferred out 993,007 units (2017: Nil units)	16,220	-
Dividend re-invest 3,012 units (2017: 102,446 units)	48	1,725
Nausherwan Adil (Director of the Management Company)		
Units issued / transferred in Nil units (2017: 79,363 units)	-	1,500
Dividend re-invest Nil units (2017: 8,906 units)	-	150
Chief Financial Officer of the Management Company		
Units redeemed / transferred out Nil units (2017: 7,948 units)	-	160
Dividend re-invest 201 units (2017: 6,826 units)	3	115
Employees of the Management Company		
Units issued / transferred in 75,593 units (2017: 114,786 units)	1,215	2,020
Units redeemed / transferred out 97,072 units (2017: 147,270 units)	1,553	2,660
Dividend re-invest 233 units (2017: 7,659 units)	4	129
International Industries Limited (Common Directorship with the Management Company)		
Shares purchased Nil (2017: Nil shares)	-	-
Shares sold 10,200 (2017: 311,000 shares)	2,982	33,195
Dividend Income	536	1,673

NAFA ASSET ALLOCATION FUND

	2018	2017
	----- Rupees in '000 -----	
International Steels Limited (Common Directorship with the Management Company)		
Shares purchased 291,000 (2017: 27,000 shares)	35,962	3,136
Shares sold 290,000 (2017: 609,500 shares)	33,576	30,879
Dividend income	675	1,126
Cherat Packaging Limited (Common Directorship with the Management Company)		
Dividend income	33	34
Cherat Cement Limited (Common Directorship with the Management Company)		
Shares purchased 232,500 (2017: 216,900 shares)	38,074	39,112
Shares sold 267,500 (2017: Nil shares)	34,179	-
Dividend income	1,873	-
Gul Ahmed Textile Mills Limited (Common Directorship with the Management Company)		
Shares purchased 125,000 (2017: 753,000 shares)	5,613	38,324
Shares sold 421,000 (2017: Nil shares)	16,401	-
Dividend income	640	2,481
* Byco Oil Pakistan Limited - Employee Provident Fund (Portfolio managed by the Management Company)		
Units issued / transferred in Nil units (2017: 165,714 units)	-	2,708
Units redeemed / transferred out Nil units (2017: 165,714 units)	-	3,304
Byco Petroleum Pakistan Limited - Employee Provident Fund (Portfolio managed by the Management Company)		
Units issued / transferred in 1,180,651 units (2017: 4,222,570 units)	18,295	75,864
Units redeemed / transferred out Nil units (2017: 3,044,990 units)	-	57,454
Dividend re-invest 3,070 units (2017: Nil units)	49	-
Pakistan Cables Management Staff Pension Fund (Portfolio managed by the Management Company)		
Units issued / transferred in Nil units (2017: 2,116,638 units)	-	35,647
Units redeemed / transferred out Nil units (2016: 1,898,708 units)	-	35,643
Service Provident Fund Trust (Portfolio managed by the Management Company)		
Units issued / transferred in 12,728,944 units (2017: 13,239,287 units)	198,291	244,195
Units redeemed / transferred out 12,029,351 units (2017: Nil units)	183,905	-
Service Sales Corporate Provident Fund Trust (Portfolio managed by the Management Company)		
Units issued / transferred in 1,197,254 units (2017: Nil units)	20,000	-
Telenor Pakistan (Private) Limited Employees Provident Fund (Portfolio managed by the Management Company)		
Units issued / transferred in Nil units (2017: 2,090,759 units)	-	40,121
Units redeemed / transferred out Nil units (2017: 2,090,759 units)	-	40,053
Telenor Employees Gratuity Fund (Portfolio managed by the Management Company)		
Units issued / transferred in Nil units (2017: 10,001,046 units)	-	191,919
Units redeemed / transferred out Nil units (2017: 10,001,046 units)	-	191,591
IGI Life Insurance Limited (Portfolio managed by the Management Company)		
Units issued / transferred in Nil units (2017: 1,397,257 units)	-	26,813
Units redeemed / transferred out Nil units (2017: 1,397,257 units)	-	26,767
* Pakistan Centre For Philanthropy (Portfolio managed by the Management Company)		
Units issued / transferred in Nil units (2017: 112,054 units)	-	2,150
Units redeemed / transferred out Nil units (2017: 112,054 units)	-	2,147
Gul Ahmed Textile Mills Limited Employees Provident Fund (Portfolio managed by the Management Company)		
Units issued / transferred in 2,207,473 units (2017: 3,761,224 units)	34,100	71,006
Units redeemed / transferred out 1,383,152 units (2017: 1,954,005 units)	21,900	33,344

* Current year transactions with these parties have not been disclosed as they did not remain connected persons and related parties during the year.

NAFA ASSET ALLOCATION FUND

	2018	2017
	----- Rupees in '000 -----	
20.6 Details of amounts outstanding as at year end with connected persons and related parties are as follows:		
NBP Fund Management Limited - Management Company		
Remuneration of the Management Company	5,281	6,031
Sindh Sales Tax on remuneration of the Management Company	687	784
Operational expenses	1,713	2,315
Selling and Marketing expenses	6,853	4,432
Sales load	3,667	514
Sindh Sales tax and Federal Excise Duty on sales load	4,210	3,800
Investment held in the Fund 2,440,207 units (2017: Nil units)	38,638	-
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	347	384
Sindh sales tax on remuneration of the Trustee	45	50
CDS charges	86	20
Security deposit	100	100
National Bank of Pakistan (Parent of the Management Company)		
Bank balances	6,568	12,469
International Industries Limited (Common Directorship with the Management Company)		
Ordinary shares held 128,800 (2017: 139,000 shares)	29,919	51,231
International Steels Limited (Common Directorship with the Management Company)		
Ordinary shares held 259,500 (2017: 258,500 shares)	26,391	33,060
Cherat Packaging Limited (Common Directorship with the Management Company)		
Ordinary shares held 4,054 (2017: 3,572 shares)	583	849
Gul Ahmed Textile Mills Limited (Common Directorship with the Management Company)		
Ordinary shares held 558,800 (2017: 854,000 shares)	23,989	35,030
Summit Bank Limited (Common Directorship with the Management Company)		
Bank balances	3,215	4,245
Askari Bank Limited (Common Directorship with the Management Company)		
Bank balances	563	1,072
Markup accrued on bank balances	-	8
BankIslami Pakistan Limited (Common Directorship with the Management Company)		
Bank balances	715	990
Markup accrued on bank balances	1	12
* Aamir Sattar (Director of the Management Company)		
Investment held in the Fund Nil units (2017: 99,025 units)	-	1,688
Company Secretary / Chief Operating Officer of the Management Company		
Investment held in the Fund 1 unit (2017: 1 units)	-	-
Chief Financial Officer of the Management Company		
Investment held in the Fund 66,164 units (2017: 65,963 units)	1,048	1,124
Employees of the Management Company		
Investment held in the Fund 54,872 units (2017: 76,119 units)	869	1,298

NAFA ASSET ALLOCATION FUND

2018

2017

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

*** Byco Petroleum Pakistan Limited - Employee Provident Fund**
(Portfolio managed by the Management Company)

Investment held in the Fund Nil units (2017: 1,177,580 units) - 20,074

Gul Ahmed Textile Mills Limited Employees Provident Fund
(Portfolio managed by the Management Company)

Investment held in the Fund 2,631,541 units (2017: 1,807,219 units) 41,667 30,807

Humayun Bashir (Director of the Management Company)

Investment held in the Fund Nil units (2017: 989,995 units) - 16,876

Nausherwan Adil (Director of the Management Company)

Investment held in the Fund Nil units (2017: 88,269 units) - 1,505

Service Provident Fund Trust
(Portfolio managed by the Management Company)

Investment held in the Fund 13,938,879 units (2017: 13,239,287 units) 220,704 225,686

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

Investment held in the Fund 1,197,254 units (2017: Nil units) 18,957 -

* Current year balances with these parties have not been disclosed as they did not remain connected persons and related parties as at year end.

** Prior Year balances with these parties have not been disclosed as they were not connected persons and related parties during prior year.

21. PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

Details of members of the investment committee of the Fund are as follows:

S. No	Name	Qualification	Experience in years
1	Dr. Amjad Waheed	Doctorate in Business Administration, MBA and CFA	30
2	Mr. Sajjad Anwar	MBA and CFA	18
4	Mr. Muhammad Ali Bhabha	CFA, FRM, MBA and MS (CS)	23
4	Mr. Hasan Raza	ACCA, BSC and CFA	7
5	Mr. Taha Khan Javed	MBA and CFA	12

21.1 Mr. Taha Khan Javed is the manager of the Fund. Other Funds being managed by the Fund manager are as follows:

- NAFA Islamic Asset Allocation Fund
- NAFA Multi Asset Fund
- NAFA Stock Fund
- NAFA Financial Sector Fund
- NAFA Islamic Energy Fund
- NAFA Islamic Active Allocation Equity Fund

NAFA ASSET ALLOCATION FUND

22. TRANSACTIONS WITH BROKERS / DEALERS

List of top ten brokers by percentage of commission charged during the year ended June 30, 2018

S.No	Broker name	Percentage
1	Taurus Securities Limited	7.62
2	Arif Habib Securities Limited	5.96
3	J.S. Global Capital Limited	4.71
4	Topline Securities (Private) Limited	4.60
5	Alfalah Securities (Private) Limited	4.30
6	BMA Capital Management Limited	4.09
7	EFG Hermes Pakistan Limited (Formerly Invest and Finance Securities Limited)	3.74
8	Optimus Capital Management Limited	3.70
9	Next Capital Limited	3.69
10	Elixir Securities Pakistan (Private) Limited	3.49

List of top ten brokers by percentage of commission charged during the year ended June 30, 2017

S.No	Broker name	Percentage
1	Taurus Securities Limited	6.90
2	BMA Capital Management Limited	6.38
3	Fortune Securities (Private) Limited	6.00
4	Arif Habib Securities Limited	4.95
5	Alfalah Securities (Private) Limited	4.91
6	Ismail Iqbal Securities (Private) Limited	4.78
7	IGI Finex Securities Limited	4.28
8	S.C. Securities Private Limited	4.14
9	Next Capital Limited	3.92
10	JS Global Capital Limited	3.80

23. PATTERN OF UNIT HOLDING

Category	Number of unit holders	As at June 30, 2018	
		Net asset value of the amount invested	Percentage of investment
		Rupees in '000	
Individuals	1,496	1,461,664	46.56
Associated companies and directors	2	42,111	1.34
Insurance companies	1	5,018	0.15
Retirement funds	38	1,233,445	39.29
Others	25	397,316	12.66
	1,562	3,139,554	100
Category	Number of unit holders	As at June 30, 2017	
		Net asset value of the amount invested	Percentage of investment
		Rupees in '000	
Individuals	1,293	1,586,216	48.21
Associated companies and directors	4	22,171	0.67
Insurance companies	1	5,388	0.16
Listed companies	2	315,202	9.58
Banks / DFI's	1	12,236	0.37
Retirement funds	37	1,030,311	31.32
Others	17	318,594	9.69
	1,355	3,290,118	100

NAFA ASSET ALLOCATION FUND

24. ATTENDANCE AT THE MEETINGS OF THE 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 the Director	Number of meetings			Meetings not attended
	Held	Attended	Leave granted	
Mr. Mudassir H.Khan	24.1	4	4	-
Mr. Tariq Jamali	24.1	4	3	1
Mr. Abdul Hadi Palekar		4	4	-
Mr. Lui Mang Yin (Martin Lui)	24.2	2*	2	-
Mr. FOO Chiah Shiung (Kelvin Foo)		4	3	1
Mr. Kamal Amir Chinoy		4	4	-
Mr. Shehryar Faruque		4	4	-
Mr. Humayun Bashir		4	4	-
Dr. Amjad Waheed		4	4	-
Mr. Wajahat Rasul Khan	24.3	_*	-	-

24.1 Mr. Tariq Jamali and Mr. Mudassir H.Khan were appointed as director on Board with effect from August 18, 2017

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

24.3 Mr. Wajahat Rasul Khan appointed as director on the Board with effect from April 30, 2018.

* These directors were appointed and retired/resigned during the year, therefore the number of meetings held in respect of these directors is less than the total number of meetings held during the year.

25. FINANCIAL INSTRUMENTS BY CATEGORY

Financial Assets

Bank balances
Investments
Mark-up accrued and dividend receivable
Receivable against sale of investments
Deposits and other receivables

As at June 30, 2018			
Loans and receivables	At fair value through profit or loss - held for trading	Available for sale	Total
-----Rupees in '000-----			
1,487,039	-	-	1,487,039
-	1,686,486	-	1,686,486
4,940	-	-	4,940
19,736	-	-	19,736
2,850	-	-	2,850
1,514,565	1,686,486	-	3,201,051

Financial Liabilities

Payable to the Management Company
Payable to the Trustee
Accrued expenses and other liabilities
Net assets attributable to redeemable units

As at June 30, 2018		
At fair value through profit or loss	At amortised cost	Total
-----Rupees in '000-----		
-	22,411	22,411
-	392	392
-	1,302	1,302
-	3,139,554	3,139,554
-	3,163,659	3,163,659

NAFA ASSET ALLOCATION FUND

	As at June 30, 2017			
	Loans and receivables	At fair value through profit or loss - held for trading	Available for sale	Total
	-----Rupees in '000-----			
Financial Assets				
Bank balances	1,018,260	-	-	1,018,260
Investments	-	2,365,015	-	2,365,015
Mark-up accrued and dividend receivable	6,101	-	-	6,101
Deposits and other receivables	2,850	-	-	2,850
	1,027,211	2,365,015	-	3,392,226

	As at June 30, 2017		
	At fair value through profit or loss	At amortised cost	Total
	-----Rupees in '000-----		
Financial Liabilities			
Payable to the Management Company	-	17,876	17,876
Payable to the Trustee	-	434	434
Accrued expenses and other liabilities	-	26,112	26,112
Net assets attributable to redeemable units	-	3,290,118	3,290,118
	-	3,334,540	3,334,540

26. FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

26.1 Market risk

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

The Management Company manages the market risk by monitoring exposure on marketable securities by following regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risks: currency risk, interest rate risk and price risk.

26.1.1 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, at present is not exposed to currency risk as its operations are geographically restricted to Pakistan and all transactions are carried out in Pakistani Rupees.

26.1.2 Interest rate risk

Interest 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 interest rates.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund does not hold any variable rate instrument and is not exposed to cash flow interest rate risk except for balances in certain saving accounts. In case of 100 basis points increase / decrease in KIBOR and bank profit rates with all other variables held constant, the net assets of the Fund would have been higher / lower by approximately Rs. 14.772 million (2017: Rs. 13.062 million).

NAFA ASSET ALLOCATION FUND

b) Sensitivity analysis for fixed rate instruments

Since the Fund does not have investment in fixed rate security, therefore, is not exposed to fair value interest rate risk.

Yield / interest rate sensitivity position for on balance sheet financial instruments based on the earlier of contractual repricing or maturity date and for off balance sheet instruments based on settlement date is as follows:

As at June 30, 2018						
Yield / Interest rate	Total	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	
		Upto three months	More than three months and upto one year	More than one year		
On-balance sheet financial instruments	%	----- Rupees in '000 -----				
Financial assets						
Bank balances	2.4 - 7.5	1,487,039	1,477,256	-	-	9,783
Investments	7.4	1,686,486	-	-	-	1,686,486
Mark-up accrued and dividend receivable		4,940	-	-	-	4,940
Receivable against sale of investments		19,736	-	-	-	19,736
Deposits		2,850	-	-	-	2,850
		3,201,051	1,477,256	-	-	1,723,795
Financial liabilities						
Payable to the Management Company		22,411	-	-	-	22,411
Payable to the Trustee		392	-	-	-	392
Accrued expenses and other liabilities		1,302	-	-	-	1,302
Net assets attributable to redeemable units		3,139,554	-	-	-	3,139,554
		3,163,659	-	-	-	3,163,659
On-balance sheet gap		37,392	1,477,256	-	-	(1,439,864)
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-

As at June 30, 2017					
Yield / Interest rate	Total	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk
		Upto three months	More than three months and upto one year	More than one year	
	%	Rupees in '000			
On-balance sheet financial instruments					
Financial assets					
Bank balances	5.2 - 6.75	1,018,260	1,001,545	-	16,715
Investments	6.75	2,365,015	-	-	2,365,015
Mark-up accrued and dividend receivable		6,101	-	-	6,101
Deposits		2,850	-	-	2,850
		3,392,226	1,001,545	-	2,390,681
Financial liabilities					
Payable to the Management Company		17,876	-	-	17,876
Payable to the Trustee		434	-	-	434
Accrued expenses and other liabilities		26,112	-	-	26,112
Net assets attributable to redeemable units		3,290,118	-	-	3,290,118
		3,334,540	-	-	3,334,540
On-balance sheet gap		57,686	1,001,545	-	(943,859)
Off-balance sheet financial instruments					
		-	-	-	-
Off-balance sheet gap		-	-	-	-

NAFA ASSET ALLOCATION FUND

26.1.3 Price risk

Price 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 (other than those arising from interest 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.

The Fund is exposed to equity price risk because of the investments held by the Fund and classified in the 'statement of assets and liabilities' as financial asset 'at fair value through profit or loss - held for trading'. The Fund manages price risk by limiting individual equity securities to not more than ten percent of net assets attributable to holders of the Fund's assets. Moreover, the sector limits have also been restricted to twenty five percent. The equity investments are listed in the Pakistan Stock Exchange Limited. The Fund's policy requires that the overall market position is monitored on a daily basis by the Fund Manager and is reviewed on a regular basis by the investment committee as well as the Board of Directors.

In case of 5% increase / decrease in fair value on June 30, 2018, the net income for the year would increase / decrease by Rs. 70,144 million (2017: Rs.103.016 million) and net assets of the Fund would increase / decrease by the same amount. The sensitivity analysis is based on the Fund's equity security as at the statements of assets and liabilities date with all other variables held constant.

26.2 Credit risk

Credit risk represents the risk of a loss if counterparties fail to perform as contracted. Credit risk arises from balances with banks and financial institutions, credit exposure arising as a result of dividends receivable on equity securities, receivable against sale of investments and accrued mark-up on bank balances and advances, deposits and other receivables. The credit risk on liquid funds is limited because the counter parties are financial institutions with reasonably high credit ratings. Credit risk also arises from the inability of the relevant brokerage house or the counter party to fulfill their obligations. There is a possibility of default by participants or failure of the financial markets / stock exchanges, the depositories, the settlements or clearing system, etc. The settlement risk of default on equity securities is considered minimal due to inherent systematic measures taken therein. The Fund does not expect to incur material credit losses on its financial assets.

The analysis below summarises the credit quality of the Fund's financial assets:

Bank balances by rating category

2018

AAA	1.50%
AA+	5.25%
AA	0.20%
AA-	92.75%
A+	0.05%
A-	0.25%

The maximum exposure to credit risk before any credit enhancement as at June 30, 2018 is as follows:

	June 30, 2018		June 30, 2017	
	Amount of financial assets	Maximum Exposure	Amount of financial assets	Maximum Exposure
Bank balances	1,487,039	1,487,039	1,018,260	1,018,260
Investments	283,602	283,602	554,695	554,695
Mark-up accrued and dividend receivable	4,940	4,940	6,101	6,101
Receivable against sale of investments	19,736	19,736	-	-
Deposits	2,850	2,850	2,850	2,850
	1,798,167	1,798,167	1,581,906	1,581,906

Concentration of credit risk

The Fund mainly deals in equity securities which are primarily subject to price risk. The concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of other financial instruments comprise of bank balances and term deposits.

NAFA ASSET ALLOCATION FUND

26.3 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 settlement of equity securities and to daily cash 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, without incurring unacceptable losses or risking damages to the Fund's reputation. Its 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.

For the purpose of making redemptions, the Fund has the ability to borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates. However, no borrowing was obtained by the Fund during the current year.

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 significant redemptions during the year.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

As at June 30, 2018			
Total	Upto three months	Over three months and upto one year	Over one year
----- Rupees in '000 -----			

Financial liabilities

Payable to the Management Company	22,411	22,411	-	-
Payable to the Trustee	392	392	-	-
Accrued expenses and other liabilities	1,302	1,302	-	-
Net assets attributable to redeemable units	3,139,554	3,139,554	-	-
	3,163,659	3,163,659	-	-

As at June 30, 2017			
Total	Upto three months	Over three months and upto one year	Over one year
----- Rupees in '000 -----			

Financial liabilities

Payable to the Management Company	17,876	17,876	-	-
Payable to the Trustee	434	434	-	-
Accrued expenses and other liabilities	26,112	26,112	-	-
Net assets attributable to redeemable units	3,290,118	3,290,118	-	-
	3,334,540	3,334,540	-	-

27. FAIR VALUE OF FINANCIAL INSTRUMENTS

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.

Fair value hierarchy:

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.

NAFA ASSET ALLOCATION FUND

- **Level 2:** Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

- **Level 3:** Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Fund's financial assets which are carried at fair value:

ASSETS	As at June 30, 2018			
	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
At fair value through profit or loss - held for trading				
Listed equity securities	1,402,884	-	-	1,402,884

ASSETS	As at June 30, 2017			
	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
At fair value through profit or loss - held for trading				
Listed equity securities	2,060,320	-	-	2,060,320

There were no transfers between above levels during the year.

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.

The Fund has not disclosed the fair values for other financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

28. UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to distributions 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 in the statement of movement in unit holders' fund.

The Fund has no restrictions on the issuance and redemption of units. There is no specific capital requirement which is applicable on the Fund.

The Fund's objectives when managing unit holders' fund are to safeguard its ability to continue as a going concern so that it can continue to provide returns to unit holders and to maintain a strong base of assets under management.

In accordance with the risk management policies stated in note 26, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption requests which would be augmented by short-term borrowings or disposal of investments where necessary.

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

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

30.2 Corresponding figures have been rearranged or reclassified, where necessary, for the purpose of better presentation. No significant rearrangement or reclassification was made in these financial statements during the current year.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA ASSET ALLOCATION 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	For the year ended June 30, 2015	For the year ended June 30, 2014	For the year ended June 30, 2013
Net assets (Rs. '000')	3,139,554	3,290,118	1,174,657	2,073,497	1,916,901	1,151,057
Net Income (Rs. '000')	(248,202)	756,388	75,790	422,547	178,926	215,507
Net Asset Value per units (Rs.)	15.8337	17.0467	14.8297	14.9616	12.0038	13.1818
Offer price per unit	16.3705	17.6246	15.4180	15.5604	12.4884	13.4454
Redemption price per unit	15.8337	17.0467	14.8297	14.9616	12.0038	13.1818
Ex - Highest offer price per unit (Rs.)	17.6826	18.7911	15.7944	15.5077	12.1460	10.5695
Ex - Lowest offer price per unit (Rs.)	15.2392	13.5968	13.7044	11.8422	13.7544	10.2678
Ex - Highest redemption price per unit (Rs.)	17.1028	18.1749	15.1918	14.9110	12.1360	10.1231
Ex - Lowest redemption price per unit (Rs.)	14.7395	13.1540	13.1814	11.3846	11.6023	9.6665
Fiscal Year Opening Ex Nav	16.9877	13.1234	13.7815	11.8596	10.5614	9.9885
Total return of the fund	-6.79%	29.90%	7.61%	24.64%	13.66%	31.97%
Capital growth	-6.79%	13.44%	0.35%	23.07%	5.09%	9.14%
Income distribution as % of Ex-NAV		16.46%	7.26%	1.57%	8.57%	22.83%
Income distribution as % of Par Value		21.60%	10.73%	1.86%	9.05%	22.80%
Interim distribution per unit	-	2.1599	1.0725	-	0.9052	0.4126
Final distribution per unit	-	0.0552	-	0.1860	-	1.8674
Distribution dates						
Interim		21-June-2017	30-June-2016	13-Feb-14 ,30-Apr-14 & 26-Jun-2012		26-Apr-13 & 26-Feb-13
Final		15-Sep-17	-	14-July-2015	-	11-Jul-13
Average annual return (launch date 21-08-2010)						
(Since inception to June 30, 2018)	16.52%					
(Since inception to June 30, 2017)		20.37%				
(Since inception to June 30, 2016)			18.82%			
(Since inception to June 30, 2015)				21.30%		
(Since inception to June 30, 2014)					20.42%	
(Since inception to June 30, 2013)						22.87%
(Since inception to June 30, 2012)						
(Since inception to June 30, 2011)						

NAFA ASSET ALLOCATION FUND

PROXY ISSUED BY THE FUND

The proxy voting policy of **NAFA Asset Allocation Fund**, duly approved by Board of Directors of the Management Company, is available on the website of NBP Fund Management Limited i.e. www.nbpffunds.com. A detailed information regarding actual proxies voted by the Management Company in respect of the fund is also available without charge, upon request, to all unit holders.

The details of summarized proxies voted are as follows:

NAFA ASSET ALLOCATION FUND				
	Resolutions	For	Against	Abstain*








Number	9	9	Nil	N/A
(%)	100%	100%	-	-



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