



NBP FUNDS

Managing Your Savings

Islamic Savings

Aitemaad اعتماد



اسلامک سیونگز

NAFA ISLAMIC PENSION 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 ISLAMIC PENSION 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

Habib Bank Limited (Islamic)
United Bank Limited (Ameen)
Bank Al Habib Limited (Islamic)
Meezan Bank Limited
Bank Islami (Pakistan) Limited
Sindh Bank Limited (Sa'adat)
MCB Bank Limited (Islamic)
Dubai Islamic Bank Limited
Bank Alfalah Limited (Islamic)
Soneri Bank Limited (Mustaqeem)
HabibMetro Bank Limited (Islamic)
Allied Bank Limited (Islamic)

NAFA ISLAMIC PENSION FUND

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No.02
Beaumont Road,
Karachi - 75530, 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.nbpffunds.com

Lahore Office:

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

Islamabad Office:

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

Peshawar Office:

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

Multan Office:

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

NAFA ISLAMIC PENSION 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 ISLAMIC PENSION FUND

DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the Sixth Annual Report of **NAFA Islamic Pension Fund (NIPF)** for the year ended June 30, 2018.

This is the Sixth Annual Report for the year ended June 30, 2018, since launch of NAFA Islamic Pension Fund (NIPF) on July 02, 2013.

Fund's Performance

	Fund Size (Rs. in mln)	NAV Per Unit (Rs.) June 30, 2017	NAV Per Unit (Rs.) June 30, 2018	Performance Since Launch July 02, 2013
NIPF-Equity Sub-fund	1,110.2	330.0453	295.2652	24.0%
NIPF-Debt Sub-fund	372.9	124.3591	127.8059	4.8%
NIPF-Money Market Sub-fund	418.9	124.2692	128.6895	5.0%
Annualized Return	[Net of management fee & all other expenses]			

FY2017-18 proved a challenging year for the stock market as the benchmark KMI-30 Index dropped by 9.6%. 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.

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

The equity sub-fund decreased by 10.5% during FY18 compared with 9.6% decreased in the benchmark KMI-30 Index during the same period.

The debt sub-fund yielded a return of 2.8% during FY18.

During FY18, the money market sub-fund posted a return of 3.6%. These returns are net of management fee and all other expenses. The asset allocation of the Fund as on June 30, 2018 is as follows:

NAFA ISLAMIC PENSION FUND

Asset Allocation (% of Net Assets)	
Equity Sub-fund	
Equity	91.45%
Cash Equivalents	11.52%
Others	-2.97%
Total	100.00%
Debt Sub-fund	
Sukuks	30.51%
Cash Equivalents	73.11%
Others	-3.62%
Total	100.00%
Money Market Sub-fund	
Cash Equivalents	101.97%
Others	-1.97%
Total	100.00%

Taxation

No provision for taxation for the year ended June 30, 2018 has been made in view of the exemption available under clause 57 (1) (viii) of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001.

Auditors

The present auditors Messrs KPMG Taseer Hadi & Co Chartered Accountants, has completed their three year tenure in the capacity of Auditor of the Fund. As per the requirement of Rules 7(h) of Voluntary Pension System Rules, 2004 their replacement would be required. The Board has approved the appointment of Messrs Deloitte Yousuf Adil & Co. Chartered Accountants, for the year ending June 30, 2019.

Acknowledgement

The Board takes this opportunity to thank its valued unit-holders for their confidence and trust in the Management Company, and providing the opportunity to serve them. It also offers its sincere gratitude to the Securities & Exchange Commission of Pakistan and State Bank of Pakistan for their patronage and guidance.

The Board also wishes to place on record its appreciation for the hard work, dedication and commitment shown by the staff and the Trustee.

On behalf of the Board of
NBP Fund Management Limited

Chief Executive

Director

Date: September 05, 2018
Place: Karachi.

NAFA ISLAMIC PENSION FUND

ڈائریکٹرز رپورٹ

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

NAFA اسلامک پینشن فنڈ (NIPF) کی 02 جولائی 2013 کو اجراء سے اب تک یہ چھٹی سالانہ رپورٹ برائے سال ختمہ 30 جون 2018ء ہے۔

فنڈ کی کارکردگی

02 جولائی 2013 کو لانچ سے اب تک کارکردگی	NAV فی یونٹ (روپے) 30 جون 2018	NAV فی یونٹ (روپے) 30 جون 2017	فنڈ کا حجم (ملین روپے)	
24.0%	295.2652	330.0453	1,110.2	NIPF ایکویٹی سب فنڈ
4.8%	127.8059	124.3591	372.9	NPF - ڈیٹ سب فنڈ
5.0%	128.6895	124.2692	418.9	NPF منی مارکیٹ سب فنڈ
سالانہ بنیاد پر منافع				منیجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص

مالی سال 2017-2018 اسٹاک مارکیٹ کیلئے چیلنج کا سال ثابت ہوا جس میں KMI-30 انڈیکس 9.6% تک 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 فرنٹیئر مارکیٹ کے MSCI ایمرجنگ 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 وزیراعظم 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 بلاخر کافی 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۔ ادھر معاشی منظر نامہ میں، خام تیل کی بڑھتی ہوئی قیمتیں اور آئل اور ایل 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 ملین 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 کمرشل بینک کے شعبہ جات کی کارکردگی بہت عمدہ رہی جب کہ سیمنٹ، ریفائنری، انجینئرنگ اور آٹوموبائل پارٹس اور ایسیریز کے شعبہ بہت پیچھے رہے۔ غیر ملکی سرمایہ کار خالصتاً فروخت کنندہ رہے اور مذکورہ مدت میں 289 ملین یو ایس ڈالر کا سرمایہ ملک سے باہر گیا۔ مقامی سرمایہ کاروں میں انشورنس اور کنٹینر بڑے خریدار رہے اور انہوں نے بالترتیب 204 ملین یو ایس ڈالر اور 100 ملین یو ایس ڈالر کے نئے حصص حاصل کئے۔ دوسری طرف میوچوئل فنڈز خالص فروخت کنندہ رہے اور 35 ملین یو ایس ڈالر کے حصص فروخت ہوئے۔

ابتدائی مارکیٹ میں کارپوریٹ سکوک کی فراہمی زائد اور بڑھتی ہوئی طلب کے باوجود کم رہی۔ ثانوی مارکیٹ میں کارپوریٹ سکوک کی تجارتی سرگرمیوں کا جھکاؤ اعلیٰ سطح کے قرضہ جات کے اجارہ کی جانب رہا اور مالی سال 18 میں تجارتی حجم 9.6 ملین روپے رہا جب کہ گزشتہ سال کے دوران یہ رقم 2.7 ملین روپے تھی۔ البتہ ابتدائی اجراء کی کمی کے مقابلہ میں بڑھتی ہوئی طلب نے اسپریڈ کو محدود کیا جس کے باعث بہتر معیار کے کارپوریٹ بانڈز پر اصل شرح منافع متاثر ہوا۔ پہلے نصف عرصہ کے دوران، ترقی کی رفتار جاری رہنے کی قوی توقع، افراط زر کی موجودگی، اور ملکی توانائی کی فراہمی میں بہتری اور برآمدات کی صنعت کو دی گئی ترغیبات کے باعث برآمدات میں فروغ کے سلسلے میں پیش رفت کے پیش نظر، ایس بی پی نے 5.75% پالیسی 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 پیس 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 اور 90 bps اور 116 bps سے بڑھ گئے۔

مالی سال 18 کے دوران میں ایکویٹی سب فنڈ میں 10.5% سے کم ہو گیا۔ جب کہ اسی مدت کے لئے KMI-30 انڈیکس میں بھی 9.6% کی کمی وقوع پذیر ہوئی۔ مالی سال 18 میں قرضہ کے ذیلی فنڈ کے منافع میں بھی 2.8% کی شرح سے اضافہ دیکھنے میں آیا۔

اس مالی سال کے دوران میں منی مارکیٹ سب فنڈ سے آمدنی میں اضافہ کی شرح 3.6% رہی۔ ایریٹرز منیجمنٹ کی فیس اور تمام دوسرے اخراجات کیلئے خالص رقم ہے۔ فنڈ کی ایسیٹ ایلیکشن 30 جون 2018 کو بمطابق ذیل ہے:

NAFA ISLAMIC PENSION FUND

ایسیٹ ایلوکیشن (نیٹ ایسیٹس کا %)	
ایکویٹی سب فنڈ	
ایکویٹی	91.45%
کیش کے مساوی	11.52%
دیگر	-2.97%
100.00%	ٹوٹل
ڈیٹ سب فنڈ	
صلوک	30.51%
کیش کے مساوی	73.11%
دیگر	-3.62%
100.00%	ٹوٹل
منی مارکیٹ سب فنڈ	
کیش کے مساوی	101.97%
دیگر	-1.97%
100.00%	ٹوٹل

ٹیکسیشن

فنڈ پر انکم ٹیکس آرڈیننس 2001 کے سینڈ شیڈول کے پارٹ I کی شق (viii)(1) 57 کے مطابق ٹیکس سے استثنیٰ ہونے کی بناء پر 30 جون 2018 کو ختم ہونے والے سال کے لئے ٹیکس کا کوئی پروویژن نہیں تھا۔

آڈیٹرز

موجودہ آڈیٹرز میسرز پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، نے اپنی تین سالہ مدت کو بحیثیت فنڈ آڈیٹر مکمل کی۔ والینٹری ہینشن سسٹم رولز، 2004، کے قوانین 7 (h)، کے تحت، انکی تبدیلی مطلوب تھی۔ بورڈ نے میسرز Deloitte یوسف عادل اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، کو 30 جون 2019 کو ختم ہونے والے سال کے لیے تقرر کرنے کی منظوری دی۔

اعتراف

بورڈ اس موقع کا فائدہ اٹھاتے ہوئے منجمنت 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 اظہارِ تشکر کرتا ہے۔ بورڈ اپنے اسٹاف اور رٹسٹی 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 منجمنت لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

بتاریخ

05 ستمبر 2018ء

مقام: کراچی

NAFA ISLAMIC PENSION FUND

TRUSTEE REPORT TO THE PARTICIPANTS

Report of the Trustee pursuant to Rule 31(h) of the Voluntary Pension System Rules, 2005

We, Central Depository Company of Pakistan Limited, being the Trustee of NAFA Islamic Pension Fund (the Fund) are of the opinion that NBP Fund Management Limited being the Pension Fund Manager 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 constitutive documents of the Fund and the Voluntary Pension System Rules, 2005.

Aftab Ahmed Diwan

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi, September 25, 2018

NAFA ISLAMIC PENSION FUND

STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

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

For and behalf of the board

Date: September 05, 2018
Karachi

Dr. Amjad Waheed, CFA
Chief Executive Officer

NAFA ISLAMIC PENSION FUND

FUND MANAGER REPORT

NAFA Islamic Pension Fund

NAFA Islamic Pension Fund is an open-ended Shariah Compliant Voluntary Pension Scheme

Investment Objective of the Fund

To provide a secure source of savings and regular income after retirement to the Participants.

Fund performance review

	Fund Size (Rs. in mln)	NAV Per Unit (Rs.) June 30, 2017	NAV Per Unit (Rs.) June 30, 2018	Performance Since Launch July 02, 2013
NIPF-Equity Sub-fund	1110.2	330.0453	295.2652	24.0%
NIPF-Debt Sub-fund	372.9	124.3591	127.8059	4.8%
NIPF-Money Market Sub-fund	418.9	124.2692	128.6895	5.0%
Annualized Return [Net of management fee & all other expenses]				

This is the sixth annual report of the Fund. FY2017-18 turned out to be a challenging year for the stock market with first negative return since 2009, as the benchmark KMI-30 Index dropped by 9.6% on a yearly basis. This lackluster performance, in sharp contrast to FY2010-17 period, in which market surged at a CAGR of 28.4%, 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.

The primary market for Corporate Sukuks remained under-supplied against the large and growing demand. In the secondary market, the trading activity in the Corporate Sukuks remained skewed towards high quality debt issues with cumulative trade value of Rs. 9.6 billion in FY18 compared to Rs. 2.7 billion during the last year. However, the scarcity of primary issuance versus elevated demand squeezed the spread and kept the yields on the high credit quality corporate bonds depressed. During the first half of FY18, the SBP maintained the policy rate at 5.75% owing to strong likelihood of continued growth momentum; contained inflation; and anticipation of gain in exports due to improvement in domestic energy supplies and incentives given to exports industry. However, in the latter half, 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. All Sukuks in the Fund are floating rate linked to KIBOR with three to 6-month coupon resetting period.

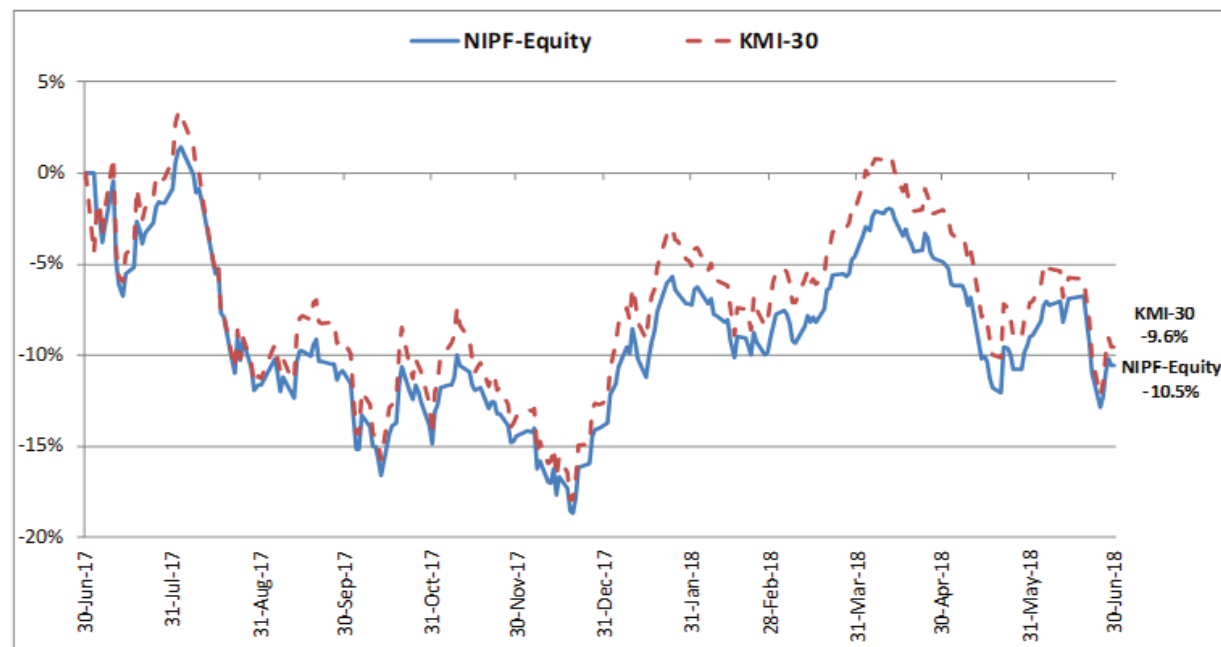
The equity sub-fund decreased by 10.5% during FY18 compared with 9.6% decreased in the benchmark KMI-30 Index during the same period.

NAFA ISLAMIC PENSION FUND

The debt sub-fund yielded a return of 2.8% during FY18.

During FY18, the money market sub-fund posted a return of 3.6%. These returns are net of management fee and all other expenses.

NIPF-Equity Performance vs. KMI-30 during FY18



Asset Allocation of the Fund (% of NAV)

Asset Allocation (% of Net Assets)	
Equity Sub-fund	
Equity	91.5%
Cash Equivalents	11.5%
Others	-3.0%
Total	100.0%
Debt Sub-fund	
Sukuks	30.5%
Cash Equivalents	73.1%
Others	-3.6%
Total	100.0%
Money Market Sub-fund	
Cash Equivalents	101.9%
Others	-1.9%
Total	100.0%

During the period under question

During the period there has been no significant change in the state of affairs of the Fund, other than stated above. During the year there were no circumstances that materially affected any interests of the unit holders. The 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 in Equity Sub Fund , Debt Sub Fund & Money Market Sub fund to the tune of Rs. 6.8 million, 0.7 million & 0.5 million respectively. If the same were not made the NAV per unit would be higher by Rs.1.8158, 0.2467 and 0.1661 per unit respectively in Equity Sub Fund , Debt Sub Fund & Money Market Sub fund. For details investors are advised to read note 12.1 of the Financial Statement of the Scheme for the year ended June 30, 2018.

NAFA ISLAMIC PENSION FUND

Report of the Shari'ah Supervisory Board

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

Alhamdulillah, the period from July 1, 2017 to June 30, 2018 was the fifth year of operations of NAFA Islamic Pension Fund (NIPF). This report is being issued in accordance with clause 5.13.7 of the Offering Document of the Fund. The scope of the report is to express an opinion on the Shari'ah Compliance of the Fund's activity.

We have prescribed six criteria for Shari'ah compliance of equity investments which relate to (i) Nature of business, (ii) Debt to total assets, (iii) Investment in Shari'ah Non-Compliant activities (iv) Shari'ah Non-Income from Non-Compliant Investments, (v) Illiquid assets to total assets, and (vi) Net liquid assets per share vs. share price.

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

- i) We have reviewed and approved the modes of equity investments of NIPF in light of Shari'ah requirements. Following is a list of top investments of NIPF as on June 30, 2018 and their evaluation according to the screening criteria established by us. (December 31, 2017 accounts of the Investee companies have been used)

Company Name	(i) Nature of Business	(ii) Debt to Assets (<37%)	(iii) Non-Compliant Investments (<33%)	(iv) Non-Compliant Income to Gross Revenue (<5%)	(v) Illiquid Assets to Total Assets (>25%)	(vi) Net Liquid Assets vs. Share Price (B>A)	
						Net Liquid Assets per Share (A)	Share Price (B)
Pakistan Petroleum Limited	Oil and Gas Exploration Companies	0.06%	20.86%	3.79%	43%	39.29	205.91
Engro Corporation	Fertilizer	29.53%	21.57%	3.03%	65%	(75.29)	
Oil & Gas Development Company	Oil & Gas Exploration Companies	0.00%	25.46%	4.60%	39%	63.81	162.79
Engro Fertilizer Ltd	Fertilizer	29.63%	7.32%	0.12%	77%	(32.84)	
Pakistan Oilfields Ltd	Oil and Gas Exploration Companies	0.00%	0.01%	2.00%	72%	(40.74)	
Nishat Mills	Textile	21.03%	15.89%	2.30%	69%	(0.42)	
Mari Petroleum	Oil & Gas Exploration Companies	6.30%	13.35%	0.63%	43%	(440.91)	
Pakistan State Oil*	Oil & Gas Marketing Companies	20.44%	0.57%	0.33%	19%	119.42	293.11
Meezan Bank Ltd	Islamic Banks	0.00%	0.00%	0.00%	72%	(587.61)	

*PSO scrip has been considered compliant due to circular debt issue.

NAFA ISLAMIC PENSION FUND

- ii) On the basis of information provided by the management and the provisions of the Scheme, investments in equities made on account of NIPF are Shari'ah Compliant and in accordance with the criteria established by us.
- iii) There are investments made by NIPF where Investee companies have earned a part of their income from non-compliant sources (e.g. interest income received on bank deposits and etc). In such cases, the management company has been directed to set aside such proportion of the income from Investee companies as charity in order to purify the earnings of the Fund.

In light of the above, we hereby certify that nothing has come to our attention which causes to believe that the overall operations of NIPF for the year ended June 30, 2018 are not in compliance with the Shari'ah principles.

During the year a provision of Rupees 793,661/- was created and an amount of Rupees 581,158/- was available for disbursement into charity as of June 30, 2018, which is inclusive of Rupees 171,684/- provisional amount of previous year adjusted after availability of the respective financial statements. However, the provisional amount of the financial year ended June 30, 2018 will be adjusted after the availability of the respective annual financial statements.

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

For and on behalf of Meezan Bank Limited
Shar'iah Technical Services & Support Provider

Mufti Muhammad Naveed Alam
Member
Shariah Supervisory Board

Mufti Ehsan Waquar
Shariah Advisor & Member
Shariah Supervisory Board

Dr. Imran Ashraf Usmani
Chairman
Shariah Supervisory Board

NAFA ISLAMIC PENSION FUND

INDEPENDENT REASONABLE ASSURANCE REPORT TO THE PARTICIPANT'S HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

We were engaged by the Board of Directors of NBP Fund Management Limited, Pension Fund Manager of NAFA Islamic Pension Fund (the Fund), to report on Fund's Compliance with the Shariah principles as set out in the annexed statement prepared by the Pension Fund Manager for the year ended 30 June 2018, in the form of an independent reasonable assurance conclusion about whether the annexed statement presents fairly the status of the Fund's compliance with Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor, in all material respects.

Applicable Criteria

The criteria against which the subject matter information (the Statement) is assessed comprise of Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor.

The above criteria were evaluated for their implementation on the financial statements of the Fund for the year ended 30 June 2018.

Responsibilities of the Pension Fund Manager

The Pension Fund Manager is responsible for preparation of the annexed statement that is free from material misstatement and for the information contained therein.

This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of the annexed statement that is free from material misstatement, whether due to fraud or error. The Pension Fund Manager is also responsible to ensure that the financial arrangements and transactions having Shariah implications entered into by the Fund in substance and in their legal form are in compliance with the Shariah principles specified in the Trust Deed and guidelines issued by the Shariah Advisor.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibilities

Our responsibility is to examine the annexed statement and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the annexed statement presents fairly the status of the Fund's compliance with the Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor, in all material respects.

The procedures selected depend on our judgment, including the assessment of the risks of material non-compliances with Shariah principles and guidelines whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to financial arrangements and transactions having Shariah implications, in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Fund's internal control. Reasonable assurance is less than absolute assurance.

The procedures performed included performing tests of controls for making investments, maintaining bank accounts and transferring impure income to charity in accordance with the Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In our opinion, the annexed statement, for the year ended 30 June 2018, presents fairly the status of the Fund's compliance with the Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor, in all material respects.

Date: 05 September 2018

Karachi

Annual Report 2018

**KPMG Taseer Hadi & Co.
Chartered Accountants**

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NAFA ISLAMIC PENSION FUND

INDEPENDENT AUDITORS' REPORT TO THE PARTICIPANTS

We have audited the annexed financial statements comprising:

- i. Statement of Assets and Liabilities;
- ii. Income Statement and Statement of Comprehensive Income;
- iii. Cash Flow Statement; and
- iv. Statement of Movement in Participants' Sub-Fund,

of **NAFA Islamic Pension Fund** ("the Fund") as at 30 June 2018 and for the year then ended together with the notes forming part thereof.

Pension Fund Manager's responsibility for the financial statements

The Pension Fund Manager is responsible for the preparation and fair presentation of these financial statements in accordance with Accounting and Reporting Standards as applicable in Pakistan, and for such internal control as the Pension Fund Manager determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion:

- (a) the financial statements have been prepared in accordance with the relevant provisions of the Trust Deed and the Voluntary Pension System Rules, 2005 including the guidelines there under;
- (b) a true and fair view is given of the disposition of the Fund as at 30 June 2018 and of the transactions of the Fund for the year ended 30 June 2018 in accordance with the Accounting and Reporting Standards as applicable in Pakistan;
- (c) the allocation and reallocation of units of the sub-funds for all the participants have been made according to the Voluntary Pension System Rules, 2005;
- (d) the cost and expenses debited to the pension fund and apportionment of expenses between sub-funds are as specified in the constitutive documents of the pension fund;
- (e) proper books and records have been kept by the Pension Fund Manager and the financial statements prepared are in agreement with the pension fund's books and records;
- (f) we were able to obtain all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit; and
- (g) no zakat was deductible at source under the Zakat and Usher Ordinance, 1980.

KPMG Taseer Hadi & Co.
Chartered Accountants
Engagement Partner
Muhammad Nadeem

Date: September 05, 2018
Place: Karachi

NAFA ISLAMIC PENSION FUND

Balance Sheet As at 30 June 2018

Note	2018					2017				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total
(Rupees)										
5	114,754,050	257,948,255	418,202,813	3,394,877	794,299,995	97,597,766	198,562,188	231,069,973	4,932,588	532,162,515
6	1,015,418,934	113,774,500	-	-	1,129,193,434	875,929,525	167,340,500	15,298,500	-	1,058,568,525
	1,850,288	-	-	-	1,850,288	3,630,981	-	-	-	3,630,981
7	674,614	3,659,974	2,543,237	-	6,877,825	286,444	2,131,727	1,577,019	-	3,995,190
	-	-	-	-	-	1,467,495	-	-	-	1,467,495
8	5,584,431	100,000	100,000	-	5,784,431	3,017,169	100,000	7,045,428	-	10,162,597
	1,138,282,317	375,482,729	420,846,050	3,394,877	1,938,005,973	981,929,380	368,134,415	254,990,920	4,932,588	1,609,987,303
9	1,540,350	606,128	603,758	1,110,545	3,860,781	1,425,302	547,275	388,986	2,943,712	5,305,275
10	124,403	44,391	44,068	-	212,862	134,502	47,038	30,239	-	211,779
11	307,133	120,562	97,077	-	524,772	238,997	99,888	59,947	-	398,832
	16,417,313	-	-	-	16,417,313	-	-	-	-	-
12	9,695,884	1,812,230	1,212,695	2,284,332	15,005,141	16,100,787	1,732,235	1,310,513	1,988,876	21,132,411
	28,085,083	2,583,311	1,957,598	3,394,877	36,020,869	17,899,588	2,426,436	1,789,685	4,932,588	27,048,297
	1,110,197,234	372,899,418	418,888,452	-	1,901,985,104	964,029,792	365,707,979	253,201,235	-	1,582,939,006
	1,110,197,234	372,899,418	418,888,452	-	1,901,985,104	964,029,792	365,707,979	253,201,235	-	1,582,939,006
13										
14	3,760,000	2,917,702	3,255,032			2,920,901	2,940,742	2,037,522		
	295.2652	127.8059	128.6895			330.0453	124.3591	124.2692		

The annexed notes 1 to 24 form an integral part of these financial statements.

For NBP Fund Management Limited
(Pension Fund Manager)

Chief Financial Officer
Annual Report 2018

Chief Executive Officer

Director

NAFA ISLAMIC PENSION FUND

Income Statement For the year ended 30 June 2018

Note	2018				2017			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
----- (Rupees) -----								
Income								
Mark-up on bank deposits	4,267,879	12,699,995	16,304,439	33,272,313	2,172,866	10,723,637	9,663,787	22,560,290
Mark-up / return on government securities	-	7,698,987	457,480	8,156,467	-	5,918,734	817,976	6,736,710
Income from commercial paper	-	322,776	-	322,776	-	-	-	-
Dividend income	43,908,175	-	-	43,908,175	28,889,732	-	-	28,889,732
(Loss) / gain on sale of investments - net	(57,190,923)	(695,000)	(208,500)	(58,094,423)	55,005,154	260,000	-	55,265,154
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(74,949,057)	(2,571,000)	-	(77,520,057)	113,480,973	1,589,500	180,000	115,250,473
Other income	-	-	-	-	1,187,570	-	-	1,187,570
	(83,963,926)	17,455,758	16,553,419	(49,954,749)	200,736,295	18,491,871	10,661,763	229,889,929
Expenses								
Remuneration to NBP Fund Management Limited - Pension Fund Manager	13,960,593	5,480,110	4,412,574	23,853,277	10,863,501	4,540,324	2,724,883	18,128,708
Sindh Sales Tax on remuneration to Pension Fund Manager	1,814,877	712,414	573,635	3,100,926	1,412,255	590,242	354,235	2,356,732
Remuneration to Central Depository Company of Pakistan Limited - Trustee	1,311,879	516,351	413,155	2,241,385	1,086,110	454,032	284,497	1,824,639
Sindh Sales Tax on remuneration to Central Depository Company of Pakistan Limited- Trustee	170,545	67,125	53,712	291,382	141,194	59,024	36,985	237,203
Annual fee - Securities and Exchange Commission of Pakistan	307,133	120,562	97,077	524,772	238,997	99,887	59,947	398,831
Auditors' remuneration	116,401	116,401	116,401	349,203	121,319	121,319	121,319	363,957
Charity expense	794,205	-	-	794,205	438,021	-	-	438,021
Securities transaction costs	1,044,674	-	-	1,044,674	739,772	-	-	739,772
Printing expenses	14,965	14,965	14,965	44,895	14,965	14,965	14,965	44,895
Legal and professional charges	109,788	29,930	29,930	169,648	54,930	29,930	29,930	114,790
Settlement and bank charges	275,003	157,321	153,299	585,623	196,642	121,564	103,234	421,440
	19,920,063	7,215,179	5,864,748	32,999,990	15,307,706	6,031,287	3,729,995	25,068,988
Net (loss)/ income from operating activities	(103,883,989)	10,240,579	10,688,671	(82,954,739)	185,428,589	12,460,584	6,931,768	204,820,941
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	-	-	-	-	74,103,589	1,730,016	2,562,256	78,395,861
Reversal of provision for Workers' Welfare Fund	-	-	-	-	1,341,944	182,708	137,564	1,662,216
Provision for Sindh Workers' Welfare Fund	-	(204,812)	(213,773)	(418,585)	(6,827,479)	(514,949)	(326,873)	(7,669,301)
Net (loss) / income for the year	(103,883,989)	10,035,767	10,474,898	(83,373,324)	254,046,643	13,858,359	9,304,715	277,209,717

The annexed notes 1 to 24 form an integral part of these financial statements.

For NBP Fund Management Limited
(Pension Fund Manager)

Chief Financial Officer
Annual Report 2018

Chief Executive Officer

Director

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NAFA ISLAMIC PENSION FUND

Statement of Comprehensive Income For the year ended 30 June 2018

	2018				2017			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	----- (Rupees) -----							
Net (loss) / income for the year	(103,883,989)	10,035,767	10,474,898	(83,373,324)	254,046,643	13,858,359	9,304,715	277,209,717
Other comprehensive income for the year	-	-	-	-	-	-	-	-
Total comprehensive (loss) / income for the year	(103,883,989)	10,035,767	10,474,898	(83,373,324)	254,046,643	13,858,359	9,304,715	277,209,717

The annexed notes 1 to 24 form an integral part of these financial statements.

For NBP Fund Management Limited
(Pension Fund Manager)

NAFA ISLAMIC PENSION FUND

Statement of Movement in Participants' Funds For the year ended 30 June 2018

		2018				2017			
		Equity Sub -Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	Note								
		----- (Rupees) -----							
Net assets at beginning of the year		964,029,792	365,707,979	253,201,235	1,582,939,006	433,123,546	279,690,023	152,409,030	865,222,599
Amount received on issuance of units	16	357,809,281	150,699,964	291,215,138	799,724,383	429,615,993	185,579,482	137,604,144	752,799,619
Amount paid on redemption of units		(106,251,428)	(136,646,987)	(154,406,546)	(397,304,961)	(68,858,946)	(107,212,749)	(57,825,373)	(233,897,068)
Reallocation among sub-funds		(1,506,422)	(16,897,305)	18,403,727	-	(9,793,855)	(4,477,120)	14,270,975	-
		250,051,431	(2,844,328)	155,212,319	402,419,422	350,963,192	73,889,613	94,049,746	518,902,551
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net		-	-	-	-	(74,103,589)	(1,730,016)	(2,562,256)	(78,395,861)
(Loss) / gain on sale of investments - net		(57,190,923)	(695,000)	(208,500)	(58,094,423)	55,005,154	260,000	-	55,265,154
Net unrealised (diminution) / appreciation on re-measurment of investments classified as 'financial assets at fair value through profit or loss'		(74,949,057)	(2,571,000)	-	(77,520,057)	113,480,973	1,589,500	180,000	115,250,473
Other net income for the year		28,255,991	13,301,767	10,683,398	52,241,156	85,560,516	12,008,859	9,124,715	106,694,090
Total comprehensive (loss) / income for the year		(103,883,989)	10,035,767	10,474,898	(83,373,324)	254,046,643	13,858,359	9,304,715	277,209,717
Net assets at end of the year		1,110,197,234	372,899,418	418,888,452	1,901,985,104	964,029,792	365,707,979	253,201,235	1,582,939,006
Net assets value per unit at beginning of the year		330.0453	124.3591	124.2692		243.0699	119.6465	119.7025	
Net assets value per unit at end of the year		295.2652	127.8059	128.6895		330.0453	124.3591	124.2692	

The annexed notes 1 to 24 form an integral part of these financial statements.

For NBP Fund Management Limited
(Pension Fund Manager)

NAFA ISLAMIC PENSION FUND

Cash Flow Statement For the year ended 30 June 2018

Note	2018					2017				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total
	----- (Rupees) -----									
CASH FLOWS FOR THE YEAR FROM										
OPERATING ACTIVITIES										
Net (loss) / income for the year	(103,883,989)	10,035,767	10,474,898	-	(83,373,324)	254,046,643	13,858,359	9,304,715	-	277,209,717
Adjustments:										
(Loss) / gain on sale of investments - net	57,190,923	695,000	208,500	-	58,094,423	(55,005,154)	(260,000)	-	-	(55,265,154)
Net unrealised diminution / (appreciation) on re-measurment of investments classified as 'financial assets at fair value through profit or loss'	74,949,057	2,571,000	-	-	77,520,057	(113,480,973)	(1,589,500)	(180,000)	-	(115,250,473)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net	-	-	-	-	-	(74,103,589)	(1,730,016)	(2,562,256)	-	(78,395,861)
	28,255,991	13,301,767	10,683,398	-	52,241,156	11,456,927	10,278,843	6,562,459	-	28,298,229
(Increase) / decrease in assets										
Investments	(271,629,389)	50,300,000	15,090,000	-	(206,239,389)	(312,314,821)	(50,000,000)	-	-	(362,314,821)
Dividend receivable	1,780,693	-	-	-	1,780,693	(2,125,231)	-	-	-	(2,125,231)
Mark-up receivables	(388,170)	(1,528,247)	(966,218)	-	(2,882,635)	(103,988)	(202,772)	(535,082)	-	(841,842)
Receivable against sale of investment	1,467,495	-	-	-	1,467,495	(1,467,495)	-	-	-	(1,467,495)
Advance, deposits and other receivable	(2,632,505)	-	-	-	(2,632,505)	(2,826,398)	-	-	-	(2,826,398)
	(271,401,876)	48,771,753	14,123,782		(208,506,341)	(318,837,933)	(50,202,772)	(535,082)	-	(369,575,787)
Increase / (decrease) in liabilities										
Payable to NBP Fund Management Limited - Pension Fund Manager	115,048	58,853	214,772	(1,833,167)	(1,444,494)	744,127	91,364	105,944	(212,274)	729,161
Payable to Central Depository Company of Pakistan Limited - Trustee	(10,099)	(2,647)	13,829	-	1,083	75,315	9,877	9,928	-	95,120
Annual fee payable to Securities and Exchange Commission of Pakistan	68,136	20,674	37,130	-	125,940	139,552	36,393	25,189	-	201,134
Payable against purchase of investment	16,417,313	-	-	-	16,417,313	-	-	-	-	-
Accrued expenses and other liabilities	592,704	272,399	206,412	295,456	1,366,971	6,094,878	446,670	254,395	1,803,865	8,599,808
	17,183,102	349,279	472,143	(1,537,711)	16,466,813	7,053,872	584,304	395,456	1,591,591	9,625,223
Net cash (used in) / generated from operating activities	(225,962,783)	62,422,799	25,279,323	(1,537,711)	(139,798,372)	(300,327,134)	(39,339,625)	6,422,833	1,591,591	(331,652,335)
CASH FLOWS FROM FINANCING ACTIVITIES										
Amount received on issuance of units	357,874,524	150,699,964	298,160,566	-	806,735,054	429,550,750	185,579,482	130,658,716	-	745,788,948
Amount paid on redemption of units	(113,249,035)	(136,839,391)	(154,710,776)	-	(404,799,202)	(61,861,339)	(107,020,345)	(57,521,143)	-	(226,402,827)
Reallocation among sub-funds	(1,506,422)	(16,897,305)	18,403,727	-	-	(9,793,855)	(4,477,120)	14,270,975	-	-
Net cash flow from financing activities	243,119,067	(3,036,732)	161,853,517	-	401,935,852	357,895,556	74,082,017	87,408,548	-	519,386,121
Net increase / (decrease) in cash and cash equivalents	17,156,284	59,386,067	187,132,840	(1,537,711)	262,137,480	57,568,422	34,742,392	93,831,381	1,591,591	187,733,786
Cash and cash equivalents at beginning of the year	97,597,766	198,562,188	231,069,973	4,932,588	532,162,515	40,029,344	163,819,796	137,238,592	3,340,997	344,428,729
Cash and cash equivalents at end of the year	114,754,050	257,948,255	418,202,813	3,394,877	794,299,995	97,597,766	198,562,188	231,069,973	4,932,588	532,162,515

The annexed notes 1 to 24 form an integral part of these financial statements.

For NBP Fund Management Limited
(Pension Fund Manager)

Chief Financial Officer
Annual Report 2018

Chief Executive Officer

Director

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NAFA ISLAMIC PENSION FUND

Notes to and forming part of the Financial Statements For the year ended 30 June 2018

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** NAFA Islamic Pension Fund ("the Fund") was established under a Trust Deed, dated 12 October 2012, between NBP Fund Management Limited as the Pension Fund Manager and Central Depository Company of Pakistan Limited (CDC) as the trustee. The Fund was authorized by the Securities and Exchange Commission of Pakistan (SECP) as a pension fund on 16 November 2012.
- 1.2** The Pension Fund Manager has been licensed to act as a Pension Fund Manager under the Voluntary Pension System Rules, 2005 (VPS Rules) through a certificate of registration issued by SECP. The registered office of the Pension Fund Manager is situated at 7th floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi.
- 1.3** The Fund is an unlisted open end pension scheme and offers units for public subscription on a continuous basis. The units are non-transferable except in the circumstances mentioned in VPS Rules and can be redeemed by surrendering to the Fund. Further, as per the Offering document, distribution of income or dividend is not allowed from any of the sub-funds.
- 1.4** The objective of the Fund is to provide individuals with a portable, individualized, funded (based on defined contribution), flexible pension scheme, assisting and facilitating them to plan and provide for their retirement.
- 1.5** The Fund has been formed to enable the participants to contribute in a diversified portfolio of securities, which are Shariah compliant. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah. The Pension Fund Manager has appointed Mufti Bilal Ahmed Qazi as Shariah Advisor to the Pension Fund to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.6** The Fund consists of three sub-funds namely, NAFA Islamic Pension Fund Equity Sub-Fund (Equity Sub-Fund), NAFA Islamic Pension Fund Debt Sub-Fund (Debt Sub-Fund) and NAFA Islamic Pension Fund Money Market Sub-Fund (Money Market Sub-Fund) (collectively the Sub-Funds). The investment policy for each of the sub-funds are as follows:
- The Equity Sub-Fund consists of a minimum 90% of net assets invested in Shariah compliant listed equity securities. Investment in single company is restricted to lower of 10% of Net Assets Value (NAV) of Equity Sub-Fund or paid-up capital of the investee company. Investment in a single stock exchange sector is restricted to the higher of 30% of NAV or index weight, subject to a maximum of 35% of NAV of Equity Sub-Fund. (Remaining assets of the Equity Sub-Fund may be invested in any government treasury bills or government securities having less than one year time maturity, or be deposited with scheduled Islamic commercial banks having at least 'A' rating or Islamic windows of commercial banks having rating not less than 'AA' by a rating).
 - The Debt Sub-Fund consists of Shariah compliant tradable debt securities with weighted average time to maturity of the investment portfolio of the sub-fund not exceeding five years. At least twenty five percent (25%) of the net assets of Debt Sub-Fund shall be invested in debt securities issued by the Federal Government. Upto twenty five percent (25%) may be deposited with scheduled Islamic banks having not less than 'A+' rating or Islamic windows of commercial banks having not less than 'AA' rating. Investment in securities issued by companies of a single sector shall not exceed 20% except for banking sector for which the exposure limit shall be up to 30% of net assets of Debt Sub-Fund. Composition of the remaining portion of the investments shall be as defined in the offering document.

NAFA ISLAMIC PENSION FUND

- The Money Market Sub-Fund consists of Shariah compliant short-term money market securities with weighted average time to maturity not exceeding one year. There is no restriction on the amount of investment in securities issued by the Federal Government and Islamic windows of commercial banks having 'A+' rating provided that deposit with any one bank shall not exceed 20% of net assets of Money Market Sub-Fund. Investment in securities issued by provincial government, city government, government corporation with 'A' or higher rating or a corporate entity with 'A+' or higher rating shall be in proportion as defined in offering document.
- 1.7** The Fund offers six types of allocation schemes, as prescribed by the SECP under VPS Rules, to the contributors of the Fund namely High Volatility, Medium Volatility, Low Volatility, Lower Volatility, Customized Allocation & Life Cycle Allocation. The participants of the Fund voluntarily determine the contribution amount, subject to the minimum limit fixed by the Pension Fund Manager. The Participant has the option to select any one from the Allocation Schemes or products being offered by the Pension Fund Manager at the date of opening his / her Individual Pension Account. The Participant may change the Allocation Scheme not more than twice a year thereafter. The contribution amount may be paid by the contributor on a periodic basis such as annual, semi annual, quarterly or monthly basis or with any other frequency.
- 1.8** Under the provisions of the Offering Document of the Fund, contributions received from or on behalf of any Participant by Trustee in cleared funds on any business day shall be credited to the Individual Pension Account of the Participant after deducting the front-end fees, bank charges, any premia payable in respect of any schemes selected by the Participant. The net contribution received in the Individual Pension Account shall be used to allocate such number of units of the relevant Sub-Funds in accordance with the Allocation Policy selected by the Participant as is determined in accordance with the Trust Deed and the units shall be allocated at Net Assets Value notified by the Pension Fund Manager at the close of that business day.
- 1.9** Pakistan Credit Rating Agency (PACRA) has assigned management quality rating of 'AM1' to the Pension Fund Manager while the Fund is currently not rated.
- 1.10** Title to the assets of the Fund are held in the name of CDC as the trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of the Voluntary Pension System Rules, 2005 (the VPS Rules); and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of the VPS Rules or provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the requirements of the VPS Rules or provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Accounting convention

These financial statements are prepared under the historical cost convention except for investments which are carried at their fair values.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Fund's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded to the nearest rupees, except otherwise stated.

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2.4 Critical accounting estimates and judgments

In preparing these financial statements, management has made judgement, estimates and assumptions that affect the application of the Fund's accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from the estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognised prospectively. Information about judgements made in applying accounting policies that have the most significant effects on the amount recognised in the financial statements and assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the subsequent years related to classification and valuation of investments (refer note 4.1 and note 6).

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2018:

- Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 01 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and / or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on the Fund's financial statements.
- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after 01 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on the Fund's financial statements.
- Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after 01 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on the Fund's financial statements.
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 01 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The application of interpretation is not likely to have an impact on the Fund's financial statements.

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- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on the Fund's financial statements.
- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 01 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The application of the standard is not likely to have an impact on the Fund's financial statements.
- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 01 July 2018 and 01 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The amendments are not likely to have an impact on the Fund's financial statements.
- IFRS 16 'Leases' (effective for annual period beginning on or after 01 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leased. The application of the standard is not likely to have an impact on the Fund's financial statements.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 01 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the Fund's financial statements.
- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 01 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on the Fund's financial statements
- Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:
 - IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
 - IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
 - IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 01 January 2019 and are not likely to have an impact on the Fund's financial statements.

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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements have been consistently applied to all periods presented except for the change in accounting policies as stated below:

New, Amended and Revised Standards and Interpretations of IFRSs

There are new and amended standards and interpretations that are mandatory for accounting periods beginning 01 July 2017 but are considered not to be relevant or do not have any significant effect on the the Funds' financial statements and are therefore not stated in these financial statements.

Application of Companies Act, 2017

The Companies Act, 2017 was enacted on 30 May 2017 and SECP vide its circular 23 of 2017 which application has been deferred till 31 December 2017. Therefore, the provision of the Companies Act, 2017 are applicable from 01 January 2018 (refer note 2.1). However, it does not have any significant impact on the Fund's financial statements.

Element of Income / (loss)

Up to 30 June 2017, the element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed to the extent that it is represented by income earned during the accounting period is recognized in income statement and to the extent that it is represented by unrealised appreciation / (diminution) arising during the year on available for sale securities is included in distribution statement.

Effective from 1 July 2017, the Fund has discontinued to record the element of income in line with the requirements of Voluntary Pension Scheme (VPS) Rules 2005 and the industry practice. 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 Pension Fund Manager has applied the above changes in accounting policy prospectively from 1 July 2017 in view of clarification provided by SECP vide its email dated 7 February 2018 to mutual fund industry. Accordingly, corresponding figures have not been restated.

Had the element of income been recognised as per the previous accounting policy, the income of the Equity Sub Fund would have been higher by Rs. 26.889 million and the income of the Debt sub fund and Money market sub fund would have been lower by Rs. 0.021 and Rs. 0.391 million respectively, net off charge for SWWF in respect of element of income / loss and consequently NAV per unit would have been lower by Rs. 0.5378 for Equity Sub-Fund and higher by Rs. 0.0004 and Rs. 0.0783 for Debt sub fund and Money market fund.

4.1 Financial assets

4.1.1 Classification

The Fund classifies its financial assets in the following categories: loans and receivables, at fair value through profit or loss and available for sale. The classification depends on the purpose for which the financial assets were acquired. The Pension Fund Manager determines the appropriate classification of its financial assets at the time of initial recognition and re-evaluates their classification on a regular basis.

a) Loans and receivables

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

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b) Financial assets at fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as held for trading in the financial assets 'at fair value through profit or loss' category.

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 (a) loans and receivables and (b) financial assets at fair value through profit or loss. These are intended to be held for an indefinite period of time which may be sold in response to needs for liquidity or changes in prices. All investments in the sub-funds as at 30 June 2018 are classified as 'financial assets at fair value through profit and loss'.

4.1.2 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

4.1.3 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement.

4.1.4 Subsequent measurement

Subsequent to initial recognition, financial assets designated by the management as at fair value through profit or loss and available for sale are valued as follows:

a) Basis of valuation of Debt Securities (other than government securities)

The debt securities are valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its Circular No. 33 of 2012 dated 24 October 2012. In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. 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.

b) Basis of valuation of Government Securities

The government securities are valued on the basis of rates announced by the Financial Markets Association of Pakistan.

c) Basis of valuation of equity securities

The investment of the Fund in equity securities is valued on the basis of closing quoted market prices available at the stock exchange.

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'.

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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 derecognised or impaired. At this time, the cumulative gain or loss previously recognised directly in the 'statement of comprehensive income' is transferred to the 'income statement'.

d) Loans and receivables

Subsequent to initial recognition, financial assets classified as 'loans and receivables' are carried at amortised cost using the effective interest method.

4.1.5 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 recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised 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 33 of 2012 dated 24 October 2012 issued by SECP.

As allowed under circular no. 13 of 2009 dated 4 May 2009 and circular 33 of 2012 dated 24 October 2012 issued by 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 a provisioning policy approved by the Board of Directors and disseminated by the Pension Fund Manager 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 recognised 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 objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The amount of the provision and its subsequent reversal is determined based on the provisioning criteria specified by SECP.

4.1.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

4.1.7 Offsetting of financial assets and liabilities

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

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4.2 Cash and cash equivalents

Cash and cash equivalents comprise of deposits and current accounts maintained with banks. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

4.3 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the income statement.

4.4 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. They are initially recognised at fair value and subsequently stated at amortised cost. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

4.5 Preliminary expenses and floatation costs

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

4.6 Provisions

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

4.7 Taxation

The income of the Fund is exempt from Income Tax under clause 57(3)(viii) of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A(i) of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

4.8 Issue and redemption of units

Contribution received in the individual pension account after deduction of takaful premia (for optional Takaful covers), if any, followed by deduction of applicable front end fee, is used to purchase the units of sub-funds of the Fund according to the Allocation Scheme selected by the participant. The units are allotted at the net assets value notified by the Pension Fund Manager at the close of the business day for each sub-fund. The front end fee is if applicable, payable to the distributors and the Pension Fund Manager.

The Pension Fund Manager makes reallocation of the sub-fund units between the sub-funds at least once a year to ensure that the allocation of the sub-fund units of all the Participants are according to the allocation schemes selected by the Participants. In case of withdrawal before retirement, units are redeemed at the net assets value of each of the Sub-Funds as of the close of the business day on which such request is received by the distributor before the cut off time. Redemption of units is recorded on acceptance of application for redemption.

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In case of retirement of the participant, units are redeemed at the net assets value of each of the Sub-Fund as of the close of the business day on which retirement age is reached. In case of change of Pension Fund Manager, units are redeemed at the net assets value of each of the Sub-Fund as of the close of the business day corresponding to the date of change specified by the participant.

4.9 Earnings per unit

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

4.10 Net assets value per unit

The Net Assets Value (NAV) per unit is calculated by dividing the net assets of each of the Sub-Fund by the number of units in circulation of that Sub-Fund at the year end.

4.11 Revenue recognition

- Realised gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transactions take place.
- Unrealised appreciation / (diminution) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss ' are included in the income statement in the period in which they arise.
- Unrealised appreciation / (diminution) arising on re-measurement of investments classified as 'available for sale' investments are included in the statement of comprehensive income in the period in which they arise.
- Dividend income is recognised when the right to receive the dividend is established.
- Markup / return on government securities, ijarah sukuks, bank balances and term deposit receipts are recognised on a time proportion basis using the effective interest method.

5 BANK BALANCES

	2018					2017				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others (note 5.2)	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total
(Rupees)										
Savings accounts 5.1	<u>114,754,050</u>	<u>257,948,255</u>	<u>418,202,813</u>	<u>3,394,877</u>	<u>794,299,995</u>	<u>97,597,766</u>	<u>198,562,188</u>	<u>231,069,973</u>	<u>4,932,588</u>	<u>532,162,515</u>

5.1 These accounts carry mark-up rates ranging from 2.40% to 7.50% per annum (30 June 2017: 2.40% to 6.20% per annum).

5.2 These represent collection accounts maintained by the Fund. The balances in these accounts represent front-end fee along with Government levies and withholding tax payable to the Pension Fund Manager and the tax authorities respectively (refer note 1).

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6 INVESTMENTS

		2018				2017			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
----- (Rupees) -----									
Investments by category									
At fair value through profit and loss -									
held for trading									
Listed equity securities	6.1	1,015,418,934	-	-	1,015,418,934	875,929,525	-	-	875,929,525
Government of Pakistan - Ijarah Sukuks	6.2	-	113,774,500	-	113,774,500	-	167,340,500	15,298,500	182,639,000
		1,015,418,934	113,774,500	-	1,129,193,434	875,929,525	167,340,500	15,298,500	1,058,568,525

6.1 Listed equity securities

6.1.1 Held by Equity Sub-Fund

All Shares have a nominal face value of Rs. 10 each except for shares of Al-Ghazi Tractors Limited, Agriautos Industries Limited, Shabbir Tiles & Ceramics Limited, Thal Limited and Dynea Limited which have a face value of Rs. 5.

Name of the investee company	As at 01 July 2017	Purchases during the year	Bonus shares issue during the year	Right shares purchased / subscribed during the year	Sales during the year	As at 30 June 2018	Market value / carrying value as at 30 June 2018	Market value / carrying value as a percentage of net assets of sub-fund	Market value / carrying value as a percentage of investments of sub-fund	Percentage of paid-up capital of the investee company held
	----- (Number of Shares) -----						(Rupees)	----- (%) -----		
Commercial Bank										
Meezan Bank Limited	103,500	365,000	-	6,210	-	474,710	38,793,301	3.49	3.82	0.05
	103,500	365,000	-	6,210	-	474,710	38,793,301	3.49	3.82	
Cement										
Attock Cement Pakistan Limited	57,100	1,000	-	-	-	58,100	7,813,288	0.70	0.78	0.05
D.G.Khan Cement	162,000	324,400	-	-	229,000	257,400	29,469,726	2.65	2.90	0.06
Fauji Cement Company Limited	376,500	221,500	-	-	330,500	267,500	6,112,375	0.55	0.60	0.02
Fecto Cement Limited	35,500	-	-	-	15,900	19,600	818,496	0.07	0.08	0.04
Kohat Cement Limited	39,000	111,500	-	-	88,700	61,800	7,605,726	0.69	0.75	0.04
Lucky Cement Limited	62,750	31,200	-	-	45,800	48,150	24,456,830	2.20	2.41	0.01
Maple Leaf Cement Factory Limited	159,000	231,000	-	9,375	186,000	213,375	10,826,648	0.98	1.08	0.04
Pioneer Cement Limited	128,300	57,000	-	-	42,000	143,300	6,715,038	0.60	0.66	0.06
	1,020,150	977,600	-	9,375	937,900	1,069,225	93,818,127	8.44	9.26	
Power Generation & Distribution										
Hub Power Company Limited	280,800	383,500	-	-	107,000	557,300	51,360,768	4.63	5.06	0.05
Kot Addu Power Company Limited	197,500	29,000	-	-	58,500	168,000	9,056,880	0.82	0.89	0.02
	478,300	412,500	-	-	165,500	725,300	60,417,648	5.45	5.95	

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Name of the investee company	As at 01 July 2017	Purchases during the year	Bonus shares issue during the year	Right shares purchased / subscribed during the year	Sales during the year	As at 30 June 2018	Market value / carrying value as at 30 June 2018	Market value / carrying value as a percentage of net assets of sub-fund	Market value / carrying value as a percentage investments of sub-fund	Percentage of paid-up capital of the investee company held
	(Number of Shares)						(Rupees)	(%)		
Oil & Gas Exploration Companies										
Mari Petroleum Company Limited	26,000	17,800	-	-	9,800	34,000	51,210,120	4.61	5.04	0.03
Oil & Gas Development Company	240,600	309,300	-	-	55,000	494,900	77,016,338	6.94	7.58	0.01
Pakistan Oilfields Limited	82,400	66,800	-	-	51,700	97,500	65,499,525	5.90	6.45	0.04
Pakistan Petroleum Limited	244,632	246,200	-	-	67,000	423,832	91,081,497	8.20	8.97	0.02
	593,632	640,100	-	-	183,500	1,050,232	284,807,480	25.65	28.04	
Oil & Gas Marketing Companies										
Attock Petroleum Limited	8,700	1,700	-	-	-	10,400	6,135,896	0.55	0.60	0.01
Hascol Petroleum Limited (note 6.1.2)	288	33,500	-	-	-	33,788	10,601,323	0.95	1.04	0.03
Pakistan State Oil Company Limited (note 6.1.2)	69,670	156,600	18,294	-	99,700	144,864	46,111,660	4.15	4.54	0.05
Shell Pakistan Limited	28,500	-	-	-	17,500	11,000	3,476,990	0.31	0.34	0.01
Sui Northern Gas Pipelines Limited	-	377,000	-	-	124,000	253,000	25,355,660	2.28	2.50	0.40
	107,158	568,800	18,294	-	241,200	453,052	91,681,529	8.24	9.02	
Refinery										
Attock Refinery Limited	13,900	19,500	-	-	27,500	5,900	1,270,329	0.11	0.13	0.01
	13,900	19,500	-	-	27,500	5,900	1,270,329	0.11	0.13	
Textile Composite										
Dawood Lawrencepur Limited	31,600	-	-	-	31,600	-	-	-	-	-
Kohinoor Textile Mills Limited (note 6.1.2)	202,875	-	-	12,117	-	214,992	11,822,410	1.06	1.16	0.08
Nishat Mills Limited	173,000	245,900	-	-	49,500	369,400	52,055,848	4.69	5.13	0.11
	407,475	245,900	-	12,117	81,100	584,392	63,878,258	5.75	6.29	
Chemical										
Akzo Nobel Pakistan Limited	53,000	-	-	-	-	53,000	9,898,280	0.89	0.97	0.11
Dynea Pakistan Limited	91,500	-	-	-	75,000	16,500	2,097,150	0.19	0.21	0.09
Engro Polymer and Chemicals Limited	-	713,000	-	-	-	713,000	22,359,680	2.01	2.20	-
Engro Polymer and Chemicals Limited (Right issue)	-	-	-	263,778	-	263,778	2,326,522	0.21	0.23	-
Ittehad Chemical Limited	-	305,000	-	-	33,000	272,000	9,454,720	0.85	0.93	1.23
	144,500	1,018,000	-	263,778	108,000	1,318,278	46,136,352	4.15	4.54	
Fertilizer										
Dawood Hercules Corporation Limited	116,500	18,900	-	-	76,500	58,900	6,524,942	0.59	0.64	0.01
Engro Corporation Limited	146,300	188,700	-	-	75,000	260,000	81,603,600	7.35	8.04	0.05
Engro Fertilizers Limited	312,000	764,000	-	-	150,000	926,000	69,366,660	6.25	6.83	0.07
	574,800	971,600	-	-	301,500	1,244,900	157,495,202	14.19	15.51	
Automobile Parts & Accessories										
Agriaautos Industries Limited	22,000	-	-	-	-	22,000	6,490,000	0.58	0.64	0.08
Baluchistan Wheels Limited	78,300	4,500	-	-	-	82,800	8,959,788	0.81	0.88	0.62
Thal Limited	10,400	-	-	-	-	10,400	4,966,312	0.45	0.49	0.01
	110,700	4,500	-	-	-	115,200	20,416,100	1.84	2.01	

NAFA ISLAMIC PENSION FUND

Name of the investee company	As at 01 July 2017	Purchases during the year	Bonus shares issue during the year	Right shares purchased / subscribed during the year	Sales during the year	As at 30 June 2018	Market value / carrying value as at 30 June 2018	Market value / carrying value as a percentage of net assets of sub-fund	Market value / carrying value as a percentage investments of sub-fund	Percentage of paid-up capital of the investee company held
	----- (Number of Shares) -----						---(Rupees)---	----- (%) -----		
Automobile Assembler										
Al-Ghazi Tractors Limited	2,100	-	-	-	2,100	-	-	-	-	-
Honda Atlas Cars (Pakistan)	28,500	-	-	-	28,500	-	-	-	-	-
Hinopak Motors Limited	6,220	-	-	-	6,220	-	-	-	-	-
Indus Motor Company Limited	9,350	-	-	-	9,350	-	-	-	-	-
Millat Tractors Limited	13,100	-	-	-	5,040	8,060	9,575,764	0.86	0.94	0.02
Pak Suzuki Motor Company Limited	11,000	5,500	-	-	15,700	800	314,704	0.03	0.03	-
Sazgar Engineering Works Limited	24,500	-	-	-	24,500	-	-	-	-	-
	94,770	5,500	-	-	91,410	8,860	9,890,468	0.89	0.97	
Paper & Board										
Century Paper and Board Mills Limited	-	41,000	-	-	41,000	-	-	-	-	-
Packages Limited	7,100	-	-	-	-	7,100	3,477,012	0.31	0.34	0.01
	7,100	41,000	-	-	41,000	7,100	3,477,012	0.31	0.34	
Sugar & Allied Industries										
Faran Sugar Mills Limited	43,000	-	-	-	-	43,000	3,573,300	0.32	0.35	0.17
	43,000	-	-	-	-	43,000	3,573,300	0.32	0.35	
Engineering										
Amreli Steels Limited	216,500	13,500	-	-	163,000	67,000	4,726,850	0.43	0.47	0.02
Crescent Steel & Allied Products Limited	15,700	-	-	-	-	15,700	1,431,369	0.13	0.14	0.02
Ittefaq Iron Industries Limited	-	173,500	-	-	173,500	-	-	-	-	-
Mughal Iron and Steel Industries Limited (note 6.1.2)	122,750	19,000	-	-	75,000	66,750	4,099,785	0.37	0.40	0.03
	354,950	206,000	-	-	411,500	149,450	10,258,004	0.93	1.01	
Transport										
Pakistan National Shipping Corporation Limited	27,000	-	-	-	-	27,000	2,212,380	0.20	0.22	0.02
	27,000	-	-	-	-	27,000	2,212,380	0.20	0.22	
Cable & Electrical Goods										
Pak Elektron Limited	229,625	80,000	-	-	196,500	113,125	4,011,413	0.36	0.40	0.02
	229,625	80,000	-	-	196,500	113,125	4,011,413	0.36	0.40	
Technology and Communication										
Avanceon Limited (note 6.1.2)	194,125	43,500	-	-	147,500	90,125	5,969,880	0.54	0.59	0.07
Systems Limited	-	253,000	-	-	-	253,000	25,608,660	2.31	2.52	-
NetSol Technologies Limited	-	152,500	-	-	-	152,500	18,463,175	1.66	1.82	2.06
	194,125	449,000	-	-	147,500	495,625	50,041,715	4.51	4.93	
Miscellaneous										
Ecopack Limited	-	-	-	-	-	-	-	-	-	-
Synthetic Products Enterprises Limited (note 6.1.2)	238,700	5,000	-	-	73,000	170,700	8,722,770	0.79	0.86	0.20
	238,700	5,000	-	-	73,000	170,700	8,722,770	0.79	0.86	

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Name of the investee company	As at 01 July 2017	Purchases during the year	Bonus shares issue during the year	Right shares purchased / subscribed during the year	Sales during the year	As at 30 June 2018	Market value / carrying value as at 30 June 2018	Market value / carrying value as a percentage of net assets of sub-fund	Market value / carrying value as a percentage investments of sub-fund	Percentage of paid-up capital of the investee company held
	----- (Number of Shares) -----						---(Rupees)---	----- (%) -----		
Food and Personal Care Products										
Al-Shaheer Corporation Limited (note 6.1.2)	193,035	321,500	-	-	113,000	401,535	10,941,829	0.99	1.08	0.28
Shezan International Limited	-	-	-	-	-	-	-	-	-	-
	193,035	321,500	-	-	113,000	401,535	10,941,829	0.99	1.08	
Glass & Ceramics										
Ghani Glass Limited XD	32,200	-	-	28,980	-	61,180	3,773,582	0.34	0.37	0.03
Shabbir Tiles & Ceramics Limited	900,000	-	-	-	721,000	179,000	3,769,740	0.34	0.37	0.05
Tariq Glass Industries Limited	120,000	16,500	-	-	-	136,500	14,627,340	1.32	1.44	0.19
	1,052,200	16,500	-	28,980	721,000	376,680	22,170,662	2.00	2.18	0.27
Pharmaceuticals										
Abbot Laboratories (Pakistan) Limited	11,550	7,000	-	-	4,800	13,750	9,418,750	0.85	0.93	0.01
AGP Limited	-	88,500	-	-	39,000	49,500	4,395,105	0.40	0.43	0.16
Ferozsons Laboratories Limited	17,800	-	-	-	-	17,800	3,466,194	0.31	0.34	0.06
GlaxoSmithKline (Pakistan) Limited	28,080	-	-	-	11,000	17,080	2,835,280	0.26	0.28	0.01
GlaxoSmithKline Consumer Healthcare (Pakistan) Limited	3,444	-	-	-	-	3,444	1,394,992	0.13	0.14	-
The Searle Company Limited (note 6.1.2)	18,371	17,600	3,674	-	10,500	29,145	9,894,734	0.89	0.97	0.02
	79,245	113,100	3,674	-	65,300	130,719	31,405,055	2.84	3.09	
Total - 30 June 2018	6,067,865	6,461,100	21,968	320,460	3,906,410	8,964,983	1,015,418,934	91.45	100.00	

Carrying value before fair value adjustment as at 30 June 2018

1,090,367,991

6.1.2 These represent gross bonus shares as per Fund's entitlement declared by the investee company. 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 5 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 investee company which shall be considered as if discharge of tax liability on such income. However, the Pension Fund Manager of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan, has filed a petition in Honourable 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 funds based on the premise of exemption given to mutual funds under clause 57 (3) (viii) of Part I of the Second Schedule of the Income Tax Ordinance, 2001. The Honourable Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement amounting to Rs. 0.143 million (30 June 2017: Rs. 0.0836 million) and not yet deposited with Government Treasury. The Pension Fund Manager is of the view that the decision will be in the favour and accordingly has recorded the bonus shares on gross basis.

6.1.3 Investments include shares with market value of Rs. 27.212 million (30 June 2017: Rs. 22.686 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular number 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan.

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6.2 Government securities - Ijarah Sukuk

6.2.1 Held by Debt Sub-Fund

Issue date		Tenor	Face value				Market value / carrying value as at 30 June 2018	Market value / carrying value as a percentage of net assets of sub- fund	Market value / carrying value as a percentage of total investments of sub-fund
			As at 1 July 2017	Purchases during the year	Matured / sold during the year	As at 30 June 2018			
	Note								
			(Rupees)					(%)	
18 December 2015	6.2.1.1	3 years	85,000,000	-	50,000,000	35,000,000	35,133,000	9.42	30.88
15 February 2016	6.2.1.2	3 years	5,000,000	-	-	5,000,000	5,021,500	1.35	4.41
30 June 2017	6.2.1.3	3 years	75,000,000	-	-	75,000,000	73,620,000	19.74	64.71
			165,000,000	-	50,000,000	115,000,000	113,774,500	30.51	100.00

Carrying value before fair value adjustment as at 30 June 2018

116,345,500

6.2.1.1 These carry mark-up at the rate of 5.51% per annum receivable semi-annually in arrears, maturing on 18 December 2018.

6.2.1.2 These carry mark-up at the rate of 6.10% per annum receivable semi-annually in arrears, maturing on 15 February 2019.

6.2.1.3 These carry mark-up at the rate of 5.24% per annum receivable semi-annually in arrears, maturing on 30 June 2020.

6.2.2 Held by Money Market Sub-Fund

Issue date	Note	Tenor	Face value				Market value / carrying value as at 30 June 2018	Market value / carrying value as a percentage of net assets of sub- fund	Market value / carrying value as a percentage of total investments of sub-fund
			As at 1 July 2017	Purchases during the year	Matured / sold during the year	As at 30 June 2018			
			(Rupees)						
18 December 2015	6.2.2.1	3 years	15,000,000	-	15,000,000	-	-	-	-
			15,000,000	-	15,000,000	-	-	-	-

Carrying value before fair value adjustment as at 30 June 2018

-

6.2.2.1 These carry mark-up at the rate of 5.51% per annum receivable semi-annually in arrears, maturing on 18 December 2018.

6.3 Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'

	2018				2017			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees)								
Market value / carrying value of investments	1,015,418,934	113,774,500	-	1,129,193,434	875,929,525	167,340,500	15,298,500	1,058,568,525
Less: Carrying cost of investments	(1,090,367,991)	(116,345,500)	-	(1,206,713,491)	(762,448,552)	(165,751,000)	(15,118,500)	(943,318,052)
	(74,949,057)	(2,571,000)	-	(77,520,057)	113,480,973	1,589,500	180,000	115,250,473

7 MARK-UP RECEIVABLES

	2018				2017			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees)								
Mark-up on GoP Ijara sukuks	-	2,162,979	-	2,162,979	-	291,264	29,443	320,707
Mark-up on bank deposits	674,614	1,496,995	2,543,237	4,714,846	286,444	1,840,463	1,547,576	3,674,483
	674,614	3,659,974	2,543,237	6,877,825	286,444	2,131,727	1,577,019	3,995,190

NAFA ISLAMIC PENSION FUND

8 ADVANCE, DEPOSITS AND OTHER RECEIVABLE

	2018				2017			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees)							
Advance tax	426,931	-	-	426,931	351,926	-	-	351,926
Security deposit with the Central Depository Company of Pakistan Limited	100,000	100,000	100,000	300,000	100,000	100,000	100,000	300,000
Security deposit with the National Clearing Company of Pakistan Limited	2,500,000	-	-	2,500,000	2,500,000	-	-	2,500,000
Receivable against sale / reallocation of units	-	-	-	-	65,243	-	6,945,428	7,010,671
Advance against Initial Public Offer	2,557,500	-	-	2,557,500	-	-	-	-
	5,584,431	100,000	100,000	5,784,431	3,017,169	100,000	7,045,428	10,162,597

9 PAYABLE TO NBP FUND MANAGEMENT LIMITED - PENSION FUND MANAGER

PAYABLE TO NBP FUND MANAGEMENT LIMITED - PENSION FUND MANAGER		2018					2017				
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total
----- (Rupees) -----											
Remuneration to Pension Fund Manager	9.1	1,296,858	469,730	467,932	-	2,234,520	1,195,046	417,648	277,867	-	1,890,561
Sindh Sales Tax on management remuneration	9.2	168,492	61,398	60,826	-	290,716	155,256	54,627	36,119	-	246,002
Preliminary expenses and floatation cost		75,000	75,000	75,000	-	225,000	75,000	75,000	75,000	-	225,000
Sindh Sales Tax on sales load		-	-	-	158,569	158,569	-	-	-	348,599	348,599
Sales load		-	-	-	951,976	951,976	-	-	-	2,595,113	2,595,113
		1,540,350	606,128	603,758	1,110,545	3,860,781	1,425,302	547,275	388,986	2,943,712	5,305,275

9.1 As per rule 11 of the Voluntary Pension System Rules, 2005, the Pension Fund Manager has charged its remuneration at the rate of 1.5 percent per annum of the average annual net assets of each of the sub-Funds for the current year. The remuneration is paid on a monthly basis in arrears.

9.2 The Sindh Provincial Government has levied Sindh Sales Tax on the remuneration of the Pension Fund Manager and sales load through Sindh Sales Tax on Services Act, 2011, effective from 1 July 2011. During the year, Sindh Sales Tax at the rate of 13% (30 June 2017: 13%) was charged on management remuneration and sales load.

10 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

		2018				2017			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
		(Rupees)							
Trustee remuneration	10.1	110,091	39,284	38,998	188,373	119,028	41,626	26,760	187,414
Sindh Sales Tax on Trustee remuneration	10.2	14,312	5,107	5,070	24,489	15,474	5,412	3,479	24,365
		124,403	44,391	44,068	212,862	134,502	47,038	30,239	211,779

10.1 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.

Based on the Trust Deed, the tariff structure applicable to the Fund as at 30 June 2018 is as follows:

Net assets

Up to Rs. 1,000 million
Exceeding Rs. 1,000 million up to Rs. 3,000 million
Exceeding Rs. 3,000 million up to Rs. 6,000 million
Exceeding Rs. 6,000 million

The remuneration is paid to the Trustee monthly in arrears.

Tariff

Rs. 0.3 million or 0.15% p.a of net assets value, whichever is higher
Rs. 1.5 million plus 0.10% p.a of net assets value, exceeding Rs. 1,000 million
Rs. 3.5 million plus 0.08% p.a of net assets value, exceeding Rs. 3,000 million
Rs. 5.9 million plus 0.06% p.a of net assets value, exceeding Rs. 6,000 million

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- 10.2** The Sindh Provincial Government levied Sindh Sales Tax on the remuneration of the Trustee through Sindh Sales Tax on Services Act, 2011, effective from 1 July 2015. During the year, Sindh Sales Tax at the rate of 13% (30 June 2017: 13%) was charged on trustee remuneration.

11 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee payable to Securities and Exchange Commission of Pakistan (SECP) in accordance with Rule 36 of the Voluntary Pension System Rules, 2005 whereby the Fund is required to pay SECP an amount equal to one thirtieth of 1% of the average annual net assets value of each of the Sub-Fund.

12 ACCRUED EXPENSES AND OTHER LIABILITIES

ACCRUED EXPENSES AND OTHER LIABILITIES		2018					2017				
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total
----- (Rupees) -----											
Provision for Sindh Workers' Welfare Fund	12.1	6,827,479	719,761	540,646	-	8,087,886	6,827,479	514,949	326,873	-	7,669,301
Federal Excise Duty on management remuneration	12.2	1,103,629	725,198	420,894	-	2,249,721	1,103,629	725,198	420,894	-	2,249,721
Federal Excise Duty on Sales load		-	-	-	1,988,876	1,988,876	-	-	-	1,988,876	1,988,876
Auditors' remuneration		103,281	103,282	103,284	-	309,847	97,164	97,164	97,166	-	291,494
Bank charges		173,657	169,260	60,765	-	403,682	129,945	96,343	69,828	-	296,116
Printing charges		29,086	29,092	29,086	-	87,264	23,121	23,126	23,121	-	69,368
Legal and professional fees		162,496	41,662	41,663	-	245,821	65,900	22,532	22,533	-	110,965
Brokerage fees		153,315	-	-	-	153,315	120,124	-	-	-	120,124
Payable against redemption / reallocation of units		-	-	-	-	-	6,997,607	192,404	304,230	-	7,494,241
Withholding tax		10,037	5,214	3,827	295,456	314,534	152,099	53,058	38,602	-	243,759
Charity payable	12.3	1,119,607	-	-	-	1,119,607	576,342	-	-	-	576,342
Other charges		13,297	18,761	12,530	-	44,588	7,377	7,461	7,266	-	22,104
		9,695,884	1,812,230	1,212,695	2,284,332	15,005,141	16,100,787	1,732,235	1,310,513	1,988,876	21,132,411

- 12.1** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. Furthermore, the Honourable Supreme Court of Pakistan decided that WWF is not a tax and hence the amendments introduced through Finance Act, 2008 are ultra-vires to the Constitution. 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 21 May 2015) and accordingly the provision maintained amounted to Rs. 1.342 million, Rs. 182.708 million and Rs. 137.564 million for Equity, Debt and Money Market sub fund respectively were reversed in the year 2017.

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

Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from 21 May 2015 to 30 June 2018, the net asset value of the Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund as at 30 June 2018 would have been higher by Rs. 1.8158, Rs. 0.2467 and Rs. 0.1661 per unit respectively (2017: Rs. 2.3375, Rs. 0.175 and Rs. 0.1604)

- 12.2** As per the requirement of Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective 13 June 2013. The Management Company is of the view that since the remuneration is already subject to 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 Honorable Sindh High Court (SHC) on 4 September 2013

The Honorable Sindh High Court (SHC) through its recent order dated 2 June 2016, in CPD-3184 of 2014 (and others) filed by various taxpayers, has inter alia declared that Federal Excise Act 2005 (FED Act) is on services, other than shipping agents and related services, is ultra vires to the Constitution from 01 July 2011. However, the declaration made by the Honorable Court, as directed, will have affect in the manner prescribed in the judgment. The Sind High Court in its decision dated 16 July 2016 in respect of constitutional petition filed by management companies of mutual funds maintained the previous order on the FED.

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Sindh Revenue Board and Federal Board of Revenue have filed appeals before Honourable Supreme Court against the Sindh High Court's decision dated 2 June 2016, which is pending for the decision. However, after the exclusion of the mutual funds from federal statute on FED from 1 July 2016, the Fund has discontinued making the provision in this regard.

Since the appeal is pending in the Supreme Court of Pakistan, the Pension Fund Manager as a matter of abundant caution has retained a provision on FED for management fee aggregating to Rs. 1.104 million, Rs. 0.725 million and Rs. 0.421 million for Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively. Had the provision not been made, the (NAV) per unit of the Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund as at 30 June 2018 would have been higher by Rs. 0.2935, Rs. 0.2486 and Rs. 0.1293 (2017: Rs. 0.3778, Rs. 0.2466 and Rs. 0.2065) per unit respectively.

Federal Excise Duty on management remuneration and Federal Excise Duty on sales load has been reclassified from payable to NBP fund management limited - Management Company to accrued expenses and other liabilities in order to give better presentation and accordingly, comparatives have been rearranged.

- 12.3** In accordance with the instructions of the Shariah Advisor, any income earned by the Fund from investments whereby the portion of the investment of the investee company has been made in Shariah non-compliant avenues, such proportion of income of the Fund from those investments should be given away for charitable purposes directly by the Fund. During the year, Rs. 0.251 million (30 June 2017: Rs. 0.133 million) has been given out to charitable institutions.

13 CONTINGENCY AND COMMITMENT

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

14 NUMBER OF UNITS IN ISSUE

	2018				2017			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Number of units)							
Total units in issue at beginning of the year	2,920,901	2,940,742	2,037,522	7,899,165	1,781,889	2,337,636	1,273,232	5,392,757
Add: Units issued during the year	1,186,884	1,196,088	2,293,619	4,676,591	1,393,150	1,521,453	1,125,818	4,040,421
Less: Units redeemed during the year	(344,732)	(1,087,933)	(1,224,237)	(2,656,902)	(233,943)	(880,674)	(474,955)	(1,589,572)
Reallocation during the year	(3,053)	(131,195)	148,128	13,880	(20,195)	(37,673)	113,427	55,559
Total units in issue at end of the year	3,760,000	2,917,702	3,255,032	9,932,734	2,920,901	2,940,742	2,037,522	7,899,165

15 RECONCILIATION OF LIABILITIES ARISING OUT OF FINANCING ACTIVITIES

	Receivable against sale of units	Payable against redemption of units	Total
	(Rupees)		
	Equity Sub Fund		
Opening balance as at 1 July 2017	65,243	(6,997,607)	(7,062,850)
Receivable against issuance of units	357,809,281	-	(357,809,281)
Payable against redemption of units	-	(107,757,850)	(107,757,850)
	357,809,281	(107,757,850)	(465,567,131)
Amount received on issuance of units	(357,874,524)		357,874,524
Amount paid on redemption of units	-	114,755,457	114,755,457
	(357,874,524)	114,755,457	472,629,981
Closing balance as at 30 June 2018	-	-	-

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	Debt - Sub Fund		
Opening balance as at 1 July 2017	-	(192,404)	(192,404)
Receivable against issuance of units	150,699,964	-	(150,699,964)
Payable against redemption of units	-	(153,544,292)	(153,544,292)
	150,699,964	(153,544,292)	(304,244,256)
Amount received on issuance of units	(150,699,964)	-	150,699,964
Amount paid on redemption of units	-	153,736,696	153,736,696
	(150,699,964)	153,736,696	304,436,660
Closing balance as at 30 June 2018	-	-	-

	Money Market - Sub Fund		
	Receivable against sale of units	Payable against redemption of units (Rupees)	Total
Opening balance as at 1 July 2017	6,945,428	(304,230)	(7,249,658)
Receivable against issuance of units	309,618,865	-	(309,618,865)
Payable against redemption of units	-	(154,406,546)	(154,406,546)
	309,618,865	(154,406,546)	(464,025,411)
Amount received on issuance of units	(316,564,293)	-	316,564,293
Amount paid on redemption of units	-	154,710,776	154,710,776
	(316,564,293)	154,710,776	471,275,069
Closing balance as at 30 June 2018	-	-	-

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16 CONTRIBUTION TABLE

Contributions received during the year are as follows:

From:	2018							
	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Total	
	Units	(Rupees)	Units	(Rupees)	Units	(Rupees)	Units	(Rupees)
Individuals	1,186,884	357,809,281	1,196,088	150,699,964	2,293,619	291,215,138	4,676,591	799,724,383

	2017							
	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Total	
	Units	(Rupees)	Units	(Rupees)	Units	(Rupees)	Units	(Rupees)
Individuals	1,393,150	429,615,993	1,521,453	185,579,482	1,125,818	137,604,144	4,040,421	752,799,619

17 AUDITORS' REMUNERATION

	2018				2017			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees)				(Rupees)			
Annual audit fee	60,000	60,000	60,000	180,000	60,000	60,000	60,000	180,000
Interim review fee	30,000	30,000	30,000	90,000	30,000	30,000	30,000	90,000
Out of pocket expenses and others including government levy	26,401	26,401	26,401	79,203	31,319	31,319	31,319	93,957
	116,401	116,401	116,401	349,203	121,319	121,319	121,319	363,957

18 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 30 June 2018												
	Equity Sub-Fund				Debt Sub-Fund				Money Market Sub-Fund				Others
	Loans and receivables	Available for sale	At fair value through profit and loss - held for trading	Total	Loans and receivables	Available for sale	At fair value through profit and loss - held for trading	Total	Loans and receivables	Available for sale	At fair value through profit and loss - held for trading	Total	Loans and receivables
	(Rupees)												
Financial assets													
Bank balances	114,754,050	-	-	114,754,050	257,948,255	-	-	257,948,255	418,202,813	-	-	418,202,813	3,394,877
Investments	-	-	1,015,418,934	1,015,418,934	-	-	113,774,500	113,774,500	-	-	-	-	-
Dividend receivable	1,850,288	-	-	1,850,288	-	-	-	-	-	-	-	-	-
Mark-up receivables	674,614	-	-	674,614	3,659,974	-	-	3,659,974	2,543,237	-	-	2,543,237	-
Deposits and other receivable	5,157,500	-	-	5,157,500	100,000	-	-	100,000	100,000	-	-	100,000	-
	122,436,452	-	1,015,418,934	1,137,855,386	261,708,229	-	113,774,500	375,482,729	420,846,050	-	-	420,846,050	3,394,877
													1,937,579,042

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Financial liabilities

Payable to NBP Fund Management Limited - Pension Fund Manager
 Payable to Central Depository Company of Pakistan Limited - Trustee
 Payable against purchase of investment
 Accrued expenses and other liabilities

As at 30 June 2018										
Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund			Others	Total
Liabilities at fair value through profit or loss	At amortised cost	Total	Liabilities at fair value through profit or loss	At amortised cost	Total	Liabilities at fair value through profit or loss	At amortised cost	Total	At amortised cost	
(Rupees)										
-	1,540,350	1,540,350	-	606,128	606,128	-	603,758	603,758	1,110,545	3,860,781
-	124,403	124,403	-	44,391	44,391	-	44,068	44,068	-	212,862
-	16,417,313	16,417,313	-	-	-	-	-	-	-	16,417,313
-	1,754,739	1,754,739	-	362,057	362,057	-	247,328	247,328	2,284,332	4,648,456
-	19,836,805	19,836,805	-	1,012,576	1,012,576	-	895,154	895,154	3,394,877	25,139,412

Financial assets

As at 30 June 2017													
Equity Sub-Fund				Debt Sub-Fund				Money Market Sub-Fund				Others	Total
Loans and receivables	Available for sale	At fair value through profit and loss - held for trading	Total	Loans and receivables	Available for sale	At fair value through profit and loss - held for trading	Total	Loans and receivables	Available for sale	At fair value through profit and loss - held for trading	Total	Loans and receivables	
(Rupees)													
Bank balances	97,597,766	-	97,597,766	198,562,188	-	-	198,562,188	231,069,973	-	-	231,069,973	4,932,588	532,162,515
Investments	-	-	875,929,525	875,929,525	-	-	167,340,500	167,340,500	-	-	15,298,500	-	1,058,568,525
Dividend receivable	3,630,981	-	3,630,981	-	-	-	-	-	-	-	-	-	3,630,981
Mark-up receivables	286,444	-	286,444	2,131,727	-	-	2,131,727	1,577,019	-	-	1,577,019	-	3,995,190
Receivable against sale of investment	1,467,495	-	1,467,495	-	-	-	-	-	-	-	-	-	1,467,495
Deposit and other receivable	2,665,243	-	2,665,243	100,000	-	-	100,000	7,045,428	-	-	7,045,428	-	9,810,671
105,647,929	-	875,929,525	981,577,454	200,793,915	-	167,340,500	368,134,415	239,692,420	-	15,298,500	254,990,920	4,932,588	1,609,635,377

Financial liabilities

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

As at 30 June 2017										
Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund			Others	Total
Liabilities at fair value through profit or loss	At amortised cost	Total	Liabilities at fair value through profit or loss	At amortised cost	Total	Liabilities at fair value through profit or loss	At amortised cost	Total	At amortised cost	
(Rupees)										
-	1,425,302	1,425,302	-	547,275	547,275	-	388,986	388,986	2,943,712	5,305,275
-	134,502	134,502	-	47,038	47,038	-	30,239	30,239	-	211,779
-	8,017,580	8,017,580	-	439,090	439,090	-	524,144	524,144	1,988,876	10,969,690
-	9,577,384	9,577,384	-	1,033,403	1,033,403	-	943,369	943,369	4,932,588	16,486,744

19 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

19.1 Connected persons include NBP Fund Management Limited, being the Pension Fund Manager, Central Depository Company of Pakistan Limited, being the Trustee, National Bank of Pakistan (NBP) and Alexandra Fund Management Pte. Limited, being the sponsors of the Fund / Pension Fund and other collective investment schemes managed by the Pension Fund Manager, directors and officers of the Pension Fund Manager and directors of connected persons and employee benefit funds of the NBP Fund Management Limited. Manager

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

19.3 Remuneration payable to Pension Fund Manager and the Trustee is determined in accordance with the provisions of the Voluntary Pension System Rules, 2005 and the Trust Deed respectively.

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The details of significant transactions carried out by the Fund with connected persons and balances with them for the year and at year end are as follows:

19.4 Transactions during the year

		2018				2017			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees)									
NBP Fund Management Limited - Pension Fund Manager									
Remuneration to Pension Fund Manager		13,960,593	5,480,110	4,412,574	23,853,277	10,863,501	4,540,324	2,724,883	18,128,708
Sindh Sales Tax on remuneration to Pension Fund Manager		1,814,877	712,414	573,635	3,100,926	1,412,255	590,242	354,235	2,356,732
Number of units reallocated	Units	-	-	-	-	-	-	-	-
Amount of units reallocated		-	-	-	-	-	-	-	-
Number of units issued	Units	2,342	-	-	2,342	86,799	75,546	24,780	187,125
Amount of units issued		677,790	-	-	677,790	24,770,264	9,138,613	3,022,519	36,931,396
Number of units redeemed	Units	-	-	5,270	5,270	89,530	309,512	224,317	623,359
Amount of units redeemed		-	-	677,790	677,790	25,567,703	37,751,912	27,144,396	90,464,011
Central Depository Company of Pakistan Limited - Trustee									
Remuneration to the Trustee		1,311,879	516,351	413,155	2,241,385	1,086,110	454,032	284,497	1,824,639
Sindh Sales Tax on remuneration to Trustee		170,545	67,125	53,712	291,382	141,194	59,024	36,985	237,203
Alexandra Fund Management Pte. Limited - Sponsor									
Number of units issued	Units	-	-	-	-	-	16,823	16,429	33,252
Amount of units issued		-	-	-	-	-	2,083,058	2,038,016	4,121,074
Number of units redeemed	Units	63,651	172,800	172,490	408,941	12,256	-	-	12,256
Amount of units redeemed		20,210,411	21,472,785	21,444,723	63,127,919	4,121,074	-	-	4,121,074
Taurus Securities Limited									
Brokerage charges		58,736	-	-	58,736	49,357	-	-	49,357
Employees of NBP Fund Management Limited									
Number of units issued	Units	54,330	14,290	69,063	137,683	16,725	588	65,133	82,446
Amount of units issued		16,085,956	1,791,653	8,868,224	26,745,833	5,180,327	71,726	8,077,748	13,329,801
Number of units redeemed	Units	6,301	7,461	5,937	19,699	20,994	2,496	6,914	30,404
Amount of units redeemed		1,995,130	943,360	763,629	3,702,119	6,929,124	307,457	844,861	8,081,442

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		2018				2017			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
		(Rupees)							
Dr. Amjad Waheed - Chief Executive Officer									
Number of units issued	Units	-	-	-	-	18,693	-	-	18,693
Amount of units issued		-	-	-	-	6,000,000	-	-	6,000,000
Aamir Sattar - Director									
Number of units issued	Units	-	-	-	-	6,262	-	-	6,262
Amount of units issued		-	-	-	-	2,000,000	-	-	2,000,000
BankIslami Pakistan Limited (Common directorship with the Management Company)									
Purchase of Commercial Paper		-	8,677,224	-	8,677,224	-	-	-	-
Mark-up on bank balances		2,506,201	3,034,061	2,543,968	8,084,230	-	-	-	-

19.5 Amount outstanding as at year end

Amount outstanding as at year end		2018					2017				
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Other	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Other	Total
<hr style="border-top: 1px dashed black;"/>											
(Rupees)											
NBP Fund Management Limited - Pension Fund Manager											
Remuneration payable		1,296,858	469,730	467,932		2,234,520	1,195,046	417,648	277,867		1,890,561
Sindh Sales Tax payable		168,492	61,398	60,826		290,716	155,256	54,627	36,119		246,002
Preliminary expenses and floatation cost payable		75,000	75,000	75,000		225,000	75,000	75,000	75,000		225,000
Number of units held	Units	113,471	-	29,284		142,755	111,129	-	34,553		145,682
Amount of units held		33,504,128	-	3,768,518		37,272,646	36,677,659	-	4,293,927		40,971,586
Sales load inclusive of Sinds Sales Tax		-	-	-	1,110,545	1,110,545	-	-	-	2,943,712	2,943,712
Alexandra Fund Management Pte. Limited - Sponsor											
Number of units held	Units	-	-	-	-	-	63,651	172,800	172,490	-	408,941
Amount of units held		-	-	-	-	-	21,007,723	21,489,253	21,435,184	-	63,932,160
Employees of NBP Fund Management Limited											
Number of units held	Units	98,037	7,272	121,817	-	227,126	50,009	443	58,691	-	109,143
Amount of units held		28,946,966	929,442	15,676,608	-	45,553,016	16,505,277	55,108	7,293,530	-	23,853,915

NAFA ISLAMIC PENSION FUND

	2018					2017				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Other	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Other	Total
Central Depository Company of Pakistan Limited - Trustee	(Rupees)									
Remuneration payable	110,091	39,284	38,998	-	188,373	-	-	-	-	-
Sindh Sales Tax payable	14,312	5,107	5,070	-	24,489	-	-	-	-	-
Dr. Amjad Waheed - Chief Executive Officer										
Number of units issued	Units 18,693	-	-	-	18,693	18,693	-	-	-	18,693
Amount of units issued	5,519,389	-	-	-	5,519,389	6,169,533	-	-	-	6,169,533
Aamir Sattar - Director										
Number of units issued	Units -	-	-	-	-	6,262	-	-	-	6,262
Amount of units issued	-	-	-	-	-	2,066,667	-	-	-	2,066,667
BankIslami Pakistan Limited (Common directorship with the Management Company)										
Mark-up on bank balances	314,703	367,922	395,287	-	1,077,912	-	-	-	-	-

20 FINANCIAL RISK MANAGEMENT

The Fund primarily invests in a portfolio of equity, debt and money market investments such as shares of listed companies, investment-grade debt securities, government securities and other money market instruments. These activities are exposed to a variety of financial risks i.e. market risk (which includes currency risk, interest rate risk and price risk), credit risk and liquidity risk arising from the financial instruments it holds.

20.1 Market risk

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

The Pension Fund Manager manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan. The maximum risk resulting from financial instruments equals their fair values.

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

20.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because 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 Pak Rupees.

NAFA ISLAMIC PENSION FUND

20.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds KIBOR based interest bearing GoP Ijara Sukuk that expose the Fund to cash flow interest rate risk as at 30 June 2018. In case of 100 basis points increase in KIBOR on 30 June 2018, with all other variables held constant, the net assets of the Fund for the year would have been higher by Rs. 1.126 million and net income for the year would have been higher by Rs. 1.126 million. In case of 100 basis points decrease in KIBOR on 30 June 2018, with all other variables held constant, the net assets of the Fund for the year would have been lower by Rs. 1.126 million and net income for the year would have been lower by Rs. 1.126 million.

b) Sensitivity analysis for fixed rate instruments

Presently, the Fund holds KIBOR based interest bearing GoP Ijara Sukuk that expose the Fund to fair value interest rate risk as at 30 June 2018. In case of 100 basis points increase in KIBOR on 30 June 2017, with all other variables held constant, the net assets of the Fund for the year would have been higher by Rs. Nil (30 June 2017: Rs. 0.05 million) and net income for the year would have been higher by Rs. Nil (30 June 2017: Rs. 0.05 million). In case of 100 basis points decrease in KIBOR on 30 June 2017, with all other variables held constant, the net assets of the Fund for the year would have been lower by Rs. Nil (30 June 2017: Rs. 0.05 million) and net income for the year would have been lower by Rs. Nil (30 June 2017: Rs. 0.05 million).

The composition of the Fund's investment portfolio, KIBOR rates and rates announced by Financial Markets Association of Pakistan are expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2018 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

NAFA ISLAMIC PENSION FUND

Interest rate sensitivity position for on balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off balance sheet instruments is based on settlement date.

As at 30 June 2018																		2018							
Equity Sub-Fund						Debt Sub-Fund					Money Market Sub-Fund					Others				Total					
Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total	Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total	Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total	Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total		
%	Up to three months	More than three months upto one year	More than one year			%	Up to three months	More than three months upto one year	More than one year			%	Up to three months	More than three months upto one year	More than one year			%	Up to three months	More than three months upto one year	More than one year				
(Rupees)																								(Rupees)	
On-balance sheet financial instruments																									
Financial assets																									
Bank balances	2.40 - 6.20	114,754,050	-	-	-	114,754,050	2.40 - 6.20	257,948,255	-	-	-	257,948,255	2.40 - 6.20	418,202,813	-	-	-	418,202,813	2.40 - 6.20	3,394,877	-	-	-	3,394,877	794,299,995
Investments	-	-	-	-	1,015,418,934	1,015,418,934	5.24 - 6.33	-	-	113,774,500	-	113,774,500	-	-	-	-	-	-	-	-	-	-	-	-	1,129,193,434
Dividend receivable	-	-	-	-	1,850,288	1,850,288	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,850,288
Mark-up receivables	-	-	-	-	674,614	674,614	-	-	-	-	3,659,974	3,659,974	-	-	-	-	2,543,237	2,543,237	-	-	-	-	-	-	6,877,825
Deposits and other receivable	-	-	-	-	5,157,500	5,157,500	-	-	-	-	100,000	100,000	-	-	-	-	100,000	100,000	-	-	-	-	-	-	5,357,500
		114,754,050	-	-	1,023,101,336	1,137,855,386		257,948,255	-	113,774,500	3,759,974	375,482,729		418,202,813	-	-	2,643,237	420,846,050		3,394,877	-	-	-	3,394,877	1,937,579,042
Financial liabilities																									
Payable to NBP Fund Management Limited - Pension Fund Manager	-	-	-	-	1,540,350	1,540,350	-	-	-	-	606,128	606,128	-	-	-	-	603,758	603,758	-	1,110,545	-	-	-	1,110,545	3,860,781
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	-	124,403	124,403	-	-	-	-	44,391	44,391	-	-	-	-	44,068	44,068	-	-	-	-	-	-	212,862
Payable against purchase of investment	-	-	-	-	16,417,313	16,417,313	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued expenses and other liabilities	-	-	-	-	1,754,739	1,754,739	-	-	-	-	362,057	362,057	-	-	-	-	247,328	247,328	-	2,284,332	-	-	-	2,284,332	4,648,456
	-	-	-	-	19,836,805	19,836,805	-	-	-	-	1,012,576	1,012,576	-	-	-	-	895,154	895,154	-	3,394,877	-	-	-	3,394,877	8,722,099
On-balance sheet gap		114,754,050	-	-	1,003,264,531	1,118,018,581		257,948,255	-	113,774,500	2,747,398	374,470,153		418,202,813	-	-	1,748,083	419,950,896		-	-	-	-	-	1,928,856,943
Off-balance sheet financial instruments																									
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-		-	-	-	-	-		-	-	-	-	-		-	-	-	-	-	-
Total interest rate sensitivity gap		114,754,050	-	-	1,003,264,531	1,118,018,581		257,948,255	-	113,774,500	2,747,398	374,470,153		418,202,813	-	-	1,748,083	419,950,896		-	-	-	-	-	1,928,856,943
Cumulative interest rate sensitivity gap		114,754,050	114,754,050	114,754,050				257,948,255	257,948,255	371,722,755				418,202,813	418,202,813	418,202,813				-	-	-			

Interest rate sensitivity position for on balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off balance sheet instruments is based on settlement date.

As at 30 June 2017																	2017								
Equity Sub-Fund						Debt Sub-Fund					Money Market Sub-Fund					Others					Total				
Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total	Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total	Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total	Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total		
%	Up to three months	More than three months upto one year	More than one year			%	Up to three months	More than three months upto one year	More than one year			%	Up to three months	More than three months upto one year	More than one year			%	Up to three months	More than three months upto one year	More than one year				
----- (Rupees) -----																									
On-balance sheet financial instruments																									
Financial assets																									
Bank balances	2.40 - 6.20	97,597,766	-	-	-	97,597,766	2.40 - 6.20	198,562,188	-	-	-	198,562,188	2.40 - 6.20	231,069,973	-	-	-	231,069,973	2.40 - 6.20	4,932,588	-	-	-	4,932,588	532,162,515
Investments	-	-	-	-	875,929,525	875,929,525	3.97 - 6.10	-	-	167,340,500	-	167,340,500	551.00%	-	-	15,298,500	-	15,298,500	-	-	-	-	-	-	1,058,568,525
Dividend receivable	-	-	-	-	3,630,981	3,630,981	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,630,981
Mark-up receivables	-	-	-	-	286,444	286,444	-	-	-	2,131,727	2,131,727	-	-	-	-	1,577,019	1,577,019	-	-	-	-	-	-	-	3,995,190
Receivable against sale of investments	-	-	-	-	1,467,495	1,467,495	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,467,495
Deposits and other receivable	-	-	-	-	2,665,243	2,665,243	-	-	-	7,045,428	7,045,428	-	-	-	-	7,045,428	7,045,428	-	-	-	-	-	-	-	16,756,099
		97,597,766	-	-	883,979,688	981,577,454		198,562,188	-	167,340,500	9,177,155	375,079,843		231,069,973	-	15,298,500	8,622,447	254,990,920		4,932,588	-	-	-	4,932,588	1,616,580,805
Financial liabilities																									
Payable to NBP Fund Management Limited - Pension Fund Manager	-	-	-	-	1,425,302	1,425,302		-	-	-	547,275	547,275		-	-	-	388,986	388,986		2,943,712	-	-	-	2,943,712	5,305,275
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	-	134,502	134,502		-	-	-	47,038	47,038		-	-	-	30,239	30,239		-	-	-	-	-	211,779
Accrued expenses and other liabilities	-	-	-	-	8,017,580	8,017,580		-	-	-	439,030	439,030		-	-	-	524,144	524,144		1,988,876	-	-	-	1,988,876	10,969,630
	-	-	-	-	9,577,384	9,577,384		-	-	-	1,033,343	1,033,343		-	-	-	943,369	943,369		4,932,588	-	-	-	4,932,588	16,486,684
On-balance sheet gap		97,597,766	-	-	874,402,304	972,000,070		198,562,188	-	167,340,500	8,143,812	374,046,500		231,069,973	-	15,298,500	7,679,078	254,047,551		-	-	-	-	-	1,600,094,121
Off-balance sheet financial instruments																									
	-	-	-	-	-	-		-	-	-	-	-		-	-	-	-	-		-	-	-	-	-	-
Off-balance sheet gap																									
	-	-	-	-	-	-		-	-	-	-	-		-	-	-	-	-		-	-	-	-	-	-
Total interest rate sensitivity gap		97,597,766	-	-	874,402,304	972,000,070		198,562,188	-	167,340,500	8,143,812	374,046,500		231,069,973	-	15,298,500	7,679,078	254,047,551		-	-	-	-	-	1,600,094,121
Cumulative interest rate sensitivity gap																									
	97,597,766	97,597,766	97,597,766					198,562,188	198,562,188	365,902,688				231,069,973	231,069,973	246,368,473				-	-	-			

NAFA ISLAMIC PENSION FUND

20.1.3 Price risk

Price risk is the risk of volatility in prices of financial instruments resulting from their dependence on market sentiments, speculative activities, supply and demand for financial instruments and liquidity in the market. The value of investments may fluctuate due to change in business cycles affecting the business of the company in which the investment is made, change in business circumstances of the company, industry environment and / or the economy in general.

The pension fund manager's strategy on the management of investment risk is driven by the Fund's investment objective. The primary objective of the Fund is to provide the maximum return to the participants from investment in Shariah compliant investments for the given level of risks. The Fund's market risk is managed on a daily basis by the pension fund manager in accordance with the policies and procedures laid down by the SECP. The funds are allocated among various asset classes based on the attractiveness of the particular asset class. The allocation among these is dependent on the time horizon for investments and liquidity requirements of the portfolio. The market risk is managed by monitoring exposure to marketable securities, and by complying with the internal risk management policies and regulations laid down in VPS Rules and directives issued by the SECP.

The Fund's overall market positions are monitored on a quarterly basis by the board of directors of the Pension Fund Manager.

Details of the Fund's investment portfolio exposed to price risk, at the balance sheet date are disclosed in note 6 to these financial statements. At 30 June 2017 the Fund's overall exposure to price risk is limited to the fair value of those positions. The Fund also manages its exposure to price risk by analysing the investment portfolio by industrial sector and benchmarking the sector weighting to that of the Karachi Meezan Index - 30 (KMI). The Fund's policy is to concentrate the investment portfolio in sectors where management believes that the Fund can maximise the returns derived for the level of risk to which the Fund is exposed.

The net assets of the Fund will increase / decrease by approximately Rs. 10.154 million (2017: Rs. 8.759 million) if the prices of equity vary due to increase / decrease in the KMI. This is based on the assumption that the fair value of the Fund's portfolio moves according to their historical correlation with the KMI and that the KMI increases / decreases by 1% on KMI index with all other factors held constant.

The pension fund manager uses the KMI as a reference point in making investment decisions. However, the Pension Fund Manager does not manage the Fund's investment strategy to track the KMI or any other index or external benchmark. The sensitivity analysis presented is based upon the portfolio composition as at 30 June 2017 and the historical correlation of the securities comprising the portfolio of the KMI. The composition of the Fund's investment portfolio and the correlation thereof to the KMI, is expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2017 is not necessarily indicative of the effect on the Fund's net assets attributed to units of future movements in the level of the KMI.

NAFA ISLAMIC PENSION FUND

20.2 Credit risk

The Fund is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due. Credit risk arises from the inability of the relevant brokerage house or the counter party to fulfill their obligations.

The Fund's credit risk is primarily attributable to balances with banks only. The credit risk of the Fund is limited as the balances are maintained with counter parties that are financial institutions with reasonably high credit ratings.

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. In addition, the risk is managed through the assignment of credit limits and by following strict credit evaluation criteria laid down by the Pension Fund Manager.

The maximum exposure to credit risk is as follows:

Ratings	As at 30 June 2018				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total
	(Rupees)				
AAA	26,981,996	90,869,416	128,689,549	2,126,322	248,667,283
AA+	62,965,599	35,432,193	129,534,709	1,263,555	229,196,056
AA	4,951	188,161	547,582	-	740,694
AA-	-	57,852,037	78,637,420	-	136,489,457
A+	24,801,504	73,606,448	80,793,553	5,000	179,206,505
	<u>114,754,050</u>	<u>257,948,255</u>	<u>418,202,813</u>	<u>3,394,877</u>	<u>794,299,995</u>
Dividend receivable	<u>1,850,288</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,850,288</u>
Mark-up receivables	<u>674,614</u>	<u>3,659,974</u>	<u>2,543,237</u>	<u>-</u>	<u>6,877,825</u>
Deposits and other receivable	<u>5,157,500</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>5,357,500</u>

NAFA ISLAMIC PENSION FUND

Ratings	As at 30 June 2017				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total
	----- (Rupees) -----				
AAA	41,923,555	55,787,102	53,161,220	3,949,382	154,821,259
AA+	3,241	65,384,170	47,141,335	-	112,528,746
AA	38,059,104	12,331,848	12,871,917	978,104	64,240,973
AA-	-	1,102,318	70,759,570	-	71,861,888
A+	17,611,866	63,956,750	47,135,931	5,000	128,709,547
	<u>97,597,766</u>	<u>198,562,188</u>	<u>231,069,973</u>	<u>4,932,486</u>	<u>532,162,413</u>
Dividend receivable	<u>3,630,981</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,630,981</u>
Mark-up receivables	<u>286,444</u>	<u>2,131,727</u>	<u>1,577,019</u>	<u>-</u>	<u>3,995,190</u>
Deposits and other receivable	<u>2,665,243</u>	<u>100,000</u>	<u>7,045,428</u>	<u>-</u>	<u>9,810,671</u>

The maximum exposure to credit risk before any credit enhancement is the carrying amount of these financial assets.

Concentration of credit risk

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. Currently the Fund has placed its money in saving accounts with highly rated financial institutions.

20.3 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 cash redemptions of its units on a regular basis. Units are redeemable at the participant's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive document and guidelines laid down by Securities and Exchange Commission of Pakistan (SECP). 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 cannot be readily disposed and are considered readily realisable.

NAFA ISLAMIC PENSION FUND

The Fund has the ability to borrow, with prior approval of trustee, for meeting redemption requests. The maximum amount available to the Fund from borrowings is limited to the extent of 10% of the total net assets value at the time of borrowing with repayment within 90 days of such borrowings. No such borrowings were made during the period.

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

	As at 30 June 2018												2017	
	Equity Sub-Fund				Debt Sub-Fund				Money Market Sub-Fund				Others	Total
	Total	Upto three months	More than three months and upto one year	More than one year	Total	Upto three months	More than three months and upto one year	More than one year	Total	Upto three months	More than three months and upto one year	More than one year	Upto three months	
Financial Liabilities (excluding participants' funds)	(Rupees)													
Payable to NBP Fund Management Limited - Pension Fund Manager	1,540,350	1,540,350	-	-	606,128	606,128	-	-	603,758	603,758	-	-	1,110,545	3,860,781
Payable to Central Depository Company of Pakistan Limited - Trustee	124,403	124,403	-	-	44,391	44,391	-	-	44,068	44,068	-	-	-	212,862
Payable against purchase of investment	16,417,313	16,417,313	-	-	-	-	-	-	-	-	-	-	-	16,417,313
Accrued expenses and other liabilities	1,754,739	1,754,739	-	-	362,057	362,057	-	-	247,328	247,328	-	-	-	2,364,124
	19,836,805	19,836,805	-	-	1,012,576	1,012,576	-	-	895,154	895,154	-	-	1,110,545	22,855,080
Participants' funds	1,110,197,234	1,110,197,234	-	-	372,899,418	372,899,418	-	-	418,888,452	418,888,452	-	-	-	1,901,985,104
													2015	
	As at 30 June 2017													
	Equity Sub-Fund				Debt Sub-Fund				Money Market Sub-Fund				Others	Total
	Total	Upto three months	More than three months and upto one year	More than one year	Total	Upto three months	More than three months and upto one year	More than one year	Total	Upto three months	More than three months and upto one year	More than one year	Upto three months	
Financial Liabilities (excluding participants' funds)	(Rupees)													
Payable to NBP Fund Management Limited - Pension Fund Manager	1,425,302	1,425,302	-	-	547,275	547,275	-	-	388,986	388,986	-	-	3,155,986	5,517,549
Payable to Central Depository Company of Pakistan Limited - Trustee	134,502	134,502	-	-	47,038	47,038	-	-	30,239	30,239	-	-	-	211,779
Accrued expenses and other liabilities	8,017,580	8,017,580	-	-	439,090	439,090	-	-	524,144	524,144	-	-	-	8,980,814
	9,577,384	9,577,384	-	-	1,033,403	1,033,403	-	-	943,369	943,369	-	-	3,155,986	14,710,142
Participants' funds	964,029,792	964,029,792	-	-	365,707,979	365,707,979	-	-	253,201,235	253,201,235	-	-	-	1,582,939,006

The above mentioned financial liabilities do not carry any mark-up.

Units of the Fund are redeemable on demand at the participants' option. However, participants typically retain them from medium to long term.

21 PARTICIPANTS' FUNDS RISK MANAGEMENT (CAPITAL RISK)

The participants' fund is represented by redeemable units. These units are entitled to payment of a proportionate share, based on the Fund's net asset value per unit on the redemption date.

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

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

In accordance with the risk management policies stated in note 19, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption. Since the participants of the Fund have invested with a long term objective, the possibility of a significant redemption pressure is limited, such liquidity being augmented by borrowing arrangements (which can be entered if necessary) or disposal of investments where necessary.

All units, including the core units, and fractions thereof represent an undivided share in the pertinent sub-funds of the fund and rank parri passu as their rights in the net assets and earning of the sub-fund are not tradable or transferable. Each participant has a beneficial interest in the sub-fund proportionate to the units held by such participant in such sub-fund.

NAFA ISLAMIC PENSION FUND

22 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

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

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from carrying values as the items are either short term in nature or periodically repriced.

According to the amendments to International Financial Reporting Standard 7, Financial Instruments: Disclosure - Improving disclosures about financial instruments, an entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

		30 June 2018																															
		Equity Sub - Fund								Debt Sub - Fund								Money Market Sub - Fund								Others			Total				
		Carrying value				Fair Value				Carrying value				Fair value				Carrying value				Fair value											
		Available-for-sale	Held for trading	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	Available-for-sale	Held for trading	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	Available-for-sale	Held for trading	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	Loans and receivables	Other financial liabilities	Total		
On-balance sheet financial instruments																																	
(Rupees)																																	
Financial assets measured at fair value																																	
Investments																																	
- Listed equity securities																																	
-	-	1,015,418,934	-	-	-	1,015,418,934	1,015,418,934	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,015,418,934	
- Government of Pakistan - Ijarah Sukuk																																	
-	-	-	-	-	-	-	-	-	-	-	113,774,500	-	-	-	113,774,500	-	113,774,500	-	113,774,500	-	-	-	-	-	-	-	-	-	-	-	-	113,774,500	
-	-	1,015,418,934	-	-	-	1,015,418,934	1,015,418,934	-	-	-	-	113,774,500	-	-	113,774,500	-	113,774,500	-	113,774,500	-	-	-	-	-	-	-	-	-	-	-	-	1,129,193,434	
Financial assets not measured at fair value																																	
Bank balances																																	
-	-	-	114,754,050	-	-	114,754,050	-	-	-	-	-	-	257,948,255	-	257,948,255	-	-	-	-	-	-	418,202,813	-	418,202,813	-	-	-	-	-	3,394,877	-	3,394,877	794,299,995
Dividend receivable																																	
-	-	-	1,850,288	-	-	1,850,288	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,850,288	
Mark-up receivables																																	
-	-	-	674,614	-	-	674,614	-	-	-	-	-	-	3,659,974	-	3,659,974	-	-	-	-	-	-	2,543,237	-	2,543,237	-	-	-	-	-	-	-	6,877,825	
Receivable against sale of investment																																	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Deposits and other receivable																																	
-	-	-	5,157,500	-	-	5,157,500	-	-	-	-	-	-	100,000	-	100,000	-	-	-	-	-	-	100,000	-	100,000	-	-	-	-	-	-	-	5,357,500	
22.1	-	-	122,436,452	-	-	122,436,452	-	-	-	-	-	-	261,708,229	-	261,708,229	-	-	-	-	-	-	420,846,050	-	420,846,050	-	-	-	-	-	3,394,877	-	3,394,877	808,385,608
Financial liabilities not measured at fair value																																	
Payable to NBP Fund Management Limited - Pension Fund Manager																																	
-	-	-	-	1,540,350	1,540,350	-	-	-	-	-	-	-	606,128	606,128	-	-	-	-	-	-	-	-	603,758	603,758	-	-	-	-	-	1,110,545	1,110,545	3,860,781	
Payable to Central Depository Company of Pakistan Limited - Trustee																																	
-	-	-	-	124,403	124,403	-	-	-	-	-	-	-	44,391	44,391	-	-	-	-	-	-	-	-	44,068	44,068	-	-	-	-	-	-	-	212,862	
Payable against purchase of investment																																	
-	-	-	-	16,417,313	16,417,313	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,417,313	
Accrued expenses and other liabilities																																	
-	-	-	-	1,754,739	1,754,739	-	-	-	-	-	-	-	362,057	362,057	-	-	-	-	-	-	-	-	247,328	247,328	-	-	-	-	-	-	-	2,364,124	
22.1	-	-	-	19,836,805	19,836,805	-	-	-	-	-	-	-	1,012,576	1,012,576	-	-	-	-	-	-	-	-	895,154	895,154	-	-	-	-	-	1,110,545	1,110,545	22,855,080	
30 June 2017																																	
		Equity Sub - Fund								Debt Sub - Fund								Money Market Sub - Fund								Others			Total				
		Carrying value				Fair Value				Carrying value				Fair Value				Carrying value				Fair Value											
		Available-for-sale	Held for trading	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	Available-for-sale	Held for trading	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	Available-for-sale	Held for trading	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	Loans and receivables	Other financial liabilities	Total		
On-balance sheet financial instruments																																	
(Rupees)																																	
Financial assets measured at fair value																																	
Investments																																	
- Listed equity securities																																	
-	-	875,929,525	-	-	-	875,929,525	875,715,997	-	213,528	875,929,525	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	875,929,525	
- Government of Pakistan - Ijarah sukuk																																	
-	-	-	-	-	-	-	-	-	-	-	-	167,340,500	-	-	167,340,500	-	167,340,500	-	167,340,500	-	-	15,298,500	-	15,298,500	-	15,298,500	-	15,298,500	-	-	-	182,639,000	
-	-	875,929,525	-	-	-	875,929,525	875,715,997	-	213,528	875,929,525	-	167,340,500	-	-	167,340,500	-	167,340,500	-	167,340,500	-	-	15,298,500	-	15,298,500	-	15,298,500	-	15,298,500	-	-	-	1,058,568,525	
Financial assets not measured at fair value																																	
Bank balances																																	
-	-	-	97,597,766	-	-	97,597,766	-	-	-	-	-	-	198,562,188	-	198,562,188	-	-	-	-	-	-	231,069,973	-	231,069,973	-	-	-	-	-	4,932,588	-	4,932,588	532,162,515
Dividend receivable																																	
-	-	-	3,630,981	-	-	3,630,981	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,630,981	
Mark-up receivables																																	
-	-	-	286,444	-	-	286,444	-	-	-	-	-	-	2,131,727	-	2,131,727	-	-	-	-	-	-	1,577,019	-	1,577,019	-	-	-	-	-	-	-	3,995,190	
Receivable against sale of investments																																	
-	-	-	1,467,495	-	-	1,467,495	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,467,495	
Deposit and other receivable																																	
-	-	-	2,665,243	-	-	2,665,243	-	-	-	-	-	-	100,000	-	100,000	-	-	-	-	-	-	7,045,428	-	7,045,428	-	-	-	-	-	-	-	9,810,671	
-	-	-	105,647,929	-	-	105,647,929	-	-	-	-	-	-	200,793,915	-	200,793,915	-	-	-	-	-	-	239,692,420	-	239,692,420	-	-	-	-	-	4,932,588	-	4,932,588	551,066,852
Financial liabilities not measured at fair value																																	
Payable to NBP Fund Management Limited - Pension Fund Manager																																	
-	-	-	-	1,425,302	1,425,302	-	-	-	-	-	-	-	-	547,275	547,275	-	-	-	-	-	-	-	-	388,986	388,986	-	-	-	-	-	2,943,712	2,943,712	5,305,275
Payable to Central Depository Company of Pakistan Limited - Trustee																																	
-	-	-	-	134,502	134,502	-	-	-	-	-	-	-	-	47,038	47,038	-	-	-	-	-	-	-	-	30,239	30,239	-	-	-	-	-	-	211,779	
Accrued expenses and other liabilities																																	
-	-	-	-	8,017,580	8,017,580	-	-	-	-	-	-	-	439,030	439,030	-	-	-	-	-	-	-	-	524,144	524,144	-	-	-	-	-	-	-	8,980,754	
-	-	-	-	9,577,384	9,577,384	-	-	-	-	-	-	-	1,033,343	1,033,343	-	-	-	-	-	-	-	-	943,369	943,369	-	-	-	-	-	2,943,712	2,943,712	14,497,800	

NAFA ISLAMIC PENSION FUND

23 FINANCIAL PERFORMANCE

23.1 Equity sub-fund

	Equity sub-fund					
	2018	2017	% Change	2016	2015	2014
	----- (Rupees) -----			----- (Rupees) -----		
Net (loss) / income for the year	(103,883,989)	254,046,643	-141%	62,465,968	52,435,170	13,074,583
Realised (loss) / gains	(57,190,923)	55,005,154	-204%	5,445,863	17,811,482	7,151,944
Unrealised (diminution) / appreciation	(74,949,057)	113,480,973	-166%	38,840,657	24,960,581	5,137,389
Dividend income	43,908,175	28,889,732	52%	14,696,771	4,677,308	2,121,162
Mark-up on bank deposits	4,267,879	2,172,866	96%	1,599,504	760,381	316,870
NAV per unit	295.2652	330.0453	-11%	243.0699	208.0138	137.3012
Transactions in securities						
Purchases	736,430,683	541,531,325	36%	315,525,028	223,091,819	106,263,868
Sales	466,729,537	229,964,004	103%	163,386,816	115,788,008	7,151,939
Total contribution received	357,809,281	429,615,993	-17%	233,501,357	151,408,445	14,242,087

23.2 Debt sub-fund

	Debt sub-fund					
	2018	2017	% Change	2016	2015	2014
	----- (Rupees) -----			----- (Rupees) -----		
Net income for the year	10,035,767	13,858,359	-28%	10,181,651	5,709,594	2,967,848
Realized (loss) / gain	(695,000)	260,000	-367%	(803,480)	(24,500)	-
Unrealized (diminution) / appreciation	(2,571,000)	1,589,500	-262%	(59,000)	(523,150)	558,700
Mark-up on bank deposits	12,699,995	10,723,637	18%	6,199,090	1,085,411	505,362
NAV per unit	127.8059	124.3591	3%	119.6465	115.2910	109.1759
Transactions in securities						
Purchases	9,000,000	75,000,000	-88%	127,877,588	73,660,150	33,135,200
Sales	50,000,000	-	100%	-	1,005,000	-
Total contribution received	150,699,964	185,579,482	-19%	156,738,807	100,310,247	20,492,900

NAFA ISLAMIC PENSION FUND

23.3 Money market sub-fund

	Money Market sub-fund					
	2018	2017	% Change	2016	2015	2014
	(Rupees)			(Rupees)		
Net income for the year	10,474,898	9,304,715	13%	5,762,625	4,030,640	2,421,001
Realized (loss)	(208,500)	-	100%	(366,750)	-	-
Unrealized appreciation / (diminution)	-	180,000	-100%	118,500	(358,600)	153,100
Mark-up on bank deposits	16,304,439	9,663,787	69%	4,606,485	784,974	562,048
NAV per unit	128.6895	124.2692	4%	119.7025	115.1765	108.5032
Transactions in securities						
Purchases	-	-	0%	15,000,000	21,772,250	54,300,000
Sales	15,000,000	-	100%	-	-	-
Total contribution received	291,215,138	137,604,144	112%	75,950,614	40,712,651	9,157,220

23.4 Highest and lowest issue price of units during the period

	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund	
	2018	2017	2018	2017	2018	2017
	(Rupees)					
Highest issue price	334.7733	366.6211	127.8059	124.3591	124.2804	124.2692
Lowest issue price	268.4293	243.0494	124.2132	119.6588	128.6895	119.7172

24 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Pension Fund Manager in their meeting held on September 05, 2018.

For NBP Fund Management Limited
(Pension Fund Manager)

Chief Financial Officer

Chief Executive Officer








Director



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