



NBP FUNDS
Managing Your Savings

Islamic Savings

Aitemaad اعتماد



اسلامک سیونگز

NAFA ISLAMIC STOCK 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 STOCK 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

Summit Bank Limited
Bank Alfalah Limited
Habib Bank Limited
National Bank of Pakistan
Silk Bank Limited
United Bank Limited
Al Baraka Bank Limited
BankIslami Pakistan Limited
Meezan Bank Limited
Sindh Bank Limited
Bank Al Habib Limited
Dubai Islamic Bank Pakistan Limited
Habib Metropolitan Bank Limited
Allied Bank Limited
MCB Bank Limited
JS Bank Limited

NAFA ISLAMIC STOCK FUND

Auditors

A.F. Ferguson & Co. Chartered Accountants
State Life Building No. 1-C
I.I. Chundrigar Road,
P.O.Box 4716
Karachi.

Legal Advisor

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

Head Office:

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

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:

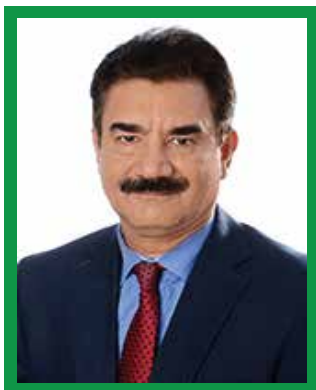
NBP City Branch, Hussain-a-Gahi, Multan.
Phone No: 061-4502204
Fax No: 061-4502203

NAFA ISLAMIC STOCK 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 STOCK FUND

DIRECTORS' REPORT

The Board of Directors of NBP Fund Limited is pleased to present the Fourth Annual Report of **NAFA Islamic Stock Fund (NISF)** for the year ended June 30, 2018.

NAFA launched its first open-end Islamic equity scheme namely NAFA Islamic Stock Fund (NISF) on January 09, 2015. The aim of the Fund is to provide growth to the investment of Unit holders over the long-term in approved Shariah compliant equities.

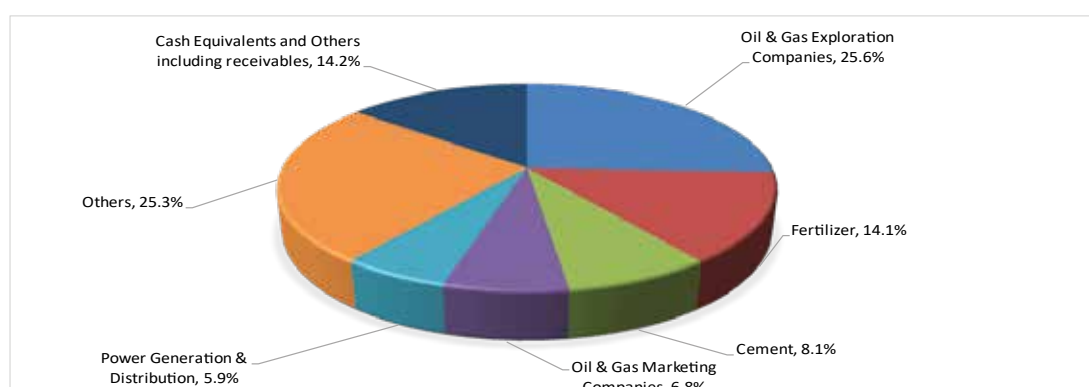
Fund's Performance

The size of the NAFA Islamic Stock Fund has decreased from 8,293 million on June 30, 2017 to Rs. 6,404 million on June 30, 2018 i.e a decrease of . During the year, the unit price of NAFA Islamic Stock Fund has decreased from Rs. 13.0713 (Ex-Div) on June 30, 2017 to Rs. 11.3973 on June 30, 2018. During the fiscal year, NAFA Islamic Stock Fund decreased by 12.78% as against the KMI-30 index decrease by 9.59%, underperforming the benchmark by 3.19% during the year. The Fund was overweight in key stocks in Cement, Textile Composite, Oil & Gas Marketing Companies, Pharmaceutical, and Engineering sectors that underperformed the market and underweight in key stocks in Oil & Gas Exploration Companies, Chemical, and Fertilizer sectors that outperformed the market, which contributed to the underperformance. Since the inception(January 09, 2015) of the Fund, the return on NAFA Islamic Stock Fund was 45.26% as against the benchmark KMI-30 index return of 35.50%. Thus, the Fund outperformed by 9.76% during the period. This outperformance is net of management fee and 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.

NAFA Islamic Stock Fund has incurred a total loss of Rs. 968 million during the period. After deducting total expenses of Rs. 236.75 million, the net loss is Rs. 1204.74 million. The asset allocation of NAFA Islamic Stock Fund as on June 30, 2018 is as follows:



NAFA ISLAMIC STOCK FUND

Income Distribution

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

Taxation

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

Auditors

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

Directors' Statement in Compliance with Code of Corporate Governance

1. The financial statements, prepared by the management company, present fairly the state of affairs of the Fund, the result of its operations, cash flows and statement of movement in unit holders' funds.
2. Proper books of account of the Fund have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Fund's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
8. A performance table/ key financial data is given in this annual report.
9. Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements.
10. The Board of Directors of the Management Company held four meetings during the period. The attendance of all directors is disclosed in the note 27 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 23 to these financial statements.
12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 18 to these financial statements.
13. The Company encourages representation of independent non-executive directors on its Board. The Company, being an un-listed company, does not have any minority interest. As at June 30, 2018, the Board included:

NAFA ISLAMIC STOCK FUND

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

Acknowledgement

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

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

On behalf of the Board of
NBP Fund Management Limited

Chief Executive
Date: September 05, 2018
Place: Karachi.

Director

NAFA ISLAMIC STOCK FUND

ڈائریکٹرز رپورٹ

NBP فنڈ منیجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NAFA اسلامک اسٹاک فنڈ (NISF) کی چوتھی سالانہ رپورٹ برائے سال ختمہ 30 جون 2018ء پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

NAFA نے 09 جنوری 2015 کو NAFA اسلامک اسٹاک فنڈ (NISF) کے نام سے اپنا پہلا اوپن-اینڈ اسلامک ایکویٹی اسکیم کو متعارف کرایا۔ اس فنڈ کا مقصد منظور شدہ شریعہ کمپلائنسٹ ایکویٹی میں طویل مدت کے لیے پونٹ ہولڈرز کی سرمایہ کاری کو بڑھانا ہے۔

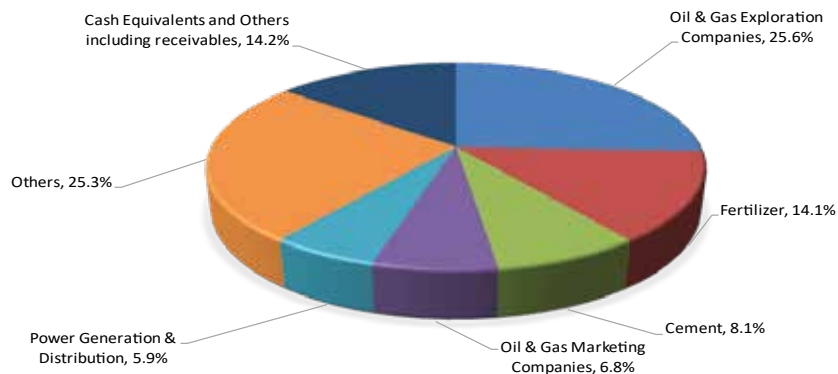
فنڈ کی کارکردگی

NAFA اسلامک اسٹاک فنڈ (NISF) کا فنڈ سائز 30 جون 2017 کو 8,293 ملین روپے سے کم ہو کر 30 جون 2018 کو 6,404 ملین روپے ہو چکا ہے، یعنی کی کمی۔ اس سال کے دوران NAFA اسلامک اسٹاک فنڈ (NISF) کے پونٹ کی قیمت 30 جون 2017 کو 13.0713 روپے (Ex-Div) سے کم ہو کر 30 جون 2018 کو 11.3973 روپے ہو چکی ہے۔ مالی سال کے دوران NAFA اسلامک اسٹاک فنڈ نے 9.59% KMI-30 انڈیکس کے مقابلے میں 12.78% کی کمی ہوئی، اس طرح فنڈ نے سال کے دوران بچ مارک کے مقابلے میں 3.19% کی خراب کارکردگی کا مظاہرہ کیا۔ سیمنٹ، ٹیکسٹائل کمپوزٹ، آئل اینڈ گیس مارکیٹنگ کمپنیز، فارماسیوٹیکل اور انجنیئرنگ کے شعبہ میں بنیادی اسٹاک میں فنڈ ضرورت سے زیادہ بڑھ گئے۔ جس سے مارکیٹ کی کارکردگی کمزور رہی۔ جب کہ آئل اینڈ گیس ایکسپلوریشن کمپنیز، کیمیکل اور فرٹیلائزر کے شعبہ میں فنڈ مارکیٹ میں بنیادی اسٹاکس ضرورت سے کم رہنے کے باعث کارکردگی مزید کمزور ہو گئی۔ اپنے قیام (09 جنوری 2015) سے اب تک فنڈ کا منافع بچ مارک کے مقابلے میں 45.26% تھا، KMI-30 انڈیکس کا منافع 35.50% تھا، لہذا فنڈ نے 9.76% سے بہتر کارکردگی دکھائی۔ یہ بہتر کارکردگی منیجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

مالی سال 2017-2018 اسٹاک مارکیٹ کیلئے چیلنج کا سال تھا کیونکہ KMI-30 انڈیکس 9.6% گر گیا۔ یہ آٹھ سال کے عرصے میں ایکویٹی سرمایہ کاروں کے منافع میں پہلی کمی تھی۔ اسٹاک مارکیٹ کی اس ناقص کارکردگی کا سبب کئی عوامل تھے۔ مارکیٹ کی توقعات کے برعکس، PSX کی فرنیچر مارکیٹ کے MSCI 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 ایندھن 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، فریٹلائزر اور کرسٹلینک کے شعبہ جات کی کارکردگی بہت عمدہ رہی جب کہ سیمنٹ، ریفرنسری، انجنیئرنگ اور آٹوموبائل پارٹس اور ایسریز 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 کمپنیز 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۔

NAFA اسٹاک فنڈ (NISF) کو اس مدت کے دوران 968 ملین روپے کا مجموعی نقصان ہوا۔ 236.75 ملین روپے کے اخراجات منہا کرنے کے بعد خالص نقصان 1,204.74 ملین روپے رہا۔ فنڈ کی ایسیٹ الیکیشن 30 جون 2018 کو بمطابق ذیل ہے:



NAFA ISLAMIC STOCK FUND

آمدنی کی تقسیم

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

ٹیکسیشن

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

آڈیٹرز

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

کوڈ آف کارپوریٹ گورننس کی پیروی میں ڈائریکٹرز اسٹیٹمنٹ

- 1- منجمنت کمپنی کی طرف سے تیار کردہ مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلووز اور یونٹ ہولڈرز فنڈ میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
- 2- فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
- 3- مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے۔ شماریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔
- 4- ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی معیاروں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، کی پیروی کی گئی ہے۔
- 5- انٹرنل کنٹرول کا نظام مستحکم اور موثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔
- 6- فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
- 7- لسٹنگ ریگولیشنز میں تفصیلاً درج کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔
- 8- پرفارمنس ٹیبل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہے۔
- 9- ٹیکسوں، ڈیویڈنڈ، محصولات اور چارجز کی مد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
- 10- اس مدت کے دوران منجمنت کمپنی کے بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 27 میں ظاہر کی گئی ہے۔
- 11- یونٹ ہولڈنگ کا تفصیلی پیرن مالیاتی گوشواروں کے نوٹ 23 میں ظاہر کیا گیا ہے۔
- 12- ڈائریکٹرز: CEO، CFO، کمپنی سیکرٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے یونٹس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 18 میں ظاہر کی گئی ہے۔
- 13- کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدارانہ ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ کمپنی ایک غیر فہرست شدہ کمپنی ہونے کے ناطہ کوئی مائنارٹی انٹرسٹ نہیں رکھتی۔ 30 جون 2018 کو بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل ہیں۔

نام	کینگری
1- جناب کمال عامر چنائے 2- جناب شہریار فاروق 3- جناب ہمایوں بشیر	غیر جانبدار ڈائریکٹرز
ڈاکٹر امجد وحید (چیف ایگزیکٹو آفیسر)	ایگزیکٹو ڈائریکٹرز
1- جناب مدثر حسین خان (چیئر مین) 2- جناب طارق جمالی 3- جناب عبدالہادی بالیکر 4- جناب وجاہت رسول خان 5- ڈاکٹر فوشیاہ شیونک (کیلون فو)	نان ایگزیکٹو ڈائریکٹرز

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 اظہار تشکر کرتا ہے۔

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

منجانب بورڈ آف ڈائریکٹرز

NBP فنڈ منجمنت لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

بتاریخ

05 ستمبر 2018ء

مقام: کراچی

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NAFA ISLAMIC STOCK FUND

TRUSTEE REPORT TO THE UNIT HOLDERS

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

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

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

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

Karachi, September 12, 2018

NAFA ISLAMIC STOCK FUND

FUND MANAGER REPORT

Shariah Compliant - Open-end – Equity Fund

Investment Objective of the Fund

The objective of NAFA Islamic Stock Fund is to provide investors with long term capital growth from an actively managed portfolio invested primarily in Shariah Compliant listed companies in Pakistan.

Benchmark

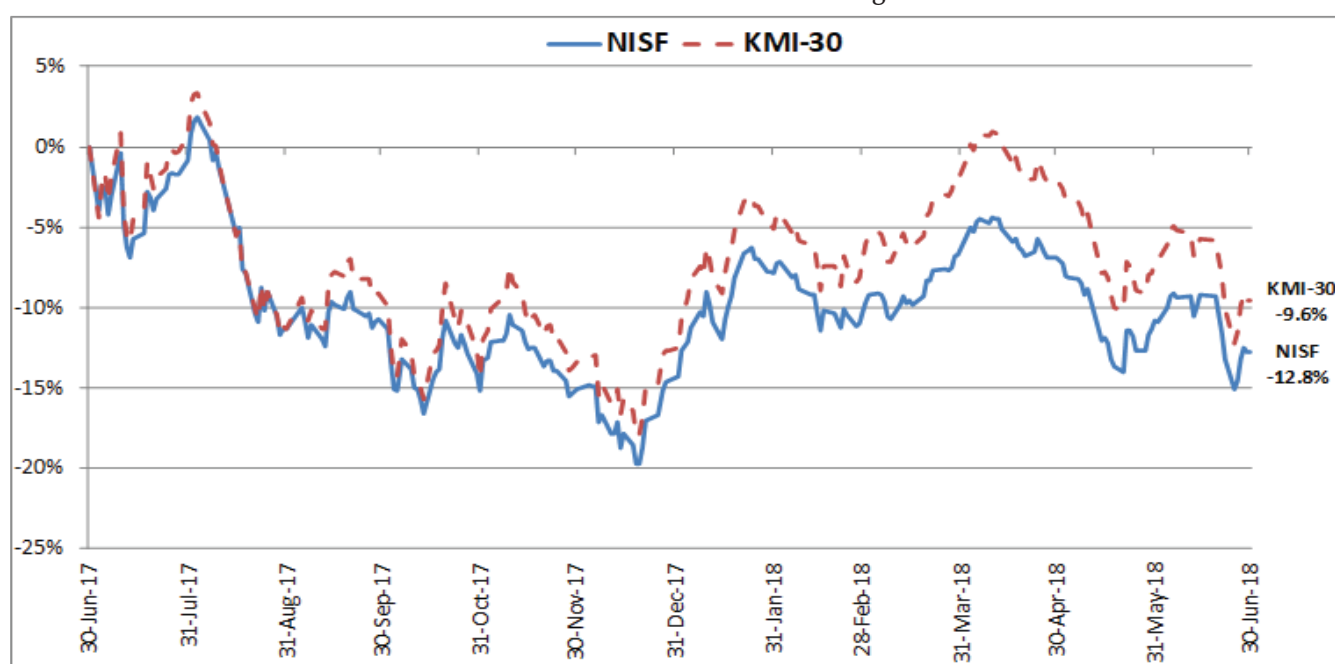
The Benchmark of the Fund is KMI-30 Index.

Fund performance review

This is the fourth annual report of the Fund. NAFA Islamic Stock Fund decreased by 12.78% as against the KMI-30 index which decreased by 9.59%. Thus the Fund underperformed the benchmark by 3.18% during the year. Since the inception of the Fund, the return on NAFA Islamic Stock Fund was 45.26% as against the benchmark KMI-30 index return of 35.50%. Thus, the Fund outperformed by 9.76% during the period. This outperformance is net of management fee and all other expenses. The size of NAFA Islamic Stock Fund is Rs.6,404 million as of June 30, 2018.

NISF underperformed during the year as the Fund was overweight in key stocks in Cement, Textile Composite, Oil & Gas Marketing Companies, Pharmaceutical, and Engineering sectors that underperformed the market and underweight in key stocks in Oil & Gas Exploration Companies, Chemical, and Fertilizer sectors that outperformed the market, which contributed to the underperformance. The chart below shows the performance of NISF against the Benchmark for the year.

NISF Performance vs. Benchmark during FY18



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.

NAFA ISLAMIC STOCK FUND

Asset Allocation of the Fund (% of NAV)

Particulars	30-Jun-18	30-Jun-17
Equities / Stocks	85.8%	90.5%
Cash Equivalents	15.8%	14.1%
Other Net (Liabilities) / Assets	-1.6%	-4.6%
Total	100.0%	100.0%

Distribution for the Financial Year 2018

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

Unit Holding Pattern of NAFA Islamic Stock Fund as on June 30, 2018

Size of Unit Holding (Units)	# of Unit Holders
1-1000	723
1001-5000	732
5001-10000	557
10001-50000	1384
50001-100000	553
100001-500000	444
500001-1000000	45
1000001-5000000	53
5000001-10000000	10
10000001-100000000	9
	4510

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 Funds (SWWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs. 44.44 million. If the same were not made the NAV per unit/FY18 return of scheme would be higher by Rs. 0.0791/0.69%. 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 STOCK FUND

STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

NAFA Islamic Stock 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 STOCK 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 fourth year of operations of NAFA Islamic Stock Fund (NISF). This report is being issued in accordance with clause 3.7.1 of the offering document of the Fund. The scope of the report is to express an opinion on the Shari'ah Compliance of the Fund's activity.

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 NISF in light of Shari'ah requirements. Following is a list of top investments of NISF 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)

	(i)	(ii)	(iii)	(iv)	(v)	(vi)	
Company Name	Nature of Business	Debt to Assets (<37%)	Non-Compliant Investments (<33%)	Non-Compliant Income to Gross Revenue (<5%)	Illiquid Assets to Total Assets (>25%)	Net Liquid Assets vs. Share Price (B>A)	
						Net Liquid Assets per Share (A)	Share Price (B)
Pakistan Petroleum Ltd.	Oil & Gas Exploration Companies	0.06%	20.86%	3.79%	43%	39.29	205.91
Engro Corporation Ltd	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	Fertilizer	29.63%	7.32%	0.12%	77%	(32.84)	
Pakistan Oil Fields	Oil & Gas Exploration Companies	0.00%	0.01%	2.00%	72%	(40.74)	
	(i)	(ii)	(iii)	(iv)	(v)	(vi)	
The Hub Power Co.	Power Generation & Distribution	29.62%	0%	0.10%	35%	(24.16)	165.35
Mari Petroleum Ltd	Oil & Gas Exploration Companies	6.30%	13.35%	0.63%	43%	(440.91)	

NAFA ISLAMIC STOCK FUND

- ii. On the basis of information provided by the management and the provisions of the Scheme, investments in equities made on account of NISF are Shari'ah Compliant and in accordance with the criteria established by us.
- iii. There are investments made by NISF 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 NISF for the year ended June 30, 2018 are not in compliance with the Shari'ah principles.

During the year a provision of Rupees 5,544,487/- was created and an amount of Rupees 4,501,523/- was available for disbursement into charity as of June 30, 2018, which is inclusive of Rupees 1,393,652/- 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
Shari'ah Technical Services and Support Provider

Mufti Muhammad Naveed Alam
Member
Shariah Supervisory Board

Mufti Ehsan Waqar
Shariah Advisor & Member
Shariah Supervisory Board

Dr. Imran Ashraf Usmani
Chairman
Shariah Supervisory Board

NAFA ISLAMIC STOCK FUND

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS *Report on the Audit of the Financial Statements*

Opinion

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

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

Basis for opinion

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

Key audit matters

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

Following are the key audit matters:

S. No.	Key Audit Matters	How the matter was addressed in our audit
1	<p>Amendments to NBFC Regulations, 2008</p> <p>(Refer note 3.10 to the annexed financial statements)</p> <p>The Securities and Exchange Commission of Pakistan (the SECP) through its notification [SRO 756(I) / 2017] dated August 3, 2017 made certain amendments in the Non-Banking Finance Companies and Notified Entities Regulations, 2008. The impact of these amendments have been incorporated in the financial statements of the Fund for the year ended June 30, 2018. These amendments mainly include changes with respect to recognition, measurement and presentation of "element of income", addition of certain disclosures with respect to 'Income Statement' (relating to allocation of net income for the year) and 'Statement of Movement in Unit Holders' Fund'.</p> <p>The Fund has changed its accounting policy during the current year in respect of accounting for "element of income" consequent to the issuance of the above mentioned notification. The change in accounting policy has been applied prospectively from July 1, 2017 based on the clarification issued by the SECP. With this change in accounting policy the element of income which was previously recognized as part of the income for the year in the Income Statement is now considered as a "capital contribution" and taken to the Statement of Movement in Unit Holders' Fund. Element of income is explained in note 3.10.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none">understood the requirements of the SECP notification and made inquiries from the management in respect of their methodology for implementing the changes with respect to recording of element of income.verified transactions on a test basis with the underlying records of the reports provided by the management to ensure their compliance with the revised regulations.verified disclosures relating to change in accounting policy to ensure that these are in compliance with the applicable accounting and reporting framework.

NAFA ISLAMIC STOCK FUND

S. No.	Key Audit Matters	How the matter was addressed in our audit
	The above matters are significant accounting and regulatory developments / events for the mutual fund industry affecting the financial statements for the current year and therefore we considered these developments as key audit matter.	
2	<p>Net Asset Value</p> <p>(Refer notes 4 and 5 to the annexed financial statements)</p> <p>The investments and bank balances constitute the most significant component of the net asset value (NAV). The investments of the Fund as at June 30, 2018 amounted to Rs 5,494.95 million and bank balances aggregated to Rs 989.56 million.</p> <p>The proper valuation of investments and bank balances for the determination of NAV of the Fund as at June 30, 2018 was considered a significant area and therefore we considered this as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> tested the design and operating effectiveness of the key controls for valuation of investments. obtained independent confirmations for verifying the existence of the investment portfolio and bank balances as at June 30, 2018 and reconciled it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed. re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies. obtained approval of Board of Directors of the management company in relation to opening of bank accounts. obtained bank reconciliation statements and tested reconciling items on a sample basis.

Other Information

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

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

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

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

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

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

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

NAFA ISLAMIC STOCK FUND

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

NAFA ISLAMIC STOCK FUND

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2018

	Note	2018 ------(Rupees in '000)-----	2017 ------(Rupees in '000)-----
Assets			
Bank balances	4	989,555	1,014,592
Investments	5	5,494,948	7,508,122
Dividend and profit receivable	6	12,278	23,286
Receivable against issue of units		-	8,042
Receivable against sale of investments		-	28,893
Advances, deposits and other receivables.	7	12,211	4,091
Total assets		6,508,992	8,587,026
Liabilities			
Payable to NBP Fund Management Limited - Management Company	9	42,184	48,112
Payable to the Central Depository Company of Pakistan Limited - Trustee	10	721	886
Payable to the Securities and Exchange Commission of Pakistan	11	7,015	5,370
Payable against redemption of units		-	57,347
Dividend payable		-	10,050
Accrued expenses and other liabilities	12	55,146	172,568
Total liabilities		105,066	294,333
NET ASSETS		<u>6,403,926</u>	<u>8,292,693</u>
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		<u>6,403,926</u>	<u>8,292,693</u>
CONTINGENCIES AND COMMITMENTS	13		
		-----Number of units-----	
NUMBER OF UNITS IN ISSUE	8	<u>561,880,644</u>	<u>632,814,636</u>
		-----Rupees-----	
NET ASSET VALUE PER UNIT		<u>11.3973</u>	<u>13.1045</u>

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA ISLAMIC STOCK FUND

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 ------(Rupees in '000)-----	2017
Income			
Profit on bank deposits		48,171	32,113
Dividend income		319,444	193,331
(Loss) / gain on sale of investments - net		(846,481)	379,886
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	5.2	(489,131)	557,174
		(1,335,612)	937,060
Total (loss) / income		(967,997)	1,162,504
Expenses			
Remuneration of NBP Fund Management Limited - Management Company	9.1	147,695	113,053
Sindh Sales Tax on remuneration of the Management Company	9.2	19,200	14,697
Accounting and operational expenses	9.4	7,385	5,653
Selling and marketing expense	9.5	29,539	10,910
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1	8,385	6,653
Sindh Sales Tax on remuneration of the Trustee	10.2	1,090	865
Annual fees to the Securities and Exchange Commission of Pakistan	11.1	7,015	5,370
Auditors' remuneration	14	500	432
Annual listing fee		28	55
Printing charges		69	41
Shariah advisor fee		494	419
Securities transaction cost		13,169	12,279
Settlement and bank charges		1,953	1,295
Legal and professional charges		42	158
Mutual fund rating fee		181	90
Total operating expenses		236,745	171,970
Net (loss) / income from operating activities		(1,204,742)	990,534
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - net	3.10	-	959,955
Provision against Sindh Workers' Welfare Fund	12.1	-	(44,440)
Reversal of provision for Workers' Welfare Fund		-	2,403
Net (loss) / profit for the year before taxation		(1,204,742)	1,908,452
Taxation	16	-	-
Net (loss) / profit for the year after taxation		(1,204,742)	1,908,452
(Loss) / earnings per unit	17		
Allocation of net income for the year			
Net income for the year after taxation		-	-
Income already paid on units redeemed		-	-
Accounting income available for distribution			
- Relating to capital gains		-	-
- Excluding capital gains		-	-

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA ISLAMIC STOCK FUND

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

	2018 ------(Rupees in '000)-----	2017
Net (loss) / profit for the year after taxation	(1,204,742)	1,908,452
Other comprehensive income / (loss) for the year	-	-
Total comprehensive (loss) / income for the year	<u>(1,204,742)</u>	<u>1,908,452</u>

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA ISLAMIC STOCK FUND

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

	2018				2017			
	Rupees in '000				Rupees in '000			
	Capital Value	Undistrib- uted income / (loss)	Unrealised appreciatio n/ (diminuti on) on 'available for sale' investments	Total	Capital Value	Undistrib- uted income / (loss)	Unrealised appreciatio n/ (diminuti on) on 'available for sale' investments	Total
Net assets at beginning of the year (audited)	7,053,964	1,238,729	-	8,292,693	1,566,885	185,502	-	1,752,387
Issue of 515,643,943 units (2017: 1,471,560,305)								
- Capital value (at net asset value per unit at the beginning of the year)	6,745,380	-	-	6,745,380				
- Element of loss	(507,988)	-	-	(507,988)				
Total proceeds on issuance of units	6,237,392	-	-	6,237,392	16,834,797	4,205,425	-	21,040,222
Redemption of 586,577,935 units (2017: 991,924,761 units)								
- Capital value (at net asset value per unit at the beginning of the year)	(7,672,598)	-	-	(7,672,598)				
- Element of income	772,183	-	-	772,183				
Total payments on redemption of units	(6,900,415)	-	-	(6,900,415)	(11,347,718)	(3,245,470)	-	(14,593,188)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net	-	-	-	-		(959,955)	-	(959,955)
Total comprehensive (loss) / income for the year	-	(1,204,742)	-	(1,204,742)	-	1,908,452	-	1,908,452
Distribution during the year	-	(21,002)	-	(21,002)	-	(855,225)	-	(855,225)
Net income (loss) for the year less distribution	-	(1,225,744)	-	(1,225,744)	-	1,053,227	-	1,053,227
Net assets at end of the year	6,390,941	12,985	-	6,403,926	7,053,964	1,238,729	-	8,292,693
Undistributed income brought forward								
Realised		681,555				27,642		
Unrealised		557,174				157,860		
		1,238,729				185,502		
Accounting income / (loss) available for distribution								
-Relating to capital gains		-						
-Excluding capital gains		-						
Net (loss) / profit for the year after taxation		(1,204,742)				1,908,452		
Distribution for the year		(21,002)				(855,225)		
Undistributed income carried forward		12,985				1,238,729		
Undistributed income carried forward								
- Realised income		502,116				681,555		
- Unrealised (loss) / income		(489,131)				557,174		
		12,985				1,238,729		
				(Rupees)				(Rupees)
Net assets value per unit at beginning of the year				13.1045				11.4401
Net assets value per unit at end of the year				11.3973				13.1045

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA ISLAMIC STOCK FUND

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 ------(Rupees in '000)-----	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss) / profit for the year before taxation		(1,204,742)	1,908,452
Adjustments for:			
Profit on bank deposits		(48,171)	(32,113)
Dividend income		(319,444)	(193,331)
Net unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	5.2	489,131	(557,174)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net		-	(959,955)
Provision against Sindh Workers' Welfare Fund	13.1	-	44,440
Reversal of provision for Workers' Welfare Fund		-	(2,403)
		121,516	(1,700,536)
Decrease / (increase) in assets			
Advances, deposits and other receivables.		(8,120)	(1,436)
Receivable against sale of investments		28,893	(28,893)
Investments		1,524,043	(5,075,884)
		1,544,816	(5,106,213)
(Decrease) / increase in liabilities			
Payable to NBP Fund Management Limited - Management Company		(5,928)	31,976
Payable to the Central Depository Company of Pakistan Limited - Trustee		(165)	593
Payable to the Securities and Exchange Commission of Pakistan		1,645	3,802
Accrued expenses and other liabilities		(117,422)	110,023
		(121,870)	146,394
Dividend received		330,621	176,995
Profit received on bank balances with banks		48,002	28,944
Net cash generated from / (used in) operating activities		718,343	(4,545,964)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net receipts from issuance of units		6,245,434	21,037,640
Net payments against redemption of units		(6,957,762)	(14,872,514)
Dividend paid		(31,052)	(845,189)
Net cash (used in) / generated from financing activities		(743,380)	5,319,937
Net (decrease) / increase in cash and cash equivalents		(25,037)	773,973
Cash and cash equivalents at the beginning of the year		1,014,592	240,619
Cash and cash equivalents at the end of the year	4	989,555	1,014,592

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA ISLAMIC STOCK FUND

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

1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Islamic Stock Fund (the Fund) is an open ended mutual fund constituted under a Trust Deed entered into on November 18, 2014 between NBP Fund Management Limited as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 7th Floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).

The Fund has been categorised as an open ended "Shariah Compliant equity Scheme" by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at a par value of Rs 10 per unit. Thereafter, the units are being offered for public subscription on a continuous basis from January 9, 2015 and are transferable and redeemable by surrendering them to the Fund.

The objective of the fund is to provide investors with long-term capital growth from an actively managed portfolio of shariah compliant listed equities securities. The investment objectives and policies are explained in the Fund's offering document.

The Pakistan Credit Rating Agency (PACRA) has assigned an Asset Manager Rating of AM 1 as at June 30, 2018 (2017: AM1) to the Management Company. Whereas the fund has been assigned a performance ranking of 4-Star.

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

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

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

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

NAFA ISLAMIC STOCK FUND

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

Standard	Effective date (accounting periods beginning on or after)
- IFRS 9 - Financial Instruments	July 1, 2018
- IFRS 15 - Revenue from Contracts with Customers	July 1, 2018
- IFRS 16 - Leases	January 1, 2019

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

2.4 Critical accounting estimates and judgments

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

The estimates and judgments that have a significant effect on the financial statements of the Fund relate to classification, valuation and impairment of financial assets (notes 3.3 and 5) and provision for taxation (notes 3.13 and 16).

2.5 Accounting convention

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

2.6 Functional and presentation currency

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.2 Cash and cash equivalents

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

3.3 Financial assets

3.3.1 Classification

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

a) Financial assets at fair value through profit or loss

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

b) Loans and receivables

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

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c) Available-for-sale

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

3.3.2 Regular way contracts

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

3.3.3 Initial recognition and measurement

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

3.3.4 Subsequent measurement

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

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

Basis of valuation of equity securities

The investments of the Fund in equity securities are valued on the basis of closing quoted market prices available at the stock exchange. A security listed on the stock exchange is valued at the closing price determined by such exchange in accordance with its regulations.

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

Net gains and losses arising from changes in the fair value of financial assets classified as available for sale 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.

b) Loans and receivables

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

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

3.3.5 Impairment

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

a) Available-for-sale financial assets

Impairment loss on equity securities

In case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the security is impaired. If the evidence of impairment exists, 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 the Income Statement is reclassified from other comprehensive income to the Income Statement. Impairment losses recognised in the Income Statement on equity securities are not reversed through the Income Statement.

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b) Loans and receivables

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

3.3.6 Derecognition

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

3.4 Financial liabilities

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

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

3.5 Offsetting of financial assets and financial liabilities

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

3.6 Provisions

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

3.7 Net asset value per unit

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

3.8 Issue and redemption of units

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

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

3.9 Distributions to unit holders

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

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

NAFA ISLAMIC STOCK FUND

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

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

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

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

Had the element of income / (loss) been recognised as per the previous accounting policy, loss of the Fund would have been lower by Rs. 264.128 million in respect of element of income with no effect on the NAV per unit of the Fund. However, the change in accounting policy does not have any impact on the 'Cash flow Statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' as shown in the 'Statement of Assets and Liabilities' and 'Statement of Movement in Unit Holders' Fund'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund which have been incorporated in these statements.

3.11 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are recorded in the period in which these arise.
- Profit on bank balances is recognized on an accrual basis.
- Dividend income is recognised when the right to receive the dividend is established.

3.12 Expenses

All expenses chargeable to the Fund including remuneration of the Management Company and Trustee and annual fee of the SECP are recognised in the Income Statement on an accrual basis.

3.13 Taxation

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

NAFA ISLAMIC STOCK FUND

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

3.14 (Loss) / earnings per unit

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

3.15 Foreign currency translation

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

4	BANK BALANCES	Note	2018	2017
			Rupees in '000	
	Balances with banks			
	Savings accounts	4.1	953,412	953,172
	Current accounts	4.2	36,143	61,420
			<u>989,555</u>	<u>1,014,592</u>

4.1 This includes balance of Rs 389.539 million (2017: 695.089 million) maintained with BankIslami Pakistan Limited (a related party) and balance of Rs. 0.475 million (2017: 0.507 million) with Summit Bank Limited (a related party) that carries profit at 6.5% and per annum and 2.75% per annum respectively. Other profit and loss account carries profit rates ranging from 2.75% to 7.5% per annum.

4.2 This balance of Rs 7.574 million (2017: 10.276 million) maintained with Summit Bank Limited (a related party).

5	INVESTMENTS	Note	2018	2017
			Rupees in '000	
	At fair value through profit or loss - held for trading			
	Quoted equity securities	5.1	<u>5,494,948</u>	<u>7,508,122</u>

5.1 Investments in equity securities - Quoted

Shares of listed companies - fully paid up ordinary shares with a face value of Rs. 10 each unless stated other wise.

Name of the Investee Company	As at July 01, 2017	Acquired during the year	Bonus / Right shares during the year	Sold during the year	As at June 30, 2018	Market value as at June 30, 2018	Market value as a percentage of total investments	Market value as a percentage of net assets	Paid-up value of shares held as a percentage of total paid-up capital of the Investee Company
----- Number of shares held ----- Rupees in '000 ----- Percentage -----									
AUTOMOBILE ASSEMBLER									
Indus Motor Company Limited	74,550	-	-	57,940	16,610	23,610	0.43	0.37	0.02
Millat Tractors Limited	157,950	-	-	112,600	45,350	53,879	0.98	0.84	0.10
Honda Atlas Cars (Pakistan) Limited	195,800	-	-	195,800	-	-	-	-	-
Pak Suzuki Motor Company Limited	111,500	-	-	111,500	-	-	-	-	-
Sazgar Engineering Works	98,500	-	80	98,576	4	1	-	-	0.00
						<u>77,490</u>	<u>1.41</u>	<u>1.21</u>	
AUTOMOBILE PARTS & ACCESSORIES									
Agriauto Industries Limited*	112,600	-	-	6,700	105,900	31,241	0.57	0.49	0.37
Baluchistan Wheels Limited	-	10,000	-	-	10,000	1,082	0.02	0.02	0.07
Thal Limited*	73,400	-	-	43,850	29,550	14,111	0.26	0.22	0.04
						<u>46,434</u>	<u>0.85</u>	<u>0.73</u>	
CABLE & ELECTRICAL GOODS									
Pak Elektron Limited	1,475,750	2,393,000	-	3,642,700	226,050	8,016	0.15	0.13	0.05
						<u>8,016</u>	<u>0.15</u>	<u>0.13</u>	
CEMENT									
Attock Cement Pakistan Limited	625,300	76,900	-	-	702,200	94,432	1.72	1.47	0.61
Cherat Cement Company Limited**	1,460,600	364,700	27,351	1,045,000	807,651	75,869	1.38	1.18	0.44
D. G. Khan Cement Co. Limited	1,193,900	2,603,200	-	2,831,400	965,700	110,563	2.01	1.73	0.22
Fauji Cement Company Limited	3,144,000	3,557,500	-	6,701,500	-	-	-	-	-
Kohat Cement Co. Limited	537,700	85,900	-	161,100	462,500	56,920	1.04	0.89	0.30
Lucky Cement Limited	497,900	239,700	-	471,600	266,000	135,109	2.46	2.11	0.08
Maple Leaf Cement Factory Limited	809,200	928,000	55,088	1,408,700	383,587	19,463	0.35	0.30	0.06
Pioneer Cement Limited	988,900	193,400	-	652,200	530,100	24,840	0.45	0.39	0.23
						<u>517,196</u>	<u>9.41</u>	<u>8.07</u>	

NAFA ISLAMIC STOCK FUND

Name of the Investee Company	As at July 01, 2017	Acquired during the year	Bonus / Right shares during the year	Sold during the year	As at June 30, 2018	Market value as at June 30, 2018	Market value as a percentage of total investments	Market value as a percentage of net assets	Paid-up value of shares held as a percentage of total paid-up capital of the Investee Company
----- Number of shares held -----						----- Rupees in '000 -----	----- Percentage -----		
CHEMICAL									
Engro Polymer & Chemicals Limited	3,666,000	4,926,000	1,605,980	6,591,500	3,606,480	76,901	1.40	1.20	0.30
Lotte Chemical Pakistan Limited	-	12,298,500	-	4,020,000	8,278,500	99,011	1.80	1.55	0.55
						175,912	3.20	2.75	
COMMERCIAL BANKS									
Meezan Bank Limited	442,500	1,006,000	26,550	138,500	1,336,550	109,223	1.99	1.71	0.13
						109,223	1.99	1.71	
ENGINEERING									
Amreli Steels Limited	1,888,500	146,000	-	1,805,900	228,600	16,128	0.29	0.25	0.08
Crescent Steel & Allied Products Limited	170,500	-	-	154,100	16,400	1,495	0.03	0.02	0.02
International Industries Limited**	-	123,100	-	26,500	96,600	22,439	0.41	0.35	0.08
International Steels Limited**	710,500	2,482,100	-	1,782,200	1,410,400	143,438	2.61	2.24	0.32
Ittefaq Iron Industries Limited	2,500,000	-	-	1,868,500	631,500	8,828	0.16	0.14	0.48
Mughal Iron And Steel Industries Limited	739,408	736,000	-	1,104,000	371,408	22,812	0.42	0.36	0.15
						215,140	3.92	3.36	
FERTILIZER									
Dawood Hercules Corporation Limited	330,000	-	-	69,600	260,400	28,847	0.52	0.45	0.05
Engro Fertilizers Limited	2,730,000	6,022,000	-	3,573,000	5,179,000	387,959	7.06	6.06	0.39
Engro Corporation Limited	649,400	1,910,300	-	1,019,200	1,540,500	483,501	8.80	7.55	0.29
						900,307	16.38	14.06	
FOOD & PERSONAL CARE PRODUCTS									
Al Shaheer Corporation Limited	1,547,338	-	-	456,000	1,091,338	29,739	0.54	0.46	0.77
						29,739	0.54	0.46	
GLASS & CERAMICS									
Shabbir Tiles & Ceramics Limited*	6,928,000	-	-	5,728,500	1,199,500	25,261	0.46	0.39	0.37
Tariq Glass Industries Limited	1,227,100	-	-	139,500	1,087,600	116,547	2.12	1.82	1.48
						141,808	2.58	2.21	
LEATHER & TANNERIES									
Service Industries Limited	9,830	-	-	9,830	-	-	-	-	-
						-	-	-	
OIL AND GAS EXPLORATION COMPANIES									
Mari Petroleum Company Limited	243,270	80	-	57,400	185,950	280,074	5.10	4.37	0.17
Oil & Gas Development Co. Limited	2,066,600	2,375,100	-	1,429,200	3,012,500	468,805	8.53	7.32	0.07
Pakistan Oilfields Limited	741,000	560,200	-	773,050	528,150	354,806	6.46	5.54	0.22
Pakistan Petroleum Limited	2,333,800	1,713,900	-	1,562,800	2,484,900	534,005	9.72	8.34	0.13
						1,637,690	29.81	25.57	
OIL & GAS MARKETING COMPANIES									
Attock Petroleum Limited	111,850	20,400	-	31,000	101,250	59,736	1.09	0.93	0.12
Hascol Petroleum Limited	2,648	109,800	300	-	112,748	35,375	0.64	0.55	0.08
Pakistan State Oil Co. Limited	624,300	780,200	129,620	885,300	648,820	206,526	3.76	3.22	0.20
Shell Pakistan Limited	267,600	2,400	-	270,000	-	-	-	-	-
Sui Northern Gas Pipelines Limited	1,567,500	2,603,000	-	2,837,300	1,333,200	133,613	2.43	2.09	0.21
Sui Southern Gas Company Limited	2,124,500	197,500	-	2,322,000	-	-	-	-	-
						435,250	7.92	6.79	
OIL REFINERY									
Attock Refinery Limited	176,500	257,300	-	433,800	-	-	-	-	-
						-	-	-	
PAPER & BOARD									
Century Paper & Board Mills Limited	489,000	443,200	-	435,500	496,700	31,540	0.57	0.49	0.34
Cherat Packaging Limited**	202,600	77,400	-	60,800	219,200	35,427	0.64	0.55	1.71
						66,967	1.21	1.04	
PHARMACEUTICALS									
Abbott Laboratories (Pakistan) Limited	62,250	12,050	-	26,750	47,550	32,572	0.59	0.51	0.05
AGP Limited	-	728,625	-	356,500	372,125	33,041	0.60	0.52	0.13
Ferozsons Laboratories Limited	186,500	-	-	15,900	170,600	33,221	0.60	0.52	0.57
Glaxosmithkline Pakistan Limited	289,500	-	-	182,800	106,700	17,712	0.32	0.28	0.03
The Searle Company Limited	49,189	100,000	6,436	91,000	64,625	21,941	0.40	0.34	0.03
						138,487	2.51	2.17	
POWER GENERATION & DISTRIBUTION									
Hub Power Co. Limited	2,658,000	3,219,700	-	2,791,200	3,086,500	284,452	5.18	4.44	0.27
Kot Addu Power Co. Limited	773,000	262,500	-	380,000	655,500	35,338	0.64	0.55	0.07
K-Electric Limited*	3,810,000	34,641,000	-	28,190,500	10,260,500	58,280	1.06	0.91	0.04
Pakgen Power Limited	500	-	-	500	-	-	-	-	-
						378,070	6.88	5.90	
TECHNOLOGY & COMMUNICATION									
Avanceon Limited	748,624	-	-	124,000	624,624	41,375	0.75	0.65	0.46
Netsol Technologies Limited	593,500	947,000	-	707,000	833,500	100,912	1.84	1.58	0.93
Pakistan Telecommunication Company Limited	4,500	-	-	4,500	-	-	-	-	-
Systems Limited	572,500	594,500	-	286,500	880,500	89,124	1.62	1.39	0.79
						231,411	4.21	3.62	
TEXTILE COMPOSITE									
Dawood Lawrancepur Limited	174,900	-	-	174,900	-	-	-	-	-
Kohinoor Textile Mills Limited	1,719,225	23,400	103,908	233,500	1,613,033	88,701	1.61	1.39	0.54
Nishat Mills Limited	1,334,700	2,561,100	-	2,367,200	1,528,600	215,410	3.92	3.36	0.43
						304,111	5.53	4.75	
TRANSPORT									
Pakistan National Shipping Corporation	150,000	-	-	32,500	117,500	9,628	0.18	0.15	0.09
						9,628	0.18	0.15	

NAFA ISLAMIC STOCK FUND

Name of the Investee Company	As at July 01, 2017	Acquired during the year	Bonus / Right shares during the year	Sold during the year	As at June 30, 2018	Market value as at June 30, 2018	Market value as a percentage of total investments	Market value as a percentage of net assets	Paid-up value of shares held as a percentage of total paid-up capital of the Investee Company
----- Number of shares held -----						Rupees in '000		----- Percentage -----	
MISCELLANEOUS									
EcoPak Limited	172,000	-	86	170,275	1,811	38	-	-	0.01
Synthetic Products Limited	1,738,600	31,000	-	360,000	1,409,600	72,030	1.31	1.12	1.66
						72,068	1.31	1.12	
Total						5,494,948	100.00%	85.81%	
Carrying cost as at June 30, 2018						5,984,079			
Total as at June 30, 2017						7,508,122	100.00%	90.54%	
Carrying cost as at June 30, 2017						6,950,948			

* All shares have a nominal face value of Rs 10 each except for shares of Thal Limited, Agriauto Industries Limited, Shabbir Tiles & Ceramics Limited which have a face value of Rs 5 each and K-Electric Limited which have a face value of Rs 3.5 each.

** These represent transactions with related parties.

5.1.1 Investments include shares with market value of Rs 206.5 million (2017: 387 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 SECP.

5.1.2 The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001 as a result of which companies are liable to withhold five percent of the bonus shares to be issued. The shares so withheld shall only be released if the Fund deposits tax equivalent to five percent of the value of the bonus shares issued to the Fund including bonus shares withheld, determined on the basis of day-end price on the first day of closure of books of the issuing company.

In this regard, a constitutional petition has been filed by Collective Investment Schemes (CISs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by CISs, which is pending adjudication. The petition is based on the fact that because CISs are exempt from deduction of income tax under Clause 99 Part I of the Second Schedule to the Income Tax Ordinance 2001, the withholding tax provision should not be applicable on bonus shares received by CISs. A stay order has been granted by the High Court of Sindh in favour of CISs.

As at June 30, 2018, the following bonus shares of the Fund have been withheld by investee company at the time of declaration of bonus shares. The Fund has included these shares in its portfolio, as the management believes that the decision of the constitutional petition will be in favour of the CISs.

NAFA ISLAMIC STOCK FUND

Name of the Company	2018		2017	
	Bonus Shares			
	Number of shares withheld	Market value as at June 30, 2018	Number of shares withheld	Market value as at June 30, 2017
	Rupees in '000'		Rupees in '000'	
The Searle Company Limited	1,665	565	1,130	579
Al-Shaheer Corporation Limited	18,376	501	18,377	737
Avanceon Limited	7,381	489	7,381	334
EcoPak Limited	1,811	38	1,725	46
Hascol Petroleum Limited	1,149	361	1,150	392
Mughal Iron And Steel Industries Limited	4,241	260	4,242	342
Synthetic Products Enterprises Limited	7,405	378	7,405	559
Kohinoor Textile Mills Limited	4,811	265	4,812	506
Pakistan State Oil Company Limited	6,481	2,063	-	-
Sazgar Engineering Works	4	1	-	-
		4,921		3,495

5.2 Unrealised (diminution) / appreciation on re-measurement of investments classified as Financial assets at fair value through profit or loss

	Note	2018	2017
		-----Rupees in '000-----	
Market value of investments	5.1	5,494,948	7,508,122
Carrying value of investments	5.1	<u>5,984,079</u>	<u>6,950,948</u>
		<u>(489,131)</u>	<u>557,174</u>

6 DIVIDEND AND PROFIT RECEIVABLE

Profit accrued on bank balances	4,166	3,997
Dividend Receivable	<u>8,112</u>	<u>19,289</u>
	<u>12,278</u>	<u>23,286</u>

7 ADVANCES, DEPOSITS AND OTHER RECEIVABLES

Security deposit with Central Depository Company of Pakistan Limited	103	103
Security deposit with National Clearing Company of Pakistan Limited	2,530	2,530
Withholding tax on dividend income	1,458	1,458
Advance against Pre IPO - Subscription	<u>8,120</u>	<u>-</u>
	<u>12,211</u>	<u>4,091</u>

- 7.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, during the year ended June 30, 2017, withholding tax on dividend and profit on bank deposit paid to the Fund was deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholders. The tax withheld on dividends and profit on bank deposits amounts to Rs 1.458 million.

NAFA ISLAMIC STOCK FUND

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

	2018	2017
	Number of Units	
8 NUMBER OF UNITS IN ISSUE		
Total units in issue at the beginning of the year	632,814,636	153,179,092
Units issued during the year	515,643,943	1,471,560,305
Less: units redeemed during the year	(586,577,935)	(991,924,761)
Total units in issue at the end of the year	<u>561,880,644</u>	<u>632,814,636</u>

	Note	2018	2017
		Rupees in '000	
9 PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY - RELATED PARTY			
Management fee payable	9.1	11,125	14,039
Sindh Sales Tax payable on remuneration of the Management Company	9.2	1,446	1,825
Federal Excise Duty payable on remuneration of the management company	9.3	8,209	8,209
Accounting and operational charges payable	9.4	3,710	5,653
Selling and marketing expenses payable	9.5	14,841	10,910
Sales load payable to management company		507	5,129
Federal excise duty on sales load		2,327	2,327
Other payable		19	20
		<u>42,184</u>	<u>48,112</u>

- 9.1** As per the amendments made in the NBFC Regulations, 2008 vide SRO 1160(1)/2015 dated 25 November 2015, the Management Company is entitled to a remuneration equal to an amount not exceeding 2% of the average annual net assets in case of Shariah Compliant Equity schemes. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 2% per annum of the average net assets of the Fund during the year ended 30 June 2018. The remuneration is payable to the Management Company monthly in arrears.
- 9.2** During the year, an amount of Rs.19.2 million (2017: 14.697 million) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2012, and an amount of Rs. 19.579 million has been paid to the Management Company which acts as a collecting agent.
- 9.3** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

NAFA ISLAMIC STOCK FUND

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 01, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 8.209 million is being retained in these financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been made, the Net Asset Value of the Fund as at June 30, 2018 would have been higher by Re 0.015 (2017: Re 0.013) per unit.

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

9.5 The SECP vide circular 40 of 2016 dated December 30, 2016 (later amended vide circular 05 of 2017 dated February 13, 2017 and circular 5 of 2018 dated June 4, 2018) has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds and money market funds) initially for three years (from January 1, 2017 till December 31, 2019). The maximum cap of selling and marketing expense shall be 0.4% per annum of net assets of the fund or actual expenses whichever is lower. Accordingly, the Management Company has charged selling and marketing expenses amounting to Rs. 8.264 million at the rate of 0.4% of the net assets of the Fund being lower than the actual expenses chargeable to the Fund for the year.

10	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE - RELATED PARTY	Note	2018	2017
			Rupees in '000	
	Trustee fee payable	10.1	638	784
	Sindh Sales Tax payable on trustee fee	10.2	83	102
			<u>721</u>	<u>886</u>

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

On net assets:

- up to Rs 1,000 million Rs 0.7 million or 0.20% per annum of Net Assets, whichever is higher
- Over Rs 1,000 million Rs 2 million plus 0.10% per annum of Net Assets, on amount exceeding Rs 1,000 million

10.2 During the year, an amount of Rs 1.09 million (0.865 million) was charged on account of sales tax on remuneration of the Trustee levied through Sindh Sales Tax on Services Act, 2011 and an amount of Rs. 1.109 million (2017: 0.818 million) was paid to the Trustee which acts as a collecting agent.

11	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2018	2017
			Rupees in '000	
	Annual fee payable	11.1	<u>7,015</u>	<u>5,370</u>

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

NAFA ISLAMIC STOCK FUND

12	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2018 Rupees in '000	2017
	Auditors' remuneration payable		380	291
	Brokerage payable		1,023	4,031
	Settlement charges		43	13
	Legal fee		31	13
	Mutual fund rating fee		90	90
	Charity payable		7,674	3,671
	Shariah advisor fee payable		483	409
	Provision for Sindh Worker's Welfare Fund	12.1	44,440	44,440
	W.H.Tax payable-others		558	3,862
	Withholding tax payable on dividend		-	96,387
	CGT Payable		338	19,285
	Payable against printing charges		81	72
	Bank charges		5	4
			<u>55,146</u>	<u>172,568</u>

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

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

Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from May 21, 2015 to June 30, 2018, the net asset value of the Fund as at June 30, 2018 would have been higher by Re. 0.079 per unit (2017: Re 0.07).

13 CONTINGENCIES AND COMMITMENTS

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

14	AUDITORS' REMUNERATION	Note	2018 Rupees in '000	2017
	Annual audit fee		288	261
	Half yearly review fee		132	95
	Out of pocket expenses		80	76
			<u>500</u>	<u>432</u>

15 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2018 is 3.21% (2017: 3.82%) which includes 0.37% (2017: 1.16%) representing government levies on the Fund such as sales taxes, federal excise duties, annual fee to the SECP, etc. This ratio is within the maximum limit of 4% prescribed under the NBFC Regulations for a collective investment scheme categorised as shariah compliant equity scheme.

NAFA ISLAMIC STOCK FUND

16 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unitholders. The Fund has not recorded any tax liability as the Fund has incurred a net loss during the year.

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

17 (LOSS) / EARNINGS PER UNIT

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

18 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

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

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

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

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

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

	2018	2017
	Rupees in '000	
NBP Fund Management Limited (Management Company)		
Remuneration charged	147,695	113,053
Sindh Sales Tax on remuneration of the Management Company	19,200	14,697
Accounting and operational charges	7,385	5,653
Selling and marketing charges	29,539	10,910
Issue of 10,120 units (2017: 496,412 units)	119	6,557
Redemption of 4,115,414 Units (2017: Nil Units)	47,753	-
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	8,385	6,653
Sindh Sales Tax on remuneration of the Trustee	1,090	865
CDS charges	1,347	605
Bank Islami Pakistan Limited (Common Directorship)		
Profit on bank deposits	36,533	27,914
Muhammad Murtaza Ali - Company Secretary / Chief Operating Officer		
Issue of 222,626 units (2017: 77,233 units)	2,502	998
Redemption of 240,315 units (2017: Nil units)	2,924	-
NAFA Islamic Principal Preservation Fund		
Issue of 1,135,748 units (2017: 13,740,298 units)	13,322	178,075
Redemption of 1,915,378 units (2017: 36,882,365 units)	22,252	533,231

NAFA ISLAMIC STOCK FUND

	2018	2017
	Rupees in '000	
Employees of the Management Company		
Issue of 10,787,894 units (2017: 13,933,285 units)	128,371	196,839
Redemption of 12,522,993 units (2017: 11,915,484 units)	147,875	169,893
NBP Fullerton Asset Management Limited - Employees Provident Fund		
Issue of 1,113,969 units (2017: 1,443,695 units)	13,447	19,070
Redemption of 2,028,875 units (2017: 1,576,238 units)	23,544	23,706
Taurus Securities Limited (Common Directorship)		
Brokerage expense	784	673
Akhuwat		
Issue of 2,076 units (2017: 830,882 units)	24	11,462
Redemption of 832,958 units (2017: Nil units)	9,758	-
Telenor Pakistan (Private) Limited - Employees Provident Fund		
Issue of 2,820,028 units (2017: 4,962,521 units)	34,300	67,848
Redemption of 36,038 units (2017: 4,962,521 units)	400	68,828
Mr. Khalid Mehmood - Chief Financial Officer		
Issue of Nil units (2017: 7,488 units)	-	100
Redemption of Nil units (2017: 7,488 units)	-	116
Cherat Packaging Limited (Common Directorship)		
Purchase of 77,400 shares (2017: 202,600 shares)	14,722	58,621
Sale of 60,800 shares	10,703	-
Dividend income	1,845	-
Cherat Cement Company Limited (Common Directorship)		
Purchase of 364,700 shares (2017: 1,614,000 shares)	54,928	312,131
Sale of 1,045,000 shares (2017: 153,400 shares)	130,888	26,974
Dividend income	6,983	-
International Steel Limited (Common Directorship)		
Purchase of 2,482,100 shares (2017: 1,129,500 shares)	296,414	156,732
Sale of 1,782,200 shares (2017: 419,000 shares)	192,747	58,879
Dividend income	3,218	-
International Industries Limited (Common Directorship)		
Purchase of 123,600 shares (2017: Nil shares)	35,063	-
Sale of 26,500 shares (2017: Nil shares)	7,709	-
Dividend income	246	-
18.6 Amounts / balances outstanding as at year end		
NBP Fullerton Asset Management Limited (Management Company)		
Remuneration payable to the Management Company	11,125	14,039
Sindh sales tax payable on remuneration of Management Company	1,446	1,825
Federal excise duty payable on remuneration of Management Company	8,209	8,209
Accounting and operational charges	3,710	5,653
Selling and marketing expense	14,841	10,910
Sales load payable	507	5,129
Federal excise duty payable on sales load	2,327	2,327
Other payable	19	20
Units held: Nil units (2017: 4,105,294 units)	-	53,798
Employees of the Management Company		
Units held: 2,256,965 units (2017: 3,992,064 units)	25,723	52,314
Muhammad Murtaza Ali - Company Secretary / Chief Operating Officer		
Units held: 59,544 units (2017: 77,233 units)	679	1,012

NAFA ISLAMIC STOCK FUND

	2018	2017
	Rupees in '000	
NAFA Islamic Principal Preservation Fund		
Units held: Nil units (2017: 779,630 units)	-	10,217
NBP Fullerton Asset Management Limited - Employees Provident Fund		
Units held: 395,673 units (2017: 1,310,579 units)	4,510	17,174
Akhuwat		
Units held: Nil units (2017: 830,882 units)	-	10,888
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	638	784
Sindh sales tax payable	83	102
Security deposit	102	103
National Bank of Pakistan (Parent Company)		
Bank balances	10,558	4,210
Summit Bank Limited (Common Directorship)		
Bank balances	8,049	10,783
Bank Islami Pakistan Limited (Common Directorship)		
Bank balances	389,539	695,088
Profit receivable	3,462	3,619
Taurus Securities Limited (Common Directorship)		
Brokerage Payable	15	269
Telenor Pakistan (Private) Limited Employees Provident Fund		
Units held 2,783,990 units (2017 Nil units)	31,730	-
Gul Ahmed Textile Mills Limited Employees Provident Fund Trust		
Units held 1,027,874 units (2017: Nil units)	11,715	-
Service Sales Corporation provident Fund Trust		
Units held: 1,601,627 units (2017: Nil units)	18,254	-
Cherat Packaging Limited (Common Directorship)		
Shares held: 246,551 shares (2017: 202,600 shares)	35,427	48,174
Cherat Cement Company Limited (Common Directorship)		
Shares held: 780,300 shares (2017: 1,460,600 shares)	75,869	261,126
International Steel Limited (Common Directorship)		
Shares held: 1,410,400 shares (2017: 710,500 shares)	143,438	90,866
Dividend income receivable	-	2,349
International Industries Limited (Common Directorship)		
Shares held: 96,600 shares (2017: Nil shares)	22,439	-
Amount receivable against issue of units from:		
NAFA Stock Fund	-	47
NAFA Islamic Income Fund	-	7,995
Amount payable against redemption of units to:		
NAFA Government Securities Liquid Fund	-	65
NAFA Income Opportunity Fund	-	3,212
NAFA Islamic Income Fund	-	2,439
NAFA Asset Allocation Plan Fund II- Plan VII	-	207

18.6 Other balances due to / from related parties / connected persons are included in the respective notes to the financial statements.

NAFA ISLAMIC STOCK FUND

19 FINANCIAL INSTRUMENTS BY CATEGORY

	2018			
	Loans and receivables	At fair value through profit or loss	Available-for-sale	Total
	Rupees in '000			
Financial assets				
Bank balances	989,555	-	-	989,555
Investments	-	5,494,948	-	5,494,948
Dividend and profit receivable	12,278	-	-	12,278
Advances, deposits and other receivables.	10,753	-	-	10,753
	<u>1,012,586</u>	<u>5,494,948</u>	<u>-</u>	<u>6,507,534</u>

	2018		
	At fair value through profit or loss	At amortised cost	Total
	Rupees in '000		
Financial liabilities			
Payable to NBP Fund Management Limited - Management Company	-	42,184	42,184
Payable to the Central Depository Company of Pakistan- Trustee	-	721	721
Accrued expenses and other liabilities	-	9,810	9,810
	-	52,715	52,715

	2017			
	Loans and receivables	At fair value through profit or loss	Available- for- sale	Total
	Rupees in '000			
Financial assets				
Bank balances	1,014,592	-	-	1,014,592
Investments	-	7,508,122	-	7,508,122
Dividend and profit receivable	23,286			23,286
Receivable against sale of investments	28,893			28,893
Receivable against issue of units	8,042			8,042
Advances, deposits and other receivables.	2,633	-	-	2,633
	<u>1,077,446</u>	<u>7,508,122</u>	<u>-</u>	<u>8,585,568</u>

	2018		
	At fair value through profit or loss	At a amortised cost	Total
	Rupees in '000		
Financial liabilities			
Payable to NBP Fund Management Limited - Management Company	-	48,112	48,112
Payable to the Central Depository Company of Pakistan- Trustee	-	886	886
Payable against redemption of units	-	57,347	57,347
Dividend Payable	-	10,050	10,050
Accrued expenses and other liabilities	-	8,594	8,594
	-	124,989	124,989

20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

20.1 Market risk

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

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

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

NAFA ISLAMIC STOCK FUND

(i) Yield / profit rate risk

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

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase/decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher / lower by Rs. 0.0417 million

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2018 and June 30, 2017, the Fund did not hold any fixed rate instrument that may expose the Fund to fair value profit rate risk.

The composition of the Fund's investment portfolio, KIBOR rates and the rates announced by the Financial Markets Association of Pakistan are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2018 and June 30, 2017 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

Yield / profit 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 the settlement date.

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

----- 2018 -----						
Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total	
	Up to three months	More than three months and up to one year	More than one year			
----- Rupees in '000-----						
Financial assets						
Bank balances	5.6%-7.5%	953,412	-	-	36,143	989,555
Investments		5,494,948	-	-	-	5,494,948
Dividend and profit receivable		-	-	-	12,278	12,278
Advances, deposits and other receivables.		-	-	-	10,753	10,753
		6,448,360	-	-	59,174	6,507,534
Financial liabilities						
Payable to NBP Fund Management Limited - Management Company		-	-	-	42,184	42,184
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	721	721
Payable against redemption of units		-	-	-	-	-
Accrued expenses and other liabilities		-	-	-	9,810	9,810
		-	-	-	52,715	52,715
On-balance sheet gap		6,448,360	-	-	6,459	6,454,819
Total profit rate sensitivity gap		6,448,360	-	-		
Cumulative profit rate sensitivity gap		6,448,360	-	-		

NAFA ISLAMIC STOCK FUND

2017					
Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		

Rupees in '000

Financial assets

Bank balances	2.5%-6.7%	953,172	-	-	61,420	1,014,592
Investments		-	-	-	7,508,122	7,508,122
Receivable against issue of units		-	-	-	8,042	8,042
Receivable against sale of investments		-	-	-	28,893	28,893
Dividend and profit receivables		-	-	-	23,286	23,286
Advances, deposits and other receivables.		-	-	-	2,633	2,633
		953,172	-	-	7,632,396	8,585,568

Financial liabilities

Payable to NBP Fund Management Limited - Management Company		-	-	-	48,112	48,112
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	886	886
Payable against redemption of units		-	-	-	57,347	57,347
Dividend Payable		-	-	-	10,050	10,050
Accrued expenses and other liabilities		-	-	-	8,594	8,594
		-	-	-	124,989	124,989

On-balance sheet gap

953,172	-	-	7,507,407	8,460,579
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Total profit rate sensitivity gap

953,172	-	-
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Cumulative profit rate sensitivity gap

953,172	-	-
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(ii) Currency risk

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

(iii) Price risk

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

The Fund is exposed to equity price risk on investments held by the Fund and classified as 'at fair value through profit or loss'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the Trust Deed. The NBFC Regulations also limit individual equity securities to no more than 20% of net assets and no sector exposure limit on sector specific fund.

In case of 5% increase / decrease in 100 KSE index on June 30, 2018, with all other variables held constant, the total comprehensive income of the Fund for the year would increase / decrease by Rs. 274.747 million and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as financial assets at fair value through profit or loss.

NAFA ISLAMIC STOCK FUND

The analysis is based on the assumption that equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 Index and 3 months deposit, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KSE 100 Index and 3 months deposit, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2018 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KSE 100 Index and 3 months deposit.

20.2 Liquidity risk

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

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

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

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

2018						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
Rupees in '000						
Financial assets						
Bank balances	989,555	-	-	-	-	989,555
Investments	5,494,948	-	-	-	-	5,494,948
Dividend and profit receivable	12,278	-	-	-	-	12,278
Advances, deposits and other receivables.	10,753	-	-	-	-	10,753
	6,507,534	-	-	-	-	6,507,534
Financial liabilities						
Payable to NBP Fund Management Limited Management Company	42,184	-	-	-	-	42,184
Payable to Central Depository Company of Pakistan Limited - Trustee	721	-	-	-	-	721
Accrued expenses and other liabilities	9,810	-	-	-	-	9,810
	52,715	-	-	-	-	52,715
Net assets	6,454,819	-	-	-	-	6,454,819
2017						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
Rupees in '000						
Financial assets						
Bank balances	1,014,592	-	-	-	-	1,014,592
Investments	7,508,122	-	-	-	-	7,508,122
Dividend and profit receivables	23,286	-	-	-	-	23,286
Advances, deposits and other receivables.	2,633	-	-	-	-	2,633
	8,548,633	-	-	-	-	8,548,633
Financial liabilities						
Payable to NBP Fund Management Limited Management Company	48,112	-	-	-	-	48,112
Payable to Central Depository Company of Pakistan Limited - Trustee	886	-	-	-	-	886
Payable against redemptions of units	57,347	-	-	-	-	57,347
Dividend payable	10,050	-	-	-	-	10,050
Accrued expenses and other liabilities	8,594	-	-	-	-	8,594
	124,989	-	-	-	-	124,989
Net assets	8,423,644	-	-	-	-	8,423,644

NAFA ISLAMIC STOCK FUND

20.3 Credit risk

20.3.1 There is a possibility of default by participants or failure of the financial market / stock exchanges, the depositories, the settlements or clearing systems, etc. Settlement risk on equity securities is considered minimal because of inherent controls established in the settlement process. The Fund's policy is to enter into financial contracts in accordance with internal risk management policies and instruments guidelines approved by the Investment Committee.

20.3.2 Credit quality of financial assets

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

Rating	% of financial assets exposed to credit risk	
	2018	2017
AAA	2.03	1.09
AA+	0.32	0.07
AA	0.02	-
AA-	0.02	0.08
A+	2.51	8.13
A*	-	-
A-	10.30	1.77
	<u>15.21</u>	<u>11.15</u>

*Nil values due to rounding off differences.

21 FAIR VALUE MEASUREMENT

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

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

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

Fair value hierarchy

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

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

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

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

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

	2018		
	Level 1	Level 2	Level 3
	Rupees in '000		
Financial assets			
At fair value through profit or loss	5,494,948	-	-
	<u>5,494,948</u>	<u>-</u>	<u>-</u>
	2017		
	Level 1	Level 2	Level 3
	Rupees in '000		
Financial assets			
At fair value through profit or loss	7,508,122	-	-
	<u>7,508,122</u>	<u>-</u>	<u>-</u>

NAFA ISLAMIC STOCK FUND

22 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

In accordance with the risk management policies as stated in note 20, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

23 UNIT HOLDING PATTERN OF THE FUND

Category	----- 2018 -----			----- 2017 -----		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total
Individuals	4,344	2,621,223	40.93	3,465	4,152,015	50.07
Associated Companies / Directors	1	4,509	0.07	3	81,189	0.98
Insurance Companies	11	445,347	6.95	9	366,365	4.42
Retirement Funds	90	761,330	11.89	43	682,372	8.23
Public Limited Companies	2	763,982	11.93	3	869,791	10.49
Others	62	1,807,532	28.23	57	2,140,961	25.82
	<u>4,510</u>	<u>6,403,923</u>	<u>100.00%</u>	<u>3,580</u>	<u>8,292,693</u>	<u>100.00%</u>

24 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

----- 2018 -----		----- 2017 -----	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Taurus Securities Limited	7.03%	Arif Habib Securities Limited	10.77%
Arif Habib Securities Limited	6.11%	Ismail Iqbal Securities (Private) Limited	6.82%
Topline Securities (Private) Limited	4.49%	Taurus Securities Limited	6.67%
Alfalah Securities (Private) Limited	4.28%	BIPL Securities Limited	4.30%
Optimus Capital Management Limited	3.78%	BMA Capital Management Limited	3.92%
Bma Capital Management Limited	3.66%	Alfalah Securities (Private) Limited	3.66%
J.S. Global Capital Limited	3.56%	Al Habib Capital Markets (Private) Limited	3.64%
Elixir Securities Pakistan (Private) Limited	3.50%	Aqeel Karim Dehdi Securities (Private) Limited	3.48%
Next Capital Limited	3.48%	Concordia Securities (Private) Limited	3.19%
EFG Hermes Pakistan Limited	3.36%	D.J.M Securities (Private) Limited	3.12%
(Formerly Invest & Finance Securities Ltd.)			

NAFA ISLAMIC STOCK FUND

25 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

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

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

26 NAME AND QUALIFICATION OF THE FUND MANAGER

Name	Designation	Qualification	Other Funds managed by the Fund Manager
Mr. Sajjad Anwar	Chief Investment Officer	CFA / MBA	NIPPF- II, NIAAF- I, NIAAF- II, NIAAF- III, NIPF, NPF

27 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

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

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

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

28 CORRESPONDING FIGURES

Corresponding figures have been re-classified and re-arranged in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications have been made in these financial statements during the current year.

29 DATE OF AUTHORISATION FOR ISSUE

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

30 GENERAL

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA ISLAMIC STOCK FUND

PERFORMANCE TABLE

Particulars	For the year ended June 30, 2018	For the year ended June 30, 2017	For the year ended June 30, 2016	For the the period from January 07, 2015 to June 30, 2015
Net assets at the year / period ended (Rs '000)	6,403,926	8,292,693	1,752,387	1,251,505
Net income for the year / period ended (Rs '000)	(1,204,742)	1,908,452	175,090	117,766
Net Asset Value per unit at the year / period ended (Rs)	11.3973	13.1045	11.4401	11.0214
Offer Price per unit	11.7837	13.5487	11.8940	11.4625
Redemption Price per unit	11.3973	13.1045	11.4401	11.0214
Ex - Highest offer price per unit (Rs.)	13.7611	17.5864	12.2366	11.5485
Ex - Lowest offer price per unit (Rs.)	10.8435	12.1402	9.7911	9.1008
Ex - Highest redemption price per unit (Rs.)	13.3099	14.6687	11.7697	11.1042
Ex - Lowest redemption price per unit (Rs.)	10.4880	9.9859	9.4175	8.7476
Opening Nav of Fiscal Year	13.0678	9.8933	10.1340	9.7766
Total return of the fund	-12.78%	32.46%	12.89%	11.39%
Capital growth	-12.78%	11.47%	5.43%	8.80%
Income distribution as a % of e x nav		20.99%	7.46%	2.59%
Income distribution as a % of par value		20.77%	8.50%	2.53%
Distribution				
Interim distribution per unit	-	2.0765	0.8500	0.1160
Final distribution per unit	-	0.0332	-	0.1369
Distribution Dates				
Interim		19-Jun-17	30-Jun-16	30-Jun-15
Final		15-Sep-17		14-Jul-15
Average annual return of the fund (launch date January 09, 2015)				
(Since inception to June 30, 2018)	11.35%			
(Since inception to June 30, 2017)		22.90%		
(Since inception to June 30, 2016)			16.81%	
(Since inception to June 30, 2015)				11.40%
Portfolio Composition (Please see Fund Manager Report)				
<i>Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up</i>				

NAFA ISLAMIC STOCK FUND

PROXY ISSUED BY THE FUND

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

The details of summarized proxies voted are as follows:

NAFA ISLAMIC STOCK FUND				
Resolution	For	Against	Abstain*	








Number	7	7	Nil	N/A
(%)	100%	100%	-	-



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(based on live feed from KSE)
-  Knowledge center
-  Risk profiler*
-  Financial calculator
-  Subscription to Alerts (event
notifications, corporate and
regulatory actions)
-  Jamapunji application for
mobile device
-  Online Quizzes



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*Mobile apps are also available for download for android and ios devices

Head Office

7th Floor, Clifton Diamond Building, Block No.4,
Scheme No.5, Clifton, Karachi.

UAN: 021-111-111-632

Toll Free: 0800-20002

Sms: INVEST to 9995

Fax: 021-35825335

Email: info@nbpfunds.com

Website: www.nbpfunds.com

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