



NBP FUNDS

Managing Your Savings

AM1

Rated by PACRA

NAFA MONEY MARKET 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 MONEY MARKET 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

Askari Bank Limited
Bank Alfalah Limited
National Bank of Pakistan
Faysal Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Habib Bank Limited
Bank Al Habib Limited
Allied Bank Limited
United Bank Limited
Summit Bank Limited
Sindh Bank Limited
Samba Bank Limited
Zarai Taraqiati Bank Limited
JS Bank Limited
Meezan Bank Limited

NAFA MONEY MARKET FUND

Auditors

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

Legal Advisor

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: (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:

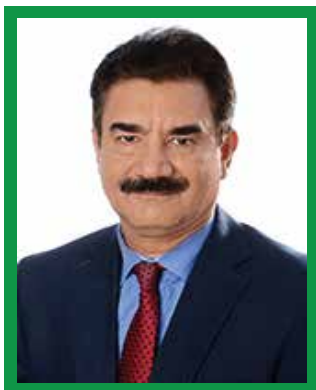
NBP City Branch, Hussain-a-Gahi, Multan.
Phone No: 061-4502204
Fax No: 061-4502203

NAFA MONEY MARKET 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 MONEY MARKET FUND

DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the Seventh Annual Report of **NAFA Money Market Fund (NMMF)** for the year ended June 30, 2018.

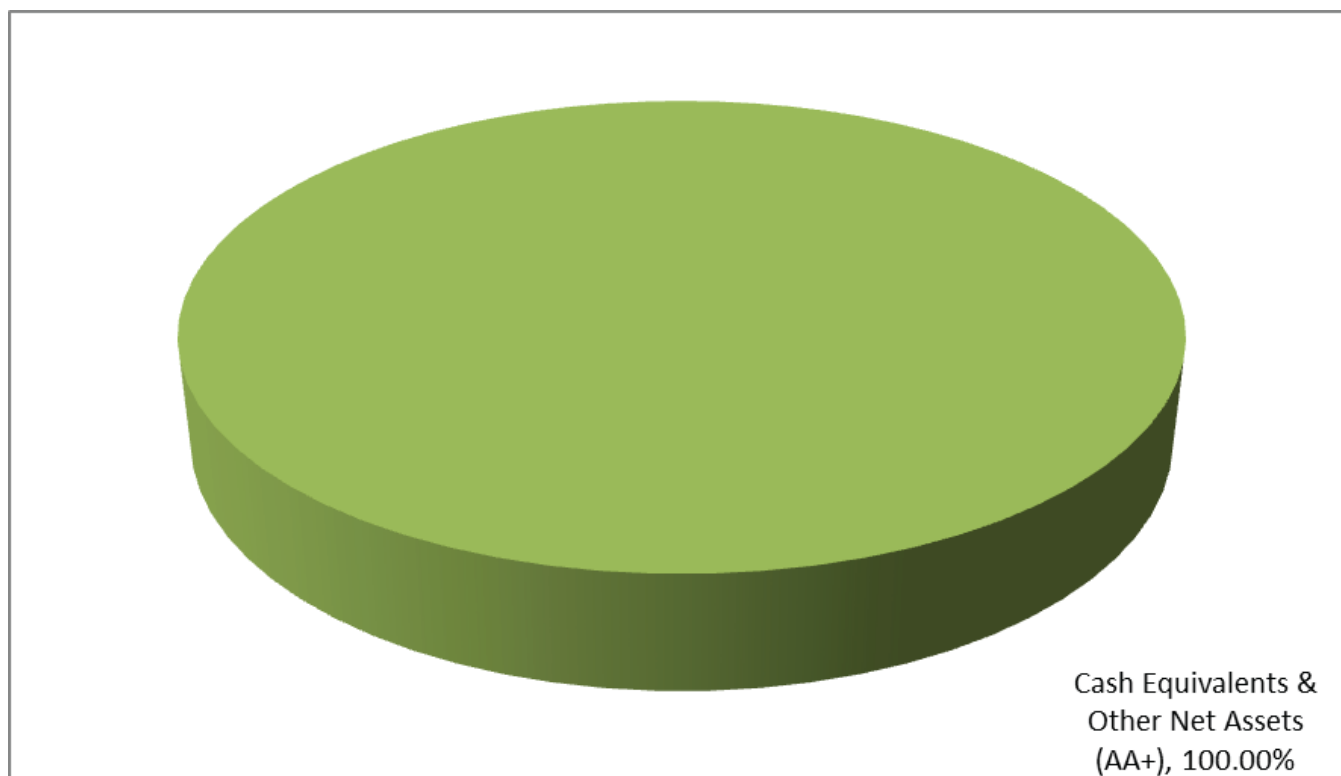
Fund's Performance

The size of NAFA Money Market Fund has increased on June 30, 2017 from Rs. 14,845 million to Rs. 23,192 million on June 30, 2018, i.e. a notable growth of 56%. During the year, the unit price of the Fund has increased from Rs. 9.8513 (Ex-Div) on June 30, 2017 to Rs. 10.4050 on June 30, 2018 thus posting a return of 5.6% as compared to its Benchmark return of 5.4% for the same period. The return of the Fund is net of management fee and all other expenses.

NMMF's stability rating awarded by PACRA is 'AA (f)', which denotes a very strong capacity to maintain relative stability in returns and very low exposure to risks. Being a money market scheme, the Fund has stringent investment guidelines. The authorized investments of the Fund include T-Bills, Bank Deposits and Money Market instruments. Minimum rating requirement is AA, while the Fund is not allowed to invest in any security exceeding six months maturity. The weighted average time to maturity of the Fund cannot exceed 90 days.

During FY 2018, State Bank of Pakistan (SBP) held six (06) bi-monthly monetary policy reviews. During the first half, the SBP maintained the policy rate at 5.75% owing to strong likelihood of continued growth momentum; contained inflation; and anticipation of gain in exports due to improvement in domestic energy supplies and incentives given to exporting industry. However, in the latter half, the SBP increased the policy rate by 75 basis points to 6.5% in response to growing pressures on the external front driven by ballooning Current Account Deficit (CAD), preempt overheating of the economy, and rein in inflationary pressures. Sovereign yields responded to increase in the policy rate whereby 3-month, 6-month, and 12-month T-Bills yields went up by 79 bps, 90 bps, and 116 bps, respectively.

The Fund has earned a total income of Rs. 1,464.61 million during the year. After deducting total expenses of Rs. 217.08 million, the net income is Rs. 1247.53 million. The asset allocation of NAFA Money Market Fund as on June 30, 2018 is as follows:



NAFA MONEY MARKET FUND

Income Distribution

The Management Company has approved cash dividend of 5.61% of the opening ex-NAV (5.53% of the par value) subsequent to the year end.

Taxation

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

Auditors

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

Directors' Statement in Compliance with Code of Corporate Governance

1. The financial statements, prepared by the management company, present fairly the state of affairs of the Fund, the result of its operations, cash flows and statement of movement in unit holders' funds.
2. Proper books of account of the Fund have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Fund's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
8. A performance table/ key financial data is given in this annual report.
9. Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements.
10. The Board of Directors of the Management Company held four meetings during the period. The attendance of all directors is disclosed in the note 25 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 24 to these financial statements.
12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 21 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:

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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 MONEY MARKET FUND

ڈائریکٹرز رپورٹ

این بی پی فنڈ منیجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NAFA منی مارکیٹ فنڈ (NMMF) کی ساتویں سالانہ رپورٹ برائے سال ختم 30 جون 2018ء پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

فنڈ کی کارکردگی

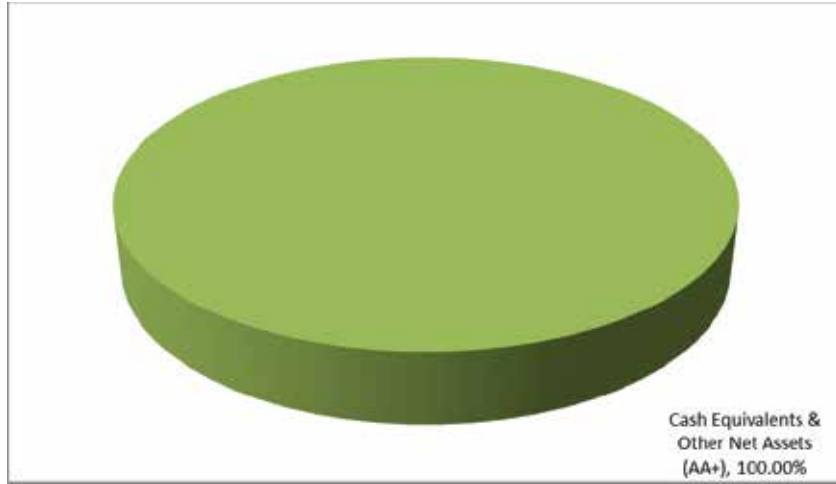
اس مدت کے دوران NAFA منی مارکیٹ فنڈ کا سائز 30 جون 2017 کو 14,845 ملین روپے سے بڑھ کر 30 جون 2018 کو 23,192 ملین روپے ہو گیا، یعنی تقریباً 56% کا اضافہ۔ زیر جائزہ مدت کے دوران فنڈ کے یونٹ کی قیمت 30 جون 2017 کو 9.8513 روپے (Ex-Div) سے بڑھ کر 30 جون 2018 کو 10.4050 روپے ہو چکی ہے، لہذا فنڈ نے اسی مدت میں 5.4% منافع مارک منافع کے مقابلے میں 5.6% کا منافع دیا۔ یہ کارکردگی منیجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

NMMF کو PACRA کی طرف سے AA(f) کی مستحکم ریٹنگ دی گئی ہے جو منافع جات میں متعلقہ استحکام برقرار رکھنے کی زبردست اہلیت اور خطرات کی زد میں آنے کے بہت معمولی امکانات کی نشان دہی کرتی ہے۔ ایک منی مارکیٹ اسکیم کی حیثیت سے فنڈ سرمایہ کاری کی انتہائی سخت ہدایات رکھتا ہے۔ فنڈ کی منظور شدہ انویسٹمنٹس میں ٹی بلز، بینک ڈپازٹس اور منی مارکیٹ انسٹرومنٹس شامل ہیں۔ ریٹنگ کا کم از کم تقاضا AA ہے، جب کہ فنڈ کو چھ ماہ سے زائد میچورٹی والی کسی سیکورٹی میں انویسٹ کرنے کی اجازت نہیں ہے۔ فنڈ کی میچورٹی کی نپ تلی اوسط مدت 90 دن سے زائد نہیں ہو سکتی۔

مالی سال 2018 کے دوران میں اسٹیٹ بینک آف پاکستان (ایس بی پی) نے مانیٹری پالیسی کے چھ (06) مرتبہ دو ماہی جائزے لئے۔ پہلے نصف عرصہ کے دوران، ترقی کی رفتار جاری رہنے کی قوی توقع، افراط زر کی موجودگی، اور ملکی توانائی کی فراہمی میں بہتری اور برآمدات کی صنعت کو دی گئی ترغیبات کے باعث برآمدات میں فروغ کے سلسلے میں پیش رفت کے پیش نظر، ایس بی پی نے 5.75% پالیسی کی شرح کو برقرار رکھا۔ تاہم اگلے نصف عرصہ میں، بیرونی محاذ پر کرنٹ اکاؤنٹ کے خسارے (CAD) میں اضافے کے باعث بڑھتے ہوئے دباؤ، معیشت میں پہلے سے موجود افراط زر اور افراط زر پر قابو کیلئے پانے کے لئے، ایس بی پی نے پالیسی کی شرح میں 75 بیس پوائنٹ کا اضافہ کر دیا اور پالیسی کی شرح 6.5% ہو گئی۔ پالیسی کی شرح میں اضافہ سے اچھے نتائج برآمد ہوئے اور 3 ماہ، 6 ماہ اور 12 ماہ T-Bills کے منافع بالترتیب 79 bps، 90 bps اور 116 bps سے بڑھ گئے۔

NAFA منی مارکیٹ فنڈ (NMMF) نے اس سال کے دوران 1,464.61 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 217.08 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 1247.53 ملین روپے رہی۔

NAFA منی مارکیٹ فنڈ کی ایسیٹ ایلوکیشن 30 جون 2018 کو مطابق ذیل ہے:



آمدنی کی تقسیم

منیجمنٹ کمپنی نے سال کے اختتام کے بعد اویگ ex-NAV کا 5.61% (بنیادی قدر کا 5.53%) نقد ڈیویڈنڈ کی منظوری دی ہے۔

ٹیکسیشن

درج بالا نقد منافع، سال کے دوران میں حاصل ہونے والی آمدنی میں سے سرمایہ کاری پر حاصل ہونے والے محصول شدہ اور غیر محصول شدہ کیپٹل گین منہا کرنے کے بعد 90% ہے، اس لئے فنڈ پر انکم ٹیکس آرڈیننس 2001 کے سیکشن 110 کے پارٹ I کی شرح 99% کے تحت ٹیکس لاگو نہیں ہے۔

آڈیٹرز

موجودہ آڈیٹرز میسرز Deloitte یوسف عادل 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۔

NAFA MONEY MARKET FUND

کوڈ آف کارپوریٹ گورننس کی پیروی میں ڈائریکٹرز اسٹیٹمنٹ

- 1- منجمنٹ کمپنی کی طرف سے تیار کردہ مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلو اور یونٹ ہولڈرز فنڈ میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
- 2- فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
- 3- مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے۔ شریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔
- 4- ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی معیاروں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، کی پیروی کی گئی ہے۔
- 5- انٹرنل کنٹرول کا نظام مستحکم اور مؤثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔
- 6- فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
- 7- لسٹنگ ریگولیشنز میں تفصیلاً درج کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔
- 8- پرفارمنس ٹیبل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہے۔
- 9- ٹیکسوں، ڈیوٹیز، محصولات اور چارجز کی مد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
- 10- اس مدت کے دوران منجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 25 میں ظاہر کی گئی ہے۔
- 11- یونٹ ہولڈنگ کا تفصیلی پیٹرن مالیاتی گوشواروں کے نوٹ 24 میں ظاہر کیا گیا ہے۔
- 12- ڈائریکٹرز، CEO، CFO، کمپنی سیکرٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے یونٹس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 21 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 مائٹنرٹی انٹر سٹ نہیں رکھتی۔ 30 جون 2018 کو بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل ہیں۔

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

اعتراف

بورڈ اس موقع کا فائدہ اٹھاتے ہوئے منجمنٹ کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر یونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان سے بھی ان کی سرپرستی اور رہنمائی کے لیے پُر خلوص اظہار تشکر کرتا ہے۔

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

منجانب بورڈ آف ڈائریکٹرز

NBP فنڈ منجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

بتاریخ

05 ستمبر 2018ء

مقام: کراچی

NAFA MONEY MARKET 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 Money Market Fund (the Fund) are of the opinion that NBP Fund Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2018 in accordance with the provisions of the following:

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

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

Karachi, September 13, 2018

NAFA MONEY MARKET FUND

FUND MANAGER REPORT

NAFA Money Market Fund (NMMF) is an Open-End Money Market Scheme.

Investment Objective of the Fund

The objective of NAFA Money Market Fund is to provide stable income stream with preservation of capital by investing in AA and above rated banks and money market instruments.

Benchmark

70% 3-Month PKRV & 30% average 3-Month deposit rates of three AA rated banks as selected by MUFAP.

Fund Performance Review

This is the Seventh Annual report since the launch of the Fund on February 23, 2012. The Fund size has increased notably by 56% during FY18 and stands at Rs. 23.192 Billion as on June 30, 2018. The Fund's return since its inception is 7.6% versus the benchmark return of 6.0%. This translates into an outperformance of 1.6% p.a. The Fund posted 5.6% return during FY18 versus the benchmark return of 5.4%, thus registering an outperformance of 0.2%. This outperformance is net of management fee and all other expenses. Thus the Fund has achieved its investment objectives.

NMMF's stability rating awarded by PACRA is 'AA (f)', which denotes a very strong capacity to maintain relative stability in returns and very low exposure to risks. Being a money market scheme, the Fund has stringent investment guidelines. The authorized investments of the Fund include T-Bills, Bank Deposits and Money Market instruments. Minimum rating requirement is AA, while the Fund is not allowed to invest in any security exceeding six months maturity. The weighted average time to maturity of the Fund cannot exceed 90 days.

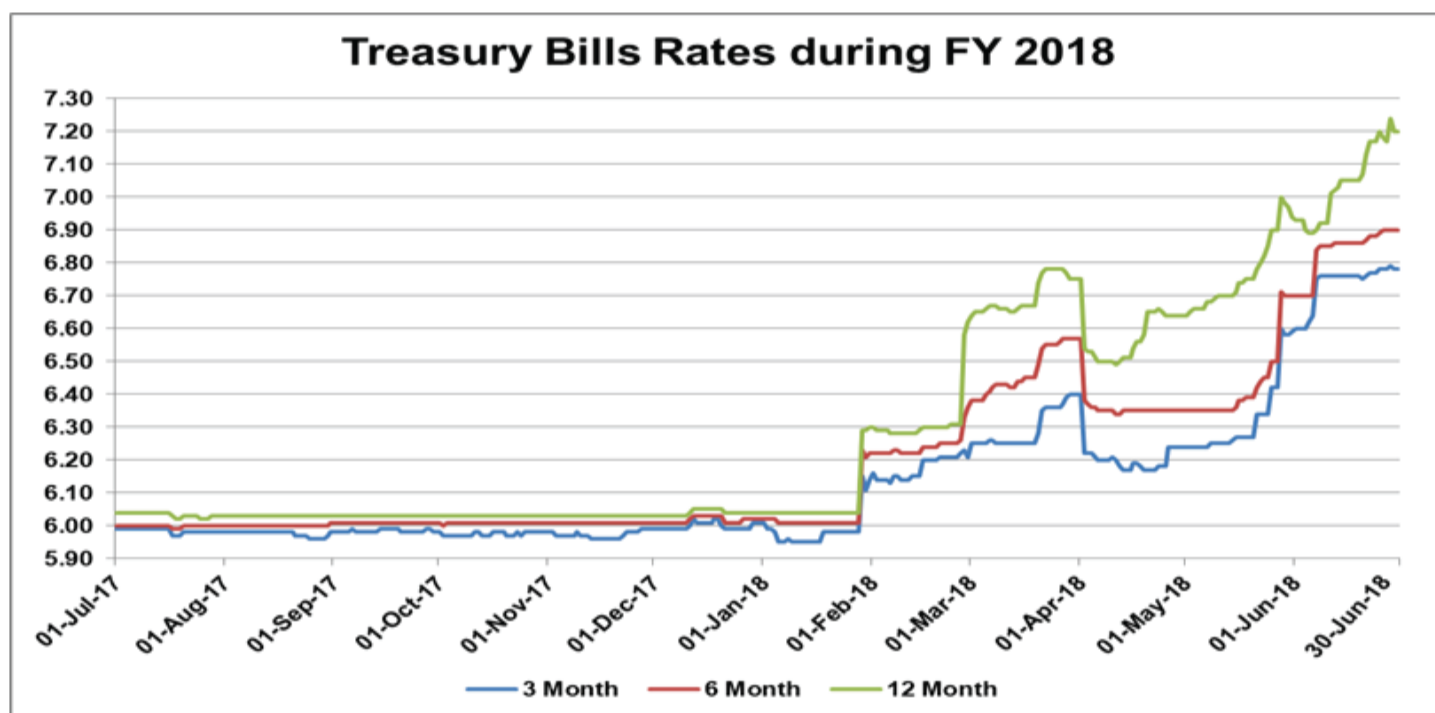
During FY 2018, State Bank of Pakistan (SBP) held six (06) bi-monthly monetary policy reviews. During the first half, the SBP maintained the policy rate at 5.75% owing to strong likelihood of continued growth momentum; contained inflation; and anticipation of gain in exports due to improvement in domestic energy supplies and incentives given to exporting industry. However, in the latter half, the SBP increased the policy rate by 75 basis points to 6.5% in response to growing pressures on the external front driven by ballooning Current Account Deficit (CAD), preempt overheating of the economy, and rein in inflationary pressures. Sovereign yields responded to increase in the policy rate whereby 3-month, 6-month, and 12-month T-Bills yields went up by 79 bps, 90 bps, and 116 bps, respectively.

Asset Allocation of Fund (% of NAV)

Particulars	30-Jun-18	30-Jun-17
Placements with DFIs	-	9.43%
Cash, Bank Placements & Other Assets	100%	90.57%
Total	100%	100%

NAFA MONEY MARKET FUND

T-Bills yields during the year are shown in below graph:



Distribution for the Financial Year 2018

Interim Period/Quarter	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
Interim	5.53%	0.5531	9.8519

Unit Holding Pattern of NAFA Money Market Fund as on June 30 2018

Size of Unit Holding (Units)	# of Unit Holders
0-1000	672
1001-5000	162
5001-10000	82
10001-50000	242
50001-100000	159
100001-500000	205
500001-1000000	50
1000001-5000000	84
5000001-10000000	21
10000001-100000000	22
100000001-1000000000	5
TOTAL	1704

During the period under question:

There has been no significant change in the state of affairs of the Fund. NAFA Money Market Fund does not have any soft commission arrangement with any broker in the industry.

Sindh Workers' Welfare Fund (SWWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs. 30.635 million. If the same were not made the NAV per unit/FY18 return of scheme would be higher by Rs. 0.0137/0.14%. For details investors are advised to read note 17 of the Financial Statement of the Scheme for the year ended June 30, 2018.

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

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

Basis for opinion

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

Key audit matters

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

S. No.	Key audit matters	How the matter was addressed in our audit
1	<p>Element of Income</p> <p>As disclosed in detail in note 3.5.1, the Securities and Exchange Commission of Pakistan (the SECP) issued SRO no. 756(1)/2017 dated On August 03, 2017, whereby certain amendments were made in the Non-Banking Finance Companies and Notified Entities Regulation, 2008 (the NBFC Regulations). As part of such amendments as definition of Element of Income has been incorporated and certain amendments were also made in the 5th Schedule to the NBFC Regulations whereby distribution statement has been omitted from the financial statements and Element of Income has been made part of the 'Unit Holders' Fund' instead of the 'Income Statement' as suggested by ICAP and a new disclosure regarding allocation of accounting income is added to the 'Income Statement'.</p> <p>The abovementioned amendments require significant changes in the presentation of the financial statements and the accounting treatment of the 'Element of Income' and the policy for distribution/dividends made by the Fund.</p>	<p>In order to address the matter we have:</p> <ul style="list-style-type: none">• Obtained understanding of the amendments made in the NBFC Regulations;• Obtained understanding of the changes required in the disclosures and accounting treatments in the financial statements of the Fund;• Held discussions with the Management regarding the changes required; and• On sample basis we have checked the calculation made and recorded in the financial statements as related to this key audit matter.

NAFA MONEY MARKET FUND

Information other than the Financial Statements and Auditor's Report Thereon

Management Company is responsible for the other information. The other information comprises the Director's report, Fund Managers' report, Trustee report to the unit holders, Statement of Compliance with the Shariah principles, Report of the Shariah Advisor, performance table and proxy voting disclosure.

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

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

Responsibilities of Management Company for the Financial Statements

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

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

Management Company are responsible for overseeing the Fund's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Management Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

NAFA MONEY MARKET FUND

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

Deloitte Yousuf Adil
Chartered Accountants

Date: September 25, 2018
Place: Karachi

NAFA MONEY MARKET FUND

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2018

	Note	2018 ----- Rupees in '000 -----	2017
ASSETS			
Bank balances	4	23,350,772	13,618,825
Investments	5	-	1,400,000
Mark-up accrued	6	10,717	1,716
Receivable against transfer of units	7	-	1,896
Deposits and prepayments	8	100	278
Total assets		23,361,589	15,022,715
LIABILITIES			
Payable to NBP Fund Management Limited - Management Company	9	26,513	19,310
Payable to Central Depository Company of Pakistan Limited - Trustee	10	1,716	1,037
Payable to the Securities and Exchange Commission of Pakistan	11	17,142	8,623
Payable against redemption of units	12	260	4,695
Accrued expenses and other liabilities	13	123,564	143,592
Total liabilities		169,195	177,257
NET ASSETS		23,192,394	14,845,458
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		23,192,394	14,845,458
Contingencies and commitments			
	14		
		-----Number of units-----	
Number of units in issue	15	2,228,970,187	1,505,846,441
		-----Rupees-----	
Net asset value per unit		10.4050	9.8585

The annexed notes from 1 to 32 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

NAFA MONEY MARKET FUND

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees in '000	2017
INCOME			
Return / mark-up on:			
- bank balances and term deposits		1,029,217	738,083
- government securities		312,812	-
- letter of placement		45,202	10,230
- certificate of investment		82,542	-
Net loss on sale of investments		(5,166)	-
Total income		1,464,607	748,313
EXPENSES			
Remuneration of NBP Fund Management Limited - Management Company	9.1	116,472	58,868
Sindh Sales Tax on remuneration of the Management Company	9.2	15,141	7,653
Reimbursement of operational expenses to the Management Company	9.3	22,856	11,498
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1	15,964	9,041
Sindh Sales Tax on remuneration of the Trustee	10.2	2,075	1,175
Annual fee to the Securities and Exchange Commission of Pakistan	11	17,142	8,623
Settlement charges		40	-
Bank charges		817	472
Auditors' remuneration	16	685	657
Legal and professional charges		35	31
Fund rating fee		365	341
Annual listing fee		28	55
Printing charges		-	35
Amortisation of preliminary expenses and floatation cost		-	151
Total expenses		191,620	98,600
Net income from operating activities		1,272,987	649,713
Net element of loss and capital losses included in prices of units issued less those in units redeemed		-	(505,514)
Reversal of provision for Workers' Welfare Fund		-	69,380
Provision for Sindh Workers' Welfare Fund	17	(25,460)	(5,175)
Net income for the year before taxation		1,247,527	208,404
Taxation	18	-	-
Net income for the year after taxation		1,247,527	208,404
Earnings per unit	19		
Allocation of net income for the year:			
Net income for the year after taxation		1,247,527	
Income already paid on units redeemed		(646,658)	
		600,869	
Accounting income available for distribution:			
- Relating to capital gain		-	
- Excluding capital gain		600,869	
		600,869	

The annexed notes from 1 to 32 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA MONEY MARKET FUND

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

	2018	2017
	----- Rupees in '000 -----	
Net income for the year after taxation	1,247,527	208,404
Other comprehensive income	-	-
Total comprehensive income for the year	1,247,527	208,404

The annexed notes from 1 to 32 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

NAFA MONEY MARKET FUND

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

	2018			2017		
	(Rupees in '000)					
	Capital Value	Undistributed Income	Total	Capital Value	Undistributed Income	Total
Net assets at beginning of the year	14,730,540	114,918	14,845,458	7,027,954	81,775	7,109,729
Issuance of 5,046,942,093 units (2017: 5,801,378,775 units)						
- Capital value	49,728,502	-	49,728,502			
- Element of income	1,296,517	-	1,296,517			
Total proceeds on issuance of units	51,025,019	-	51,025,019	57,056,781	1,287,149	58,343,930
Redemption of 4,323,818,347 units (2017: 5,018,238,798 units)						
- Capital value	(42,598,820)	-	(42,598,820)			
- Element of loss	(663,171)	(646,658)	(1,309,829)			
Total payments on redemption of units	(43,261,991)	(646,658)	(43,908,649)	(49,354,195)	(1,792,663)	(51,146,858)
Net element of loss and capital losses included in prices of units issued less those in units redeemed	-	-	-	-	505,514	505,514
Total comprehensive income for the year	-	1,247,527	1,247,527	-	208,404	208,404
Distribution during the year	-	(16,961)	(16,961)	-	(175,261)	(175,261)
Net assets at end of the year	22,493,568	698,826	23,192,394	14,730,540	114,918	14,845,458
Undistributed income brought forward						
- Realised		114,918			81,775	
- Unrealised		-			-	
		114,918			81,775	
Accounting income available for distribution						
- Relating to capital gain		-				
- Excluding capital gain		600,869				
		600,869			208,404	
Distribution during the year		(16,961)			(175,261)	
Undistributed income carried forward		698,826			114,918	
Undistributed income carried forward						
- Realised		698,826			114,918	
- Unrealised		-			-	
		698,826			114,918	
		- (Rupees) -			- (Rupees) -	
Net assets value per unit at beginning of the year		9.8585			9.8377	
Net assets value per unit at end of the year		10.4050			9.8585	

The annexed notes from 1 to 32 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

NAFA MONEY MARKET FUND

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees in '000	2017 Rupees in '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before taxation		1,247,527	208,404
Adjustments:			
Return / mark-up on;			
- bank balances and term deposits		(1,029,217)	(738,083)
- government securities		(312,812)	-
- letter of placement		(45,202)	(10,230)
- certificate of investment		(82,542)	-
Amortisation of preliminary expenses and floatation costs		-	151
Net element of loss and capital losses included in prices of units issued less those in units redeemed		-	505,514
Reversal of provision for Workers' Welfare Fund		-	(69,380)
Provision for Sindh Workers' Welfare Fund		25,460	5,175
		(1,444,313)	(306,853)
		(196,786)	(98,449)
(Increase) / decrease in assets			
Deposits and prepayments		178	(15)
Increase / (decrease) in liabilities			
Payable to the Management Company		7,203	13,266
Payable to the Trustee		679	612
Payable to the Securities and Exchange Commission of Pakistan		8,519	5,173
Accrued expenses and other liabilities		(45,488)	71,513
		(29,087)	90,564
Mark-up on bank balances and term deposits received		1,020,216	737,615
Mark-up on letter of placement received		45,202	10,230
Mark-up on government securities received		312,812	-
Mark-up on certificate of investment received		82,542	-
		1,460,772	747,845
Net cash generated from operating activities		1,235,077	739,945
CASH FLOWS FROM FINANCING ACTIVITIES			
Amounts received on issuance of units		51,026,915	60,992,573
Amounts paid on redemption of units		(43,913,084)	(51,142,170)
Dividend paid		(16,961)	(175,097)
Net cash generated from financing activities		7,096,870	9,675,306
Net increase in cash and cash equivalents during the year		8,331,947	10,415,251
Cash and cash equivalents at the beginning of the year		15,018,825	4,603,574
Cash and cash equivalents at the end of the year	4.4	23,350,772	15,018,825

The annexed notes from 1 to 32 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA MONEY MARKET FUND

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

1. LEGAL STATUS AND NATURE OF BUSINESS

NAFA Money Market Fund (the Fund) was established under a Trust Deed executed between NBP Fund Management Limited (formerly: NBP Fullerton Asset Management Limited) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on May 4, 2011 and was approved by Securities and Exchange Commission of Pakistan (SECP) on April 14, 2011 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules).

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

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

The investment objective of the Fund is to generate stable income stream for its unit holders while ensuring capital preservation by investing in AA and above rated banks and money market instruments.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM1' to the Management Company and a stability rating of 'AA(f)' to the Fund.

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

NAFA MONEY MARKET FUND

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

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

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

Effective from accounting period beginning on or after:

Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative	January 01, 2017
-----------------------------------------------------------------------------------------------------	------------------

Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses	January 01, 2017
------------------------------------------------------------------------------------------------	------------------

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

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

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

Effective from accounting period beginning on or after:

- | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| - IFRS 15 'Revenue from contracts with customers' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date. | July 01, 2018 |
| - IFRS 16 'Leases' - This standard will supersede IAS 17 'Leases' upon its effective date. | January 01, 2019 |
| - Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions | January 01, 2018 |
| - IFRS 9 'Financial Instruments' - This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date. | July 01, 2018 |
| - Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities | January 01, 2019 |
| - IFRS 4 'Insurance Contracts': Amendments regarding the interaction of IFRS 4 and IFRS 9. | An entity choosing to apply the overlay approach retrospectively to qualifying financial assets does so when it first applies IFRS 9. An entity choosing to apply the deferral approach does so for annual periods beginning on or after 1 January 2018. |

NAFA MONEY MARKET FUND

Effective from accounting period beginning on or after:

- Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. January 01, 2019
- Amendments to IAS 19 'Employee Benefits' - Plan Amendment, Curtailment or Settlement. January 01, 2019
- Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property January 01, 2018. Earlier application is permitted.
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency. January 01, 2018. Earlier application is permitted.
- IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'. January 01, 2019

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

2.5 IFRS 9 'Financial Instruments' Impact Assessment

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

Key requirements of IFRS 9 are as follows;

Classification and measurement of financial assets

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

NAFA MONEY MARKET FUND

Classification and measurement of financial liabilities

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

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

Impairment of financial assets

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

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

2.5.2 Impact assessment

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

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

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

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

2.7 Critical accounting estimates and judgments

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

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

- (a) Classification of financial assets (Note 3.2.1)
- (b) Impairment of financial assets (Note 3.2.5)
- (c) Provisions (Note 3.6)

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Cash and cash equivalents

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

3.2 Financial assets

3.2.1 Classification

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

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

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

b) Loans and receivables

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

c) Available for sale

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

3.2.2 Regular way contracts

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

3.2.3 Initial recognition and measurement

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

3.2.4 Subsequent measurement

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

1) Debt securities (other than government securities)

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

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2) Government securities

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

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

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

b) Loans and receivables

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

3.2.5 Impairment of financial assets

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

a) Debt securities

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

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

b) Loans and receivables

For financial assets classified as 'loans and receivables', a provision for impairment is established when there is an objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The amount of the impairment is the difference between the assets carrying value and present value of estimated future cash outflows, discounted at the original effective interest rate.

3.2.6 Derecognition

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

3.2.7 Offsetting of financial assets and financial liabilities

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

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3.3 Financial liabilities

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

3.4 Issuance and redemption of units

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

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

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

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

Element of income / (loss) represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period.

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

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

3.5.1 Amendment in the NBFC Regulations in the current year

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

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

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As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from July 1, 2017 as allowed by the SECP vide their email to MUFAP dated February 8, 2018. Accordingly, corresponding figures have not been restated. The 'Distribution Statement' for the comparative period has not been presented as it has been deleted as a result of the amendments made in the NBFC Regulations the aforementioned SRO issued by the SECP.

Had the element of income been recognised as per the previous accounting policy, the profit of the Fund would have been lower by Rs. 13.05 million net off charge for SWWF in respect of element of income / loss and consequently NAV per unit would have been higher by Rs. 0.0001. However, the change in accounting policy does not have any impact on the 'Cash Flow Statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' as shown in the 'statement of Assets and Liabilities' and 'Statement of Movement in Unit Holders' Fund'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund which have been incorporated in these statements.

3.6 Provisions

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

3.7 Revenue recognition

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

3.8 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders (excluding distribution made by issuance of bonus units).

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

3.9 Proposed distributions

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

3.10 Earnings per unit

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

NAFA MONEY MARKET FUND

	Note	2018 ----- Rupees in '000 -----	2017 ----- Rupees in '000 -----
4. BANK BALANCES			
Current accounts	4.1	19,044	15,548
Savings accounts	4.2 & 4.3	23,331,728	13,603,277
		<u>23,350,772</u>	<u>13,618,825</u>
4.1	These include bank balances of Rs. 0.165 million and Rs. 18.8 million (2017: Rs. 0.165 million and Rs. 15.383 million), maintained with National Bank of Pakistan and Summit Bank Limited (related parties) respectively.		
4.2	These savings accounts carry mark-up at rates ranging from 2.75% to 7.5% per annum (2017: 3.75% to 7.43%) per annum.		
4.3	These include a bank balances of Rs. 4.043 million and Rs. 1.62 million (2017: Rs. 3.812 million and Rs. 4.6 million), which is maintained with National Bank of Pakistan and Askari Bank Limited , related parties, and carries mark-up at the rate of 3.5 % (2017: 3.75%) per annum.		
4.4 Cash and cash equivalents			
Current accounts		19,044	15,548
Savings accounts		23,331,728	13,603,277
Term deposits - with original maturity of less than three months		-	1,400,000
		<u>23,350,772</u>	<u>15,018,825</u>
5. INVESTMENTS			
Loans and receivable			
Term deposits		-	1,400,000
		<u>-</u>	<u>1,400,000</u>
6. MARK-UP ACCRUED			
Mark-up accrued on bank balances and term deposits		10,717	1,716
		<u>10,717</u>	<u>1,716</u>
7. RECEIVABLE AGAINST TRANSFER OF UNITS			
This represented amounts receivable from other collective investment schemes being managed by the Management Company of the Fund. These amounts are received during the year in respect of units issued to various unit holders based on their request for transfer of units from other collective investment schemes to the Fund. These amounts have been received from respective collective investment schemes to the Fund.			
	Note	2018 ----- Rupees in '000 -----	2017 ----- Rupees in '000 -----
8. DEPOSITS AND PREPAYMENTS			
Security deposit with Central Depository Company of Pakistan Limited		100	100
Prepayments		-	178
		<u>100</u>	<u>278</u>

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9 PAYBLE TO NBP FUND MANAGEMENT LIMITED-MANAGEMENT COMPANY

Remuneration of the Management Company	9.1	11,953	6,326
Sindh Sales Tax on remuneration of the Management Company	9.2	1,554	822
Operational expenses	9.3	11,958	11,498
Sales load		683	343
Sindh Sales Tax and Federal Excise Duty on sales load		365	321
		26,513	19,310

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

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

The Management Company has charged management remuneration at the rate of 1% per annum until December 6, 2015. Thereafter from December 7, 2015, the Management Company has revised their policy for charging management remuneration as per the table given below:

Management remuneration as % of net income*	Minimum management remuneration (as % of average net asset value)	Maximum management remuneration (as % of average net asset value)
8.00%	0.50%	1.00%

Net income = Gross income - (all expenses of the Fund excluding Management remuneration and related Sales Tax and Federal Excise Duty thereon).

Management remuneration is paid on a monthly basis in arrears.

- 9.2** This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (2017: 13%) on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.
- 9.3** This represents reimbursement of certain expenses to the Management Company. As per Regulation 60(3)(s) of the NBFC Regulations, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to Collective Investment Scheme (CIS) are chargeable to the scheme, maximum up to 0.1% of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged 0.1% of the average annual net assets, being the lower amount, to the Fund.

Note	2018	2017
	Rupees in '000	

10. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Remuneration of the Trustee	10.1	1,519	918
Sindh Sales Tax on remuneration of the Trustee	10.2	197	119
		1,716	1,037

- 10.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund, based on the net assets of the Fund. The remuneration is payable to the Trustee monthly in arrears.

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

Net asset value	Tariff per annum
Upto Rs 1,000 million	0.15% per annum of net asset value
On an amount exceeding Rs. 1,000 million to 10,000 million	Rs 1.5 million plus 0.075% per annum of net asset value exceeding Rs 1,000 million
On an amount exceeding Rs. 10,000 million	Rs 8.25 million plus 0.06% per annum of net asset value exceeding Rs 10,000 million.

- 10.2** This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (2017: 13%) on remuneration of the Trustee through the Sindh Sales Tax on Services Act, 2011.

11. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Under the provisions of the NBFC Regulations, a collective investment scheme categorised as an "money market scheme" is required to pay as annual fee to the Securities and Exchange Commission of Pakistan, an amount equal to 0.075% of the average annual net assets of the Fund. The fee is paid annually in arrears.

12. PAYABLE AGAINST REDEMPTION OF UNITS

This includes amounts payable to other collective investment schemes being managed by the Management Company of the Fund. These amounts are payable in respect of units redeemed by various unit holders based on their request for transfer of units from the Fund to the other collective investment schemes.

13. ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	2018 ----- Rupees in '000 -----	2017 -----
Auditors' remuneration		596	456
Provision for Sindh Workers' Welfare Fund	17	30,635	5,175
Federal Excise Duty on remuneration of the Management Company	13.1 & 13.2	44,146	44,146
Withholding tax		-	14,288
Capital gain tax		45,774	77,113
Legal and professional charges		32	8
Bank charges		33	18
Printing charges		101	162
Fund rating fee payable		187	-
Dividend payable		-	164
Others		2,060	2,062
		123,564	143,592

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

While disposing the above petition through order dated July 16, 2016, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from July 01, 2011. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for the decision.

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

However, since the appeal is pending in the Supreme Court of Pakistan, the Management Company, being prudent, is carrying provision for FED aggregating to Rs. 44.146 million as at June 30, 2018.

Had the provision not been made, the net asset value per unit as at June 30, 2018 would have been higher by Rs. 0.0198 per unit (2017: Rs. 0.0293 unit per unit).

- 13.2** The amount of FED accrued on remuneration of the Management Company will be paid by Management Company to the Taxation authority, if required.

14. CONTINGENCIES AND COMMITMENTS

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

15. NUMBER OF UNITS IN ISSUE

Total units in issue at the beginning of the year

Add: units issued during the year

Less: units redeemed during the year

Total units in issue at the end of the year

2018	2017
----- Number of units -----	
1,505,846,441	722,706,464
5,046,942,093	5,801,378,775
(4,323,818,347)	(5,018,238,798)
2,228,970,187	1,505,846,441

16. AUDITORS' REMUNERATION

Annual audit fee

Half yearly review fee

Fee for other certification

Out of pocket expenses

2018	2017
----- Rupees in '000 -----	
365	340
136	136
90	-
94	181
685	657

17. PROVISION FOR WORKERS' WELFARE FUND AND SINDH WORKERS' WELFARE FUND

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

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

As at June 30, 2018, the provision in relation to SWWF amounted to Rs. 30.635 million (2017: Rs. 5.175 million). Had the provision not being made, the Net Asset Value per unit as at June 30, 2018 would have been higher by Rs. 0.0137 per unit (June 30, 2017: Rs. 0.034) per unit.

18. TAXATION

The Fund's income is exempt from income tax as per Clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of its accounting income for the year, as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders (excluding distribution made by issuance of bonus units). The Fund intends to distribute such accounting income for the year ended June 30, 2018 to its unit holders. Accordingly, no provision in respect of taxation has been made in these financial statements.

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

19. EARNINGS PER UNIT

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

20. TOTAL EXPENSE RATIO

Total expense ratio (all the expenses incurred during the year divided by average net assets for the year) is 0.95% per annum including 0.26% representing government levies on collective Investment scheme such as Sales tax and Securities and Exchange Commission of Pakistan fee for the year.

21. TRANSACTIONS WITH CONNECTED PERSONS AND RELATED PARTIES

- 21.1** Connected persons and related parties include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan being the Parent of the Management Company and Alexandra Fund Management Pte. Limited being the sponsor of the Management Company. It also includes associated companies of Management Company due to common directorship, post employment benefit funds of the Management Company its parent and sponsor. It also includes subsidiaries and associated companies of the Parent of the Management Company and other collective investment schemes (CIS) managed by the Management Company, directors and key management personnel of the Management Company and any person or company beneficially owning directly or indirectly 10% or more of the units in issue / net assets of the Fund.
- 21.2** The transactions with connected persons and related parties are carried out in the normal course of business, at contracted rates and terms determined in accordance with the market norms.
- 21.3** Remuneration of the Management Company is determined in accordance with the provisions of the NBFC Regulations.
- 21.4** Remuneration of the Trustee is determined in accordance with the rates agreed between the Management Company and the Trustee.

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	2018	2017
	----- Rupees in '000 -----	
21.5 Details of the transactions with connected persons and related parties are as follows:		
NBP Fund Management Limited - Management Company		
Remuneration of the Management Company	116,472	58,868
Sindh Sales Tax on remuneration of the Management Company	15,141	7,653
Reimbursement of operational expenses to the Management Company	22,856	11,498
Sales load and related Sindh Sales Tax	340	552
Units issued / transferred in 54,812,660 units (2017: 11,328,959 units)	561,974	115,000
Units redeemed / transferred out 38,525,729 units (2017: 11,328,959 units)	394,566	115,330
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	15,964	9,041
Sindh Sales Tax on remuneration of the Trustee	2,075	1,175
National Bank of Pakistan (Parent of the Management Company)		
Markup on bank balances	119	76
Askari Bank Limited (Common Directorship with the Management Company)		
Markup on bank balances	214	739
*Service Provident Fund Trust - (Portfolio managed by the Management Company)		
Units issued / transferred in 15,647,182 units (2017: Nil units)	158,502	-
Units redeemed / transferred out 14,541,348 units (2017: Nil units)	147,431	-
National Fullerton Asset Management Employee Provident Fund (Provident Fund of the parent of the Management Company)		
Dividend re-invest 550 units (2017: Nil units)	5	-
Units issued / transferred in 826,972 units (2017: 1,486,183 units)	8,245	14,980
Units redeemed / transferred out 661,237 units (2017: 858,147 units)	6,689	8,879
* Faruque Private Limited (Common Directorship with the Management Company)		
Units issued / transferred in 4,657,571 units (2017: Nil units)	47,648	-
Units redeemed / transferred out 4,657,571 units (2017: Nil units)	47,846	-
** Thal Limited (Portfolio managed by Management Company)		
Units issued / transferred in Nil units (2017: 173,984,759 units)	-	1,727,963
Units redeemed / transferred out Nil units (2017: 84,795,571 units)	-	880,032

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	2018	2017
	----- Rupees in '000 -----	
** Liberty Mills Limited (Unit holder of 10% or more of units of the CIS)		
Units issued / transferred in Nil units (2017: 361,311,111 units)	-	3,633,911
Units redeemed / transferred out Nil units (2017: 136,983,667 units)	-	1,430,109
Honda Atlas Cars (Pakistan) Limited (Unit holder of 10% or more of units of the CIS)		
Units issued / transferred in 49,235,471 units (2017: 487,157,781 units)	501,369	4,861,890
Units redeemed / transferred out Nil units (2017: 298,216,889 units)	-	3,080,172
* Badruddin Fakhri (Portfolio managed by the Management Company)		
Units issued / transferred in 837,424 units (2017 : Nil units)	8,700	-
Units redeemed / transferred out 837,424 units (2017: Nil units)	8,710	-
*Reliance Enterprises (COO Holding more than 10% in RE)		
Units issued / transferred in 1,061,394 units (2017 : Nil units)	11,000	-
*IGI Life Insurance Limited -Related Party (Portfolio managed by the Management Company)		
Units issued / transferred in 399,724 units (2017 : Nil units)	4,124	-
Units redeemed / transferred out 243,681 units (2017: Nil units)	2,524	-
Humayun Bashir (Director of the Management Company)		
Dividend re-invest 135 units (2017: Nil units)	1	-
Units issued / transferred in 11,166,022 units (2017: 794,238 units)	114,148	8,023
Units redeemed / transferred out 11,574,856 units (2017: 385,538 units)	118,426	4,025
Nausherwan Adil (Director of the Management Company)		
Dividend re-invest Nil units (2017: 8,598 units)	-	85
* Service Sales Corporation Provident Fund Trust - (Portfolio managed by the Management Company)		
Dividend re-invest 3,412 units (2017: Nil units)	34	-
Units issued / transferred in 20,926,208 units (2017 : Nil units)	208,147	-
Units redeemed / transferred out 20,929,620 units (2017: Nil units)	210,028	-
Pakistan Centre For Philanthropy (Portfolio managed by the Management Company)		
Units issued / transferred in 70,000 units (2017: 518,562 units)	700	5,105
Units redeemed / transferred out 70,000 units (2017: 518,562 units)	716	5,105

NAFA MONEY MARKET FUND

	2018	2017
	----- Rupees in '000 -----	
Chief Executive Officer of the Management Company		
Units redeemed / transferred out 199,698 units (2017: Nil units)	2,000	-
Units redeemed / transferred out 145,757 units (2017: Nil units)	1,504	-
Chief Operating Officer and Company Secretary of the Management Company		
Units issued / transferred in 102,420 units (2017: 112,507 units)	1,026	1,167
Units redeemed / transferred out 102,420 units (2017: 255,777 units)	1,039	1,114
Chief Financial Officer of the Management		
Units issued / transferred in Nil units (2017: 100,177 units)	-	1,000
Units redeemed / transferred out Nil units (2017: 100,177 units)	-	1,004
Employees of the Management Company		
Dividend re-invest 2,070 units (2017: Nil units)	21	-
Units issued / transferred in 5,222,539 units (2017: 7,353,691 units)	53,005	74,690
Units redeemed / transferred out 4,592,750 units (2017: 4,673,700 units)	46,574	48,597
**Byco Oil Pakistan Limited Employees' Provident Fund		
(Portfolio managed by the Management Company)		
Units issued / transferred in Nil units (2017: 270,038 units)	-	2,708
Units redeemed / transferred out Nil units (2017: 411,650 units)	-	4,196
*Interloop Limited		
(Unit holder of 10% or more of units of the CIS)		
Units issued / transferred in 390,554,424 units (2017: Nil units)	4,000,000	-
Units redeemed / transferred out 100,194,377 units (2017: Nil units)	1,001,042	-
Byco Petroleum Pakistan Limited Employees' Provident Fund		
(Portfolio managed by the Management Company)		
Dividend re-invest 1,095 units (2017: Nil units)	11	-
Units issued / transferred in units (2017: 5,384,918 units)	-	53,401
Units redeemed / transferred out 1,994,738 units (2017: 3,842,669 units)	19,968	38,809
**Pakistan Cables Management Staff Pension Fund		
(Common Directorship with the Management Company)		
Units issued / transferred in Nil units (2017: 3,620,647 units)	-	35,643
Units redeemed / transferred out Nil units (2017: 3,620,647 units)	-	35,647
*Pakistan Mobile Communications Limited		
(Unit holder of 10% or more of units of the CIS)		
Units issued / transferred in 418,110,574 units (2017: Nil units)	4,300,000	-
Units redeemed / transferred out 99,549,012 units (2017: Nil units)	1,035,250	-
Pakistan Mobile Communications Limited Provident Fund		
(Portfolio managed by the Management Company)		
Units issued / transferred in 227,458 units (2017: 256,597 units)	2,322	2,588
Units redeemed / transferred out 214,492 units (2017: Nil units)	2,171	-

NAFA MONEY MARKET FUND

	2018	2017
	----- Rupees in '000 -----	
Gul Ahmed Textile Mills Limited Employee Provident Fund Trust		
(Portfolio managed by the Management Company)		
Units issued / transferred in 828,703 units (2017: 757,7540 units)	8,605	74,615
Units redeemed / transferred out 8,406,243 units (2017: Nil units)	86,215	-
Management Association of Pakistan		
(Common Directorship with the Management Company)		
Dividend re-invest 241 units (2017: Nil units)	2	-
Units issued / transferred in 527,671 units (2017: 591,379 units)	5,323	5,891
Units redeemed / transferred out 400,585 units (2017: 606,938 units)	4,040	6,203
Telenor Pakistan (Private) Limited Employees' Provident Fund (Islamic)		
(Portfolio managed by the Management Company)		
Units issued / transferred in 3,114 units (2017: 6,522,038 units)	31	66,500
Units redeemed / transferred out Nil units (2017: 6,522,038 units)	-	66,625
Telenor Pakistan (Private) Limited Employees' Provident Fund (Conventional)		
(Portfolio managed by the Management Company)		
Units issued / transferred in 664,660 units (2017: 13,775,034 units)	6,866	135,606
Units redeemed / transferred out 406,007 units (2017: 13,775,034 units)	4,217	135,621
** Current year transactions with these parties have not been disclosed as they did not remain connected persons and related parties during the year.		
* Comparative transactions with these parties have not been disclosed as these parties were not related parties in last year.		

	2018	2017
	-----Rupees in '000-----	
21.6 Balances outstanding as at are as follows		
NBP Fund Management Limited - Management Company		
Remuneration of the Management Company	11,953	6,326
Sindh Sales Tax on remuneration of the Management Company	1,554	822
Operational expenses	11,958	11,498
Sales load	683	343
Sindh Sales Tax and Federal Excise Duty on sales load	365	321
Investment held in the Fund: 16,286,931 units (2017: Nil units)	169,466	-
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	1,519	918
Sindh Sales Tax on remuneration of the Trustee	197	119
Security deposit	100	100
National Bank of Pakistan (Parent of the Management Company)		
Bank balances		
- in savings account	4,043	3,812
- in current account	165	165
Accrued markup	47	47

NAFA MONEY MARKET FUND

	2018	2017
	----- Rupees in '000 -----	
Summit Bank Limited (Common Directorship with the Management Company)		
Bank balance in current account	18,800	15,383
Askari Bank Limited (Common Directorship with the Management Company)		
Bank balance in savings account	1,623	4,602
Accrued markup	15	20
Employees of the Management Company		
Investment held in the Fund: 3,542,032 units (2017: 2,910,174 units)	36,855	28,690
Humayun Bashir (Director of the Management Company)		
Investment held in the Fund: Nil units (2017: 408,699 units)	-	4,029
Nausherwan Adil (Director of the Management Company)		
Investment held in the Fund: Nil units (2017: 163,734 units)	-	1,614
National Fullerton Asset Management Employee Provident Fund (Provident Fund of the parent of the Management Company)		
Investment held in the Fund: 794,320 units (2017: 628,036 units)	8,265	6,191
** Thal Limited (Portfolio managed by the Management Company)		
Investment held in the Fund: Nil units (2017: 89,189,188 units)	-	879,272
Management Association of Pakistan (Common Directorship with the Management Company)		
Investment held in the Fund: 454,877 units (2017: 327,548 units)	4,733	3,229
Honda Atlas Cars (Pakistan) Limited (Unit holder of 10% or more of units of the CIS)		
Investment held in the Fund: 299,306,409 units (2017: 250,070,937 units)	3,114,283	2,465,324
** Liberty Mills Limited (Unit holder of 10% or more of units of the CIS)		
Investment held in the Fund: Nil units (2017: 224,327,443 units)	-	2,211,532
Chief Executive Officer of the Management Company		
Investment held in the Fund: 53,942 units (2017: Nil units)	561	-
* Service Provident Fund Trust (Portfolio managed by the Management Company)		
Investment held in the Fund: 1,105,833 units (2017: Nil units)	11,506	-
* Telenor Pakistan (Private) Limited Employees' Provident Fund (Islamic) (Portfolio managed by the Management Company)		
Investment held in the Fund: 3,114 units (2017: Nil units)	32	-

NAFA MONEY MARKET FUND

	2018	2017
	----- Rupees in '000 -----	
* Telenor Pakistan (Private) Limited Employees' Provident Fund (Conventional) (Portfolio managed by the Management Company)		
Investment held in the Fund: 258,653 units (2017: Nil units)	2,691	-
* IGI Life Insurance Limited (Portfolio managed by the Management Company)		
Investment held in the Fund: 156,042 units (2017: Nil units)	1,624	-
* Reliance Enterprises (COO Holding more than 10% in RE)		
Investment held in the Fund: 1,061,394 units (2017: Nil units)	11,044	-
** Byco Petroleum Pakistan Limited Employees' Provident Fund (Portfolio managed by the Management Company)		
Investment held in the Fund: Nil units (2017: 1,993,643 units)	-	19,654
Pakistan Mobile Communications Limited Provident Fund (Portfolio managed by the Management Company)		
Investment held in the Fund: 269,545 units (2017: 256,579 units)	2,805	2,529
Gul Ahmed Textile Mills Limited Employee Provident Fund Trust (Portfolio managed by the Management Company)		
Investment held in the Fund: Nil units (2017: 7,577,540 units)	-	74,703
*Interloop Limited (Unit holder of 10% or more of units of the CIS)		
Investment held in the Fund: 290,360,046 units (2017: Nil units)	3,021,196	-
Pakistan Mobile Communications Limited (Unit holder of 10% or more of units of the CIS)		
Investment held in the Fund: 318,561,562 units (2017: Nil units)	3,314,633	-
Amount receivable against issue of units from:		
NAFA Stock Fund	-	1,896
Amount payable against issue of units to:		
NAFA Islamic Asset Allocation Fund	-	4,345
NAFA Stock Fund	-	30
** Current balances with these parties have not been disclosed as they did not remain connected persons and related parties as at year end.		
* Comparative balances with these parties have not been disclosed as these parties were not related parties in last year.		

22. PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

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

NAFA MONEY MARKET FUND

22.1 Mr. Muhammad Ali Bhabha is the manager of the Fund. Other Funds being managed by the Fund manager are as follows:

- NAFA Financial Sector Income Fund
- NAFA Government Securities Liquid Fund
- NAFA Income Fund
- NAFA Savings Plus Fund
- NAFA Government Securities Savings Fund
- NAFA Riba Free Savings Fund
- NAFA Income Opportunity Fund
- NAFA Islamic Income Fund
- NAFA Active Allocation Riba Free Savings Fund
- NAFA Islamic Money Market Fund

23. TRANSACTIONS WITH BROKERS / DEALERS

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

S.No.	Particulars	Percentage
1	Bright Capital (Private) Limited	49.44%
2	Icon securities (Private) Limited	38.20%
3	Magenta Capital (Private) Limited	7.64%
4	Next Capital Limited	2.87%
5	Invest Capital Markets Limited	1.85%

There has been no transaction with brokers during the year ended June 30, 2017, accordingly there has been no brokerage expenses for the year ended June 30, 2017.

24. PATTERN OF UNIT HOLDING

Category	As at June 30, 2018		
	Number of unit holders	Net asset value of the amount invested	Percentage of total investment
(Rupees in '000)			
Individuals	1,501	1,478,680	6.37%
Associated Companies and directors	3	178,292	0.77%
Insurance companies	10	178,413	0.77%
Retirement funds	85	2,680,817	11.56%
Public limited companies	7	6,230,982	26.87%
Others	98	12,445,210	53.66%
	1,704	23,192,394	100%

Category	As at June 30, 2017		
	Number of unit holders	Net asset value of the amount invested	Percentage of total investment
(Rupees in '000)			
Individuals	837	999,142	6.73%
Associated Companies and directors	3	11,835	0.08%
Insurance companies	9	373,419	2.52%
Retirement funds	65	2,718,829	18.31%
Public limited companies	7	4,042,416	27.23%
Others	53	6,699,817	45.13%
	974	14,845,458	100%

NAFA MONEY MARKET FUND

25. ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

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

Name of the Director	Number of meetings			Meetings not attended
	Held	Attended	Leave granted	
Mr. Mudassir H. Khan [note 25.1]	4	4	-	-
Mr. Tariq Jamali [note 25.1]	4	3	1	67th Meeting
Mr. Abdul Hadi Palekar	4	4	-	-
Mr. Lui Mang Yin (Martin Lui) [note 25.2]	2*	2	-	-
Mr. FOO Chiah Shiung (Kelvin Foo)	4	3	1	65th Meeting
Mr. Kamal Amir Chinoy	4	4	-	-
Mr. Shehryar Faruque	4	4	-	-
Mr. Humayun Bashir	4	4	-	-
Mr. Wajahat Rasul Khan [note 25.3]	-*	-	-	-
Dr. Amjad Waheed	4	4	-	-

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

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

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

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

26. FINANCIAL INSTRUMENTS BY CATEGORY

	As at June 30, 2018		
	Loans and receivables	At fair value through profit or loss - held for trading	Total
-----Rupees in '000-----			
Financial Assets			
Bank balances	23,350,772	-	23,350,772
Investments	-	-	-
Mark-up accrued	10,717	-	10,717
Receivable against transfer of units	-	-	-
Deposits	100	-	100
	23,361,589	-	23,361,589
-----Rupees in '000-----			
	As at June 30, 2018		
	At fair value through profit or loss	At amortized cost	Total
-----Rupees in '000-----			
Financial Liabilities			
Payable to the Management Company	-	26,513	26,513
Payable to the Trustee	-	1,716	1,716
Payable against redemption of units	-	260	260
Accrued expenses and other liabilities	-	47,155	47,155
Net assets attributable to redeemable units	-	23,192,394	23,192,394
	-	23,268,038	23,268,038

NAFA MONEY MARKET FUND

As at June 30, 2017

Loans and receivables	At fair value through profit or loss - held for trading	Total
-----Rupees in '000-----		

Financial Assets

Bank balances	13,618,825	-	13,618,825
Investments	1,400,000	-	1,400,000
Mark-up accrued	1,716	-	1,716
Receivable against transfer of units	1,896	-	1,896
Deposits	100	-	100
	15,022,537	-	15,022,537

As at June 30, 2017

At fair value through profit or loss	At amortized cost	Total
-----Rupees in '000-----		

Financial Liabilities

Payable to the Management Company	-	19,310	19,310
Payable to the Trustee	-	1,037	1,037
Payable against redemption of units	-	4,695	4,695
Accrued expenses and other liabilities	-	47,016	47,016
Net assets attributable to redeemable units	-	14,845,458	14,845,458
	-	14,917,516	14,917,516

27. FINANCIAL RISK MANAGEMENT

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

27.1. Market risk

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

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

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

27.1.1. Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund, at present is not exposed to currency risk as all transactions are carried out in Pak Rupees.

27.1.2. Interest rate risk

Yield / interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund is mainly exposed to interest rate risk on balances held with banks in savings account.

- Sensitivity analysis for variable rate instruments

Presently, the Fund does not hold any variable rate instrument and is not exposed to cash flow interest rate risk except for balances in certain saving accounts. In case of 100 basis points increase / decrease in KIBOR and bank profit rates with all other variables held constant, the net assets of the Fund would have been higher / lower by approximately Rs. 233.31 million (2017: Rs. 136.03 million).

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

NAFA MONEY MARKET FUND

- Sensitivity analysis for fixed rate instruments

Presently, the fund does not hold any fixed rate instrument that has been designated at fair value through profit and loss. Therefore, a change in interest rate as at June 30, 2018, would not have any affect on the income statement.

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

As at June 30, 2018					
Yield / Interest rate	Total	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk
		Upto three months	More than three months and upto one year	More than one year	

On-balance sheet financial instruments % ----- Rupees in '000 -----

Financial assets

Bank balances	3.75 - 7.5	23,350,772	23,331,728	-	-	19,044
Mark-up accrued		10,717	-	-	-	10,717
Deposits		100	-	-	-	100
		23,361,589	23,331,728	-	-	29,861

Financial liabilities

Payable to the Management Company		26,513	-	-	-	26,513
Payable to the Trustee		1,716	-	-	-	1,716
Payable against redemption of units		260	-	-	-	260
Accrued expenses and other liabilities		33,644	-	-	-	33,644
Net assets attributable to redeemable units		23,192,394	-	-	-	23,192,394
		23,254,527	-	-	-	23,254,527

On-balance sheet gap 107,062 23,331,728 - - (23,224,666)

Off-balance sheet financial instruments - - - - -

Off-balance sheet gap - - - - -

As at June 30, 2017					
Yield / Interest rate	Total	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk
		Upto three months	More than three months and upto one year	More than one year	

On-balance sheet financial instruments % ----- Rupees in '000 -----

Financial assets

Bank balances	3.75-7.43	13,618,825	13,603,277	-	-	15,548
Investments	6.25	1,400,000	1,400,000	-	-	-
Mark-up accrued		1,716	-	-	-	1,716
Receivable against transfer of units		1,896	-	-	-	1,896
Deposits		100	-	-	-	100
		15,022,537	15,003,277	-	-	19,260

Financial liabilities

Payable to the Management Company		19,310	-	-	-	19,310
Payable to the Trustee		1,037	-	-	-	1,037
Payable against redemption of units		4,695	-	-	-	4,695
Accrued expenses and other liabilities		47,016	-	-	-	47,016
Net assets attributable to redeemable units		14,845,458	-	-	-	14,845,458
		14,917,516	-	-	-	14,917,516

On-balance sheet gap 105,021 15,003,277 - - (14,898,256)

Off-balance sheet financial instruments - - - - -

Off-balance sheet gap - - - - -

NAFA MONEY MARKET FUND

27.1.3. Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all instruments traded in the market. Presently, the Fund is not exposed to any price risk.

27.2. Credit risk

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to bank balances, receivable against transfer of units, mark-up accrued and deposits and prepayments. The credit risk of the Fund is limited as the investments are made and balances are maintained with counter parties that have reasonably high credit ratings. The Fund does not expect to incur material credit losses on its financial assets.

The Fund's significant credit risk arises mainly on account of its placement with banks. The credit rating profile of balances with banks is as follow:

Bank balances by rating category	June 30, 2018
AAA	77.33%
AA+	22.57%
AA	0.00%
AA-	0.01%
A	0.00%
A-	0.08%

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

	June 30, 2018		June 30, 2017	
	Amount of financial assets	Maximum exposure	Amount of financial assets	Maximum exposure
	----- Rupees in '000 -----			
Bank balances	23,350,772	23,350,772	13,618,825	13,618,825
Investment	-	-	1,400,000	1,400,000
Receivable against transfer of units	-	-	1,896	1,896
Mark-up accrued	10,717	10,717	1,716	1,716
Deposits	100	100	100	100

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure.

The Fund's major asset balances (99.28%) are held with three banks. The management believes that these are credit-worthy counterparties.

27.3. Liquidity risk

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

The Fund is exposed to daily cash redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

For the purpose of making redemptions, the Fund has the ability to borrow in the short term. However, such need did not arise during the year. The maximum amount available to the Fund from the borrowing would be limited to 15% of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates.

NAFA MONEY MARKET FUND

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of 10% 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 10% of the units then in issue. The Fund did not withhold any significant redemptions during the year.

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

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

Financial liabilities

Payable to the Management Company	26,513	26,513	-	-
Payable to the Trustee	1,716	1,716	-	-
Payable against redemption of units	260	260	-	-
Accrued expenses and other liabilities	33,644	33,644	-	-
Net assets attributable to redeemable units	23,192,394	23,192,394	-	-
	23,254,527	23,254,527	-	-

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

Financial liabilities

Payable to the Management Company	19,310	19,310	-	-
Payable to the Trustee	1,037	1,037	-	-
Payable against redemption of units	4,695	4,695	-	-
Accrued expenses and other liabilities	47,016	47,016	-	-
Net assets attributable to redeemable units	14,845,458	14,845,458	-	-
	14,917,516	14,917,516	-	-

28. UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to distributions and to payment of a proportionate share, based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown in the statement of movement in unit holders' fund.

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

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

In accordance with the risk management policies stated in note 27, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption requests which would be augmented by short-term borrowings or disposal of investments where necessary.

NAFA MONEY MARKET FUND

29. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Fair value hierarchy

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2:** Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- **Level 3:** Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

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

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

30. NON ADJUSTING EVENT AFTER JUNE 30, 2018

The Management Company on July 4, 2018 has declared a cash distribution of Rs. 0.5531 per unit. The Financial statements of the Fund for the year ended June 30, 2018 do not include the effect of the final distribution which will be accounted for in the financial statements for the Fund for the year ending June 30, 2019.

31. 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.

32. GENERAL

- 32.1** Figures have been rounded off to the nearest thousand rupees.
- 32.2** Corresponding figures have been rearranged or reclassified, where necessary, for the purposes of better presentation. No significant rearrangement or reclassification was made in these financial statements during the current year

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA MONEY MARKET FUND

NAFA MONEY MARKET FUND
Performance Table

Particulars	For the year ended June 30, 2018	For the year ended June 30, 2017	For the year ended June 30, 2016	For the year ended June 30, 2015	For the year ended June 30, 2014	For the year ended June 30, 2013
	(Rs. In '000')	(Rs. In '000')	(Rs. In '000')	(Rs. In '000')	(Rs. In '000')	(Rs. In '000')
Net assets at the year / period ended (Rs. '000')	23,192,394	14,845,458	7,109,729	2,958,693	11,911,375	15,677,342
Net Income at the year / period ended (Rs. '000')	1,247,527	208,404	45,907	106,654	921,869	2,013,591
Net Asset Value per unit at the year / period ended (Rs.)	10.4050	9.8585	9.8377	10.3953	10.0132	10.0188
Offer price per unit	10.4638	9.9142	9.8996	10.4646	10.0806	10.0689
Redemption price per unit	10.4050	9.8585	9.8346	10.3953	10.0132	10.0188
Ex - Highest offer price per unit (Rs.)	10.4638	10.5062	9.8996	9.8921	10.0139	10.0689
Ex - Lowest offer price per unit (Rs.)	9.9084	9.8985	9.3150	9.0848	9.2576	9.2251
Ex - Highest redemption price per unit (Rs.)	10.4050	9.8985	9.8346	9.8265	10.0132	10.0188
Ex - Lowest redemption price per unit (Rs.)	9.8528	9.2482	9.2500	9.0246	9.2570	9.1792
Fiscal Year Opening Ex Nav	9.8513	9.2513	9.2466	9.0224	9.2537	9.1767
Total return of the fund	5.62%	6.56%	8.30%	8.91%	8.21%	9.18%
Capital growth	0.01%	-0.14%	1.99%	-3.06%	-0.41%	-0.39%
Income distribution as a % of ex nav	5.61%	6.70%	6.31%	11.97%	8.61%	9.57%
Income distribution as a % of par value	5.53%	6.20%	5.83%	10.80%	7.97%	8.78%
Distribution						
Interim distribution per unit	0.5531	0.6201	0.5801	0.5087	0.7972	0.8780
Final distribution per unit	-	0.0073	0.0031	0.5711	-	-
Distribution dates						
Interim	-	-	-	-	29-Jul-13	30-Jul-12
Interim	-	-	-	-	28-Aug-13	28-Aug-12
Interim	-	-	-	-	26-Sep-13	28-Sep-12
Interim	-	-	-	-	28-Oct-13	30-Oct-12
Interim	-	-	-	-	27-Nov-13	28-Nov-12
Interim	-	-	-	-	26-Dec-13	28-Dec-12
Interim	-	-	-	-	29-Jan-14	29-Jan-13
Interim	-	-	-	-	28-Feb-14	27-Feb-13
Interim	-	-	-	-	28-Mar-14	28-Mar-13
Interim	-	-	-	-	29-Apr-14	29-Apr-13
Interim	-	-	-	-	28-May-14	29-May-13
Interim	4-Jul-18	19-Jun-17	29-Jun-16	30-Jun-15	26-Jun-14	28-Jun-13
Final	-	15-Sep-17	23-Sep-16	14-Jul-15		
Average annual return of the Fund (launch date February 24' 2012)						
(Since inception to June 30, 2018)	7.63%					
(Since inception to June 30, 2017)		8.01%				
(Since inception to June 30, 2016)			8.30%			
(Since inception to June 30, 2015)				9.00%		
(Since inception to June 30, 2014)					8.98%	
(Since inception to June 30, 2013)						9.55%
(Since inception to June 30, 2012)						
Weighted average portfolio duration	1 Days	1 Days	1 Days	13 Days	20 Days	14 Days








"Past performance is not necessarily indicative of future performance and that unit prices and investment return returns may go down, as well as up."



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