



NBP FUNDS

Managing Your Savings

AM1

Rated by PACRA

NAFA MULTI ASSET 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 MULTI ASSET FUND

FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of the Management Company

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

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

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

Human Resource and Remuneration Committee

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

Strategy & Business Planning Committee

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

Trustee

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

Bankers to the Fund

Allied Bank Limited
Askari Bank Limited
Summit Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
National Bank of Pakistan
Silk Bank Limited
Soneri Bank Limited
The Bank of Punjab
United Bank Limited
Sindh Bank Limited
Zarai Taraqiati Bank Limited
JS Bank Limited
Bankislami Pakistan Limited
Meezan Bank Limited

NAFA MULTI ASSET FUND

Auditors

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

Legal Advisor

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

Head Office:

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

Lahore Office:

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

Islamabad Office:

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

Peshawar Office:

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

Multan Office:

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

NAFA MULTI ASSET FUND

Contents

DIRECTORS' REPORT	05
TRUSTEE REPORT TO THE UNIT HOLDERS	10
FUND MANAGER REPORT	11
INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS	14
STATEMENT OF ASSETS AND LIABILITIES	17
INCOME STATEMENT	18
STATEMENT OF COMPREHENSIVE INCOME	19
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND	20
CASH FLOW STATEMENT	21
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS	22
PERFORMANCE TABLE	53
PROXY ISSUED BY THE FUND	54

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 MULTI ASSET FUND

DIRECTORS' REPORT

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

Fund's Performance

The size of the NAFA Multi Asset Fund has decreased from 1,847 million on June 30, 2017 to Rs. 1,654 million on June 30, 2018. During the year, the unit price of NAFA Multi Asset Fund has decreased from Rs. 19.1899 (Ex-Div) on June 30, 2017 to Rs. 18.0084 on June 30, 2018. During the fiscal year, NAFA Multi Asset Fund decreased by 6.16% versus 2.82% decline in the benchmark. Thus, the Fund underperformed the benchmark by 3.34% during the year. The drag on the Fund performance was lagged performance of its key holdings belonging to some cyclical sectors, which were indiscriminately sold-off during the risk-off period under review. We expect these stocks to regain the lost ground with the improvement of market sentiments in the due course of time given their undemanding valuations. Since its launch (January 22, 2007), the Fund has risen by 376.62%, versus the benchmark return of 157.99%, thus to date outperformance is 218.63%. This outperformance is net of management fee and all other expenses.

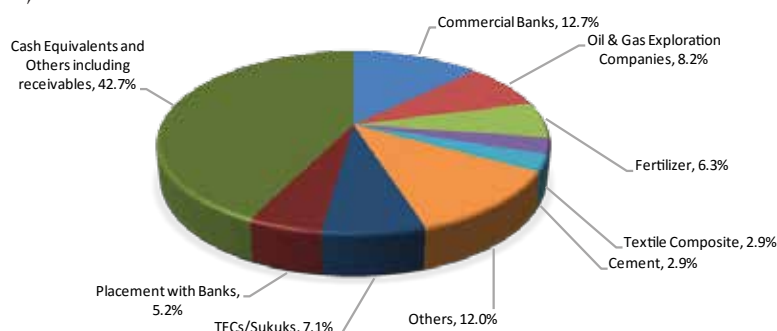
FY2017-18 proved a challenging year for the stock market as the benchmark KSE-100 Index dropped by 10%. It was the first negative return for equity investors after eight years. A host of factors can be attributed to this lackluster performance of the stock market. Contrary to the market expectations,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

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

The trading activity in TFCs/Sukuks improved but remained skewed towards high quality debt issues with cumulative traded value of Rs. 20.8 billion in FY18 compared to Rs. 9.1 billion during the previous year. The trades were mainly concentrated in the banking sector debt securities with 66% contribution.

During FY 2018, State Bank of Pakistan (SBP) held six (06) bi-monthly monetary policy reviews. During the first half of FY18, the SBP maintained the policy rate at 5.75% owing to strong likelihood of continued growth momentum; contained inflation; and anticipation of gain in exports due to improvement in domestic energy supplies and incentives given to exports industry. However, in the latter half, the SBP cumulatively increased the policy rate by 75 basis points to 6.5% in response to growing pressures on the external front driven by ballooning Current Account Deficit (CAD), preempt overheating of the economy, and rein in inflationary pressures. Sovereign yields responded to increase in the policy rate whereby 3-month, 6-month, and 12-month T-Bills yields went up by 79 bps, 90 bps, and 116 bps, respectively.

NAFA Multi Asset Fund has incurred a total loss of Rs.71.25 million during the year. After deducting total expenses of Rs.47.72 million, the net loss is Rs.118.97 million. The asset allocation of NAFA Multi Asset Fund as on June 30, 2018 is as follows:



NAFA MULTI ASSET FUND

Income Distribution

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

Taxation

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

Auditors

The present auditors, Messrs KPMG Taseer Hadi & 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:

NAFA MULTI ASSET FUND

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

Acknowledgement

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

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

On behalf of the Board of
NBP Fund Management Limited

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

Director

NAFA MULTI ASSET FUND

ڈائریکٹرز رپورٹ

NBP فنڈ منیجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NAFA ملٹی ایسیٹ فنڈ (NMF) کی بارہویں سالانہ رپورٹ برائے سال ختمہ 30 جون 2018ء پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔
فنڈ کی کارکردگی

NAFA ملٹی ایسیٹ فنڈ (NMF) کا سائز 30 جون 2017 کو 1,847 ملین روپے سے کم ہو کر 30 جون 2018 کو 1,654 ملین روپے ہو گیا ہے۔ اس سال کے دوران NAFA ملٹی ایسیٹ فنڈ (NMF) کے یونٹ کی قیمت 30 جون 2017 کو 19.1899 روپے (Ex-Div) سے کم ہو کر 30 جون 2018 کو 18.0084 روپے ہو چکی ہے۔ مالی سال کے دوران NAFA ملٹی ایسیٹ فنڈ (NMF) نے اپنے بنچ مارک کی 2.82% کے مقابلے میں 6.16% کی آئی، اس طرح فنڈ نے سال کے دوران 3.34% کی ایٹر کارکردگی کا مظاہرہ کیا۔ فنڈ کی کارکردگی میں کمی کا سبب بعض گردش شعبہ جات کے ساتھ وابستہ اس کے بنیادی ہولڈنگز کی کمزور کارکردگی تھی جو زیر جائزہ مدت میں بلا تخصیص فروخت کر دیئے گئے۔ ہمیں امید ہے کہ ان کی غیر مطلوبہ اقدار کے کچھ عرصہ بعد مارکیٹ کی صورتحال بہتر ہوتے ہی ان حصص کی کھوئی ہوئی حیثیت بحال ہو جائے گی۔ اپنے قیام (22 جنوری 2007) سے اب تک فنڈ اپنے بنچ مارک منافع 157.99% کے مقابلے میں بڑھ کر 376.62% ہو گیا، لہذا اب تک فنڈ نے 218.63% کی بہتر کارکردگی دکھائی۔ یہ کارکردگی منیجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

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

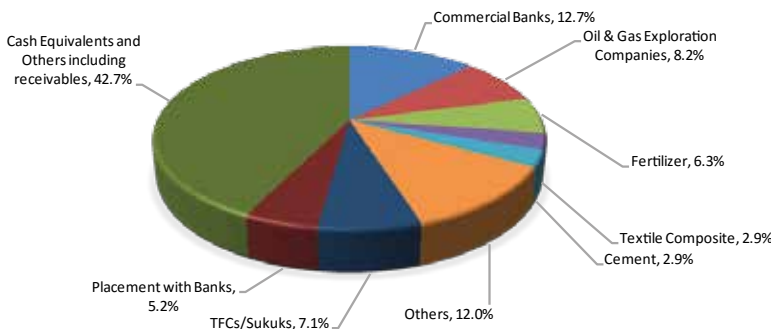
مالی سال 18 میں 18 شعبہ جاتی کارکردگی کے لحاظ سے مارکیٹ میں آئل اینڈ گیس ایکسپلوریشن، فریٹلائزر اور کمرشل بینک کے شعبہ جات کی کارکردگی بہت عمدہ رہی جب کہ سینٹ، ریفائنری، انجینئرنگ اور آٹوموبائل پارٹس اور ایئر سروس کے شعبہ بہت پیچھے رہے۔ غیر ملکی سرمایہ کار خالصتاً فروخت کنندہ رہے اور مذکورہ مدت میں 289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

TFCs/سلوک میں تجارتی سرگرمیوں میں بہتری آئی لیکن ان سرگرمیوں کی اعلیٰ کوالٹی اجراء کی کارروائیوں کی طرف جھکاؤ کے ساتھ مالی سال 18 میں تجارتی حجم 20.8 بلین روپے رہا جب کہ گزشتہ سال کے دوران یہ رقم 9.1 بلین روپے تھی۔ تجارت کی زیادہ توجہ بینکنگ کے شعبہ میں debt securities پر رہی اور اس کا حصہ 66% رہا۔

مالی سال 2018 کے دوران میں اسٹیٹ بینک آف پاکستان (ایس بی پی) نے مانیٹری پالیسی کے چھ (06) مرتبہ دوامی 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 پیس پوائنٹ کا اضافہ کر دیا اور پالیسی کی شرح 6.5% ہو گئی۔ پالیسی کی شرح میں اضافہ سے اچھے نتائج برآمد ہوئے اور 3 ماہ، 6 ماہ اور 12 ماہ T-Bills کے منافع بالترتیب 79 bps، 90 bps اور 116 bps سے بڑھ گئے۔

NAFA ملٹی ایسیٹ فنڈ (NMF) کو اس سال کے دوران 71.25 بلین روپے کی مجموعی نقصان ہوا۔ 47.72 بلین روپے کے اخراجات منہا کرنے کے بعد خالص نقصان 118.97 بلین روپے رہا۔

فنڈ کی ایسیٹ ایلوکیشن 30 جون 2018 کو بمطابق ذیل ہے:



NAFA MULTI ASSET FUND

آمدنی کی تقسیم

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

ٹیکسیشن

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

آڈیٹرز

موجودہ آڈیٹرز مینسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور اہل ہونے کی بناء پر انہوں نے خود کو 30 جون 2019 کو ختم ہونے والے سال میں دوبارہ تقرر کیلئے پیش کیا ہے۔

کوڈ آف کارپوریٹ گورننس کی پیروی میں ڈائریکٹرز اسٹیٹمنٹ

- 1- منجمنت کمپنی کی طرف سے تیار کردہ مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلووز اور یونٹ ہولڈرز فنڈ میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
- 2- فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
- 3- مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے۔ 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- انٹرئل کنٹرول کا نظام مستحکم اور موثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔
- 6- فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
- 7- لسٹنگ ریگولیشنز میں تفصیلاً درج کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔
- 8- پرفارمنس ٹیبل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہے۔
- 9- ٹیکسوں، ڈیویڈنڈ، محصولات اور چارجز کی مد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
- 10- اس مدت کے دوران منجمنت کمپنی کے بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 25 میں ظاہر کی گئی ہے۔
- 11- یونٹ ہولڈنگ کا تفصیلی پیرین 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 ماسٹارٹی انٹرسٹ نہیں رکھتی۔ 30 جون 2018 کو بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل ہیں۔

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

اعتراف

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

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

منجانب بورڈ آف ڈائریکٹرز

NBP فنڈ منجمنت لمیٹڈ

ڈائریکٹرز

چیف ایگزیکٹو

بتاریخ

05 ستمبر 2018ء

مقام: کراچی

NAFA MULTI ASSET 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 Multi Asset 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 MULTI ASSET FUND

FUND MANAGER REPORT

NAFA Multi Asset Fund (NMF) is an Open-ended Balanced Fund.

Investment Objective of the Fund

Objective of NMF is to provide investors with a combination of capital growth and income. NMF aims to achieve attractive returns at moderate levels of risk by investing in a variety of asset classes such as stocks, bonds, money market instruments, CFS etc.

Benchmark

Daily weighted return of KSE-30 Total Return Index & 6-month KIBOR based on Fund's actual allocation, effective from September 01, 2016. Previously 50% KSE-30 Total Return Index & 50% 3-Month KIBOR.

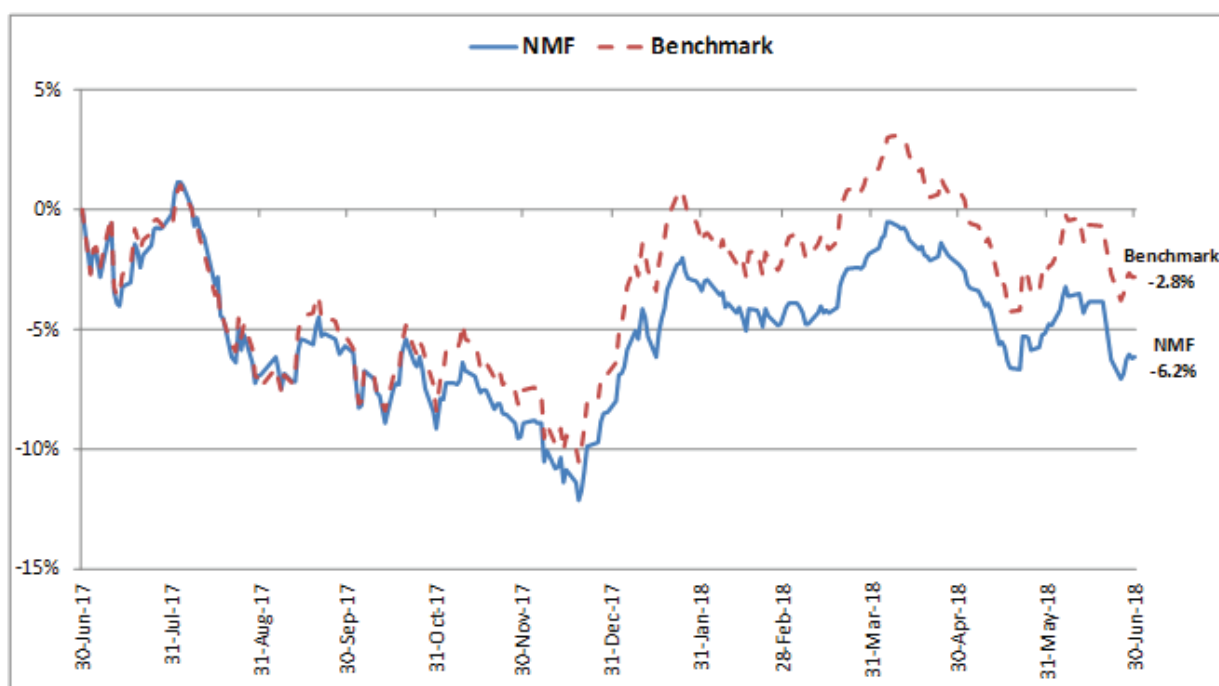
Fund Performance Review

This is the twelfth annual report of the Fund. During the fiscal year NAFA Multi Asset Fund decreased by 6.16% versus 2.82% decline in the benchmark. Thus, the Fund underperformed the benchmark by 3.34% during the year. Since its launch (January 22, 2007), the Fund has risen by 376.62%, versus the benchmark return of 157.99%, thus to date outperformance is 218.63%. This outperformance is net of management fee and all other expenses.

Thus, NMF has met its investment objective. During the year, the fund size of NMF decreased by 10% to Rs. 1,654 mn.

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

NMF Performance vs. Benchmark during FY18



NAFA MULTI ASSET FUND

At the start of the year, NMF was around 61.4% invested in equities. During the year, we altered the allocation of the Fund based on the expected performance of different asset classes. Towards the end of the year, the allocation in equities was around 45.0%.

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

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

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

During the period there has been no significant change in the state of affairs of the Fund, other than stated above. During the year there were no circumstances that materially affected any interests of the unit holders. The Fund does not have any soft commission arrangement with any broker in the industry.

Asset Allocation of the Fund (% of NAV)

Particulars	30-Jun-18	30-Jun-17
Equities / Stocks	45.00%	61.4%
TFCs / Sukuks	7.07%	2.2%
Placement with Banks	5.21%	-
Cash Equivalents	44.12%	39.4%
Other Net Liabilities	-1.40%	-3.0%
Total	100.0%	100.0%

NAFA MULTI ASSET FUND

Details of Non-Compliant Investments

Particulars	Type of Investment	Value of Investments before Provision	Provision held	Value of Investments after Provision	% of Net Assets	% of Gross Assets
Saudi Pak Leasing	TFC	27,547,410	27,547,410	-	-	-
Eden Housing (Sukuk II)	SUKUK	9,843,750	9,843,750	-	-	-
New Allied Electronics (Sukuk I)	SUKUK	10,000,000	10,000,000	-	-	-
Total		47,391,160	47,391,160	-	-	-

Distribution for the Financial Year 2018

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

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

Size of Unit Holding (Units) # of Unit Holders	# of Unit Holders
1-1000	121
1001-5000	133
5001-10000	69
10001-50000	130
50001-100000	40
100001-500000	41
500001-1000000	5
1000001-5000000	3
5000001-10000000	1
10000001-100000000	2
	545

During the period under question

During the period there has been no significant change in the state of affairs of the Fund, other than stated above. During the year there were no circumstances that materially affected any interests of the unit holders. The Fund does not have any soft commission arrangement with any broker in the industry.

Sindh Workers' Welfare Fund (SWWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs. 12.213 million. If the same were not made the NAV per unit/FY18 return of scheme would be higher by Rs. 0.1330. For details investors are advised to read note 12.1 of the Financial Statement of the Scheme for the year ended June 30, 2018.

NAFA MULTI ASSET FUND

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the NAFA Multi Asset Fund ("the Fund"), which comprise the statement of assets and liabilities as at 30 June 2018, income statement, statement of comprehensive income, cash flow statement and statement of movement in unit holders' fund for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 2018, and of its financial performance and its cash flows 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of the Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

S. #	Key audit matter	How the matter was addressed in our audit
1	Valuation of Investments	
	<p>Refer note 4.1 and 6 to the financial statements for accounting policies and details of investments.</p> <p>The Fund's investment portfolio includes listed equity securities of Rs. 744 million and unlisted debt securities of Rs.117 million classified as fair value through profit or loss at 30 June 2018.</p> <p>We identified the valuation of investments as key audit matter because of its significance in relation to the net asset value of the Fund.</p>	<p>Our audit procedures in respect of valuation of investments included the following:</p> <ul style="list-style-type: none">• obtaining an understanding of and testing the design and operating effectiveness of controls designed to ensure for the valuation of investments;• assessing on a sample basis whether investments were valued at fair value based on the quoted market price of the year end at the Pakistan Stock Exchange and Mutual Fund Association of Pakistan; and• assessing that the basis used by the management to determine impairment against debt securities have been as per the requirements of MUFAP and Securities and Exchange Commission of Pakistan circular No.33 of 2012.

NAFA MULTI ASSET FUND

Other Information

Management is responsible for the other information. The other information comprises the information included in the Fund's Annual Report for 2018, but does not include the financial statements and our auditors' report thereon.

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

Those charged with governance 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 auditors' 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 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, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

NAFA MULTI ASSET 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 auditors' 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 auditors' 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 those charged with governance 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 those charged with governance 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 those charged with governance, 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 auditors' 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 auditors' report is Muhammad Nadeem.

Date: 05 September 2018

Karachi

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

NAFA MULTI ASSET FUND

Statement of Assets and Liabilities As at 30 June 2018

	Note	2018 ------(Rupees in '000)-----	2017
Assets			
Bank balances	5	729,754	730,941
Investments	6	947,249	1,175,430
Dividend and profit receivables	7	6,007	2,967
Advance and deposits	8	3,732	3,732
Total assets		1,686,742	1,913,070
Liabilities			
Payable to NBP Fund Management Limited - Management Company	9	4,535	5,231
Payable to Central Depository Company of Pakistan Limited - Trustee	10	353	404
Payable to Securities and Exchange Commission of Pakistan	11	1,476	1,417
Dividend payable		-	28,244
Accrued expenses and other liabilities	12	26,354	30,660
Total liabilities		32,718	65,956
Net assets		1,654,024	1,847,114
Unit holders' fund (as per statement attached)		1,654,024	1,847,114
Contingency and commitment	13		
(Number of units)			
Number of units in issue	14	91,847,605	95,850,273
(Rupees)			
Net assets value per unit		18.0084	19.2708

The annexed notes 1 to 29 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA MULTI ASSET FUND

Income Statement For the year ended 30 June 2018

		2018	2017
		----- (Rupees in '000) -----	
	Note		
Income			
Income from Pakistan Investment Bonds		-	3,132
Income from term finance certificates and sukuku		9,291	8,122
Discount income on Treasury bills		4,193	-
Profit on bank deposits		35,084	28,144
(Loss) / gain on sale of investments - net		(84,713)	90,815
Dividend income		51,430	51,933
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.6	(86,533)	242,029
Total (loss) / income		(71,248)	424,175
Expenses			
Remuneration to NBP Fund Management Limited - Management Company	9.1	34,736	33,354
Sindh Sales Tax on remuneration to Management Company	9.2	4,516	4,336
Federal Excise Duty on remuneration to Management Company	12.2	-	-
Remuneration to Central Depository Company of Pakistan Limited - Trustee	10.1	2,737	2,668
Sindh Sales Tax on remuneration to Trustee	10.2	356	347
Annual fee - Securities and Exchange Commission of Pakistan	11	1,476	1,418
Allocation of expenses related to registrar services, accounting, operation and valuation services	9.3	1,737	1,668
Auditors' remuneration	15	609	531
Mutual fund rating fee		190	90
Annual listing fee		28	55
Settlement and bank charges		376	615
Securities transaction cost		820	661
Legal and professional charges		86	76
Printing charges		55	76
Total expenses		47,722	45,895
Net (loss) / income from operating activities		(118,970)	378,280
Element of income and capital gains included in prices of units issued less those in units redeemed - net		-	35,846
Reversal of provision for Workers' Welfare Fund		-	20,023
Provision for Sindh Workers' Welfare Fund	12.1	-	(12,213)
Net (loss) / income for the year before taxation		(118,970)	421,936
Taxation	16	-	-
Net (loss) / income for the year		(118,970)	421,936

The annexed notes 1 to 29 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA MULTI ASSET FUND

Statement of Comprehensive Income For the year ended 30 June 2018

	<i>Note</i>	2018 ----- (Rupees in '000) -----	2017
Net (loss) / income for the year		(118,970)	421,936
Other comprehensive income		-	-
Total comprehensive (loss) / income for the year		<u>(118,970)</u>	<u>421,936</u>

The annexed notes 1 to 29 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA MULTI ASSET FUND

Statement of Movement in Unit Holders' Fund For the year ended 30 June 2018

	2018			2017		
	Value	Undistributed income	Total	Value	Undistributed income	Total
	(Rupees in '000)					
Net assets at beginning of the year	1,077,061	770,053	1,847,114	906,022	421,820	1,327,842
Issue of 12,381,712 units (2017: 24,835,238 units)						
- Capital value	238,080	-	238,080			
- Element of loss	(8,618)	-	(8,618)			
Total proceeds on issuance of units	229,462	-	229,462	388,366	86,636	475,002
Redemption of 16,384,380 units (2017: 13,897,621 units)						
- Capital value	(314,739)	-	(314,739)			
- Element of income	18,659	-	18,659			
Total payments on redemption of units	(296,080)	-	(296,080)	(217,327)	(50,790)	(268,117)
Element of income and capital gains included in prices of units issued less those in units redeemed - net	-	-	-	-	(35,846)	(35,846)
Total comprehensive (loss) / income for the year	-	(118,970)	(118,970)	-	421,936	421,936
Interim Distribution for the year ended 30 June 2018:						
0.765% (Date of distribution: 15 September 2017) [2017:						
8.15% (Date of distribution: 21 June 2017)						
- Cash distribution	-	(7,502)	(7,502)	-	(73,703)	(73,703)
Net assets at end of the year	1,010,443	643,581	1,654,024	1,077,061	770,053	1,847,114
Undistributed income brought forward						
- Realised		528,024			357,355	
- Unrealised		242,029			64,465	
		770,053			421,820	
Accounting income available for distribution:						
- Relating to capital gains		-			-	
- Excluding capital gains		-			-	
		-			-	
Net (loss) / income for the year		(118,970)			421,936	
Interim Distribution for the year ended 30 June 2018:						
0.765% (Date of distribution: 15 September 2017) [2017:						
8.15% (Date of distribution: 21 June 2017)						
- Cash distribution		(7,502)			(73,703)	
Undistributed income carried forward		643,581			770,053	
Undistributed income carried forward						
- Realised		730,114			528,024	
- Unrealised		(86,533)			242,029	
		643,581			770,053	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the year		19.2708			15.6377	
Net assets value per unit at end of the year		18.0084			19.2708	

The annexed notes 1 to 29 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA MULTI ASSET FUND

Cash Flow Statement For the year ended 30 June 2018

	Note	2018	2017
		----- (Rupees in '000) -----	
CASH FLOWS FOR THE YEAR FROM OPERATING ACTIVITIES			
Net (loss) / income for the year		(118,970)	421,936
Adjustments:			
Net unrealised (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		86,533	(242,029)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net		-	(35,846)
		(32,437)	144,061
Decrease in assets			
Investments		141,648	111,918
Dividend and profit receivables		(3,040)	931
Advance and deposits		-	(738)
		138,608	112,111
(Decrease) in liabilities			
Payable to NBP Fund Management Limited - Management Company		(696)	1,605
Payable to Central Depository Company of Pakistan Limited - Trustee		(51)	124
Payable to Securities and Exchange Commission of Pakistan		59	168
Accrued expenses and other liabilities		(4,306)	(9,445)
		(4,994)	(7,548)
Net cash generated from operating activities		101,177	248,624
CASH FLOWS FROM FINANCING ACTIVITIES			
	18		
Amounts received against issuance of units		229,462	433,047
Payment against redemption of units		(296,080)	(268,128)
Distributions paid		(35,746)	(33,346)
Net cash (used in) / from financing activities		(102,364)	131,573
Net (decrease) / increase in cash and cash equivalents		(1,187)	380,197
Cash and cash equivalents at beginning of the year		730,941	350,744
Cash and cash equivalents at end of the year	5	729,754	730,941

The annexed notes 1 to 29 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA MULTI ASSET FUND

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

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** The NAFA Multi Asset Fund 'the Fund' was established under a Trust Deed executed between the NBP Fund Management Limited as Management Company and Central Depository Company of Pakistan Limited (CDC), as the Trustee. The Trust Deed was executed on 06 December 2006 and was authorised by the Securities and Exchange Commission of Pakistan (SECP) on 20 December 2006 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules).
- 1.2** 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 the SECP. The registered office of the Management Company is situated at 7th Floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi. The Management Company is also the member of the Mutual Funds Association of Pakistan (MUFAP).
- 1.3** The Fund is an open-ended mutual fund classified as a "balanced scheme" by the Management Company as per the criteria for categorization of open end collective investment scheme as specified by Securities and Exchange Commission of Pakistan (SECP) and other allied matters and is listed on the Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.4** The core objective of the Fund is to provide its investors with a combination of capital growth and income. The Fund aims to achieve attractive returns at moderate levels of risk by investing in a variety of asset classes such as stocks, bonds, money market instruments etc.
- 1.5** The Pakistan Credit Rating Agency (PACRA) has assigned an asset manager rating of 'AM1' to the Management Company, long term and short term performance ranking of '4 star' to the Fund.
- 1.6** Title of the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as Trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRS standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017 along with part and the requirements VIIIA of the repealed Companies Ordinance, 1984 and the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008, (the NBFC Regulations). 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 differ from the IFRS Standards, 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 have been followed.

NAFA MULTI ASSET FUND

2.2 Accounting convention

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

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgments

In preparing these financial statements, management has made judgement, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognized prospectively. Information about judgements made in applying accounting policies that have the most significant effects on the amount recognized in the financial statements to the carrying amount of the assets and liabilities and assumptions and estimation uncertainties that have a significant risk resulting in a material adjustment in the subsequent year relates to;

- Classification and valuation of investments (refer note 4.1 and note 6).
- Element of income (refer note 4)

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

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

- Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on the Fund's financial statements.
- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on the Fund's financial statements.

NAFA MULTI ASSET FUND

- Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on the Fund's financial statements.
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The application of interpretation is not likely to have an impact on the Fund's financial statements.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on the Fund's financial statements.
- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The Fund is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on adoption of the standard. The amendments are not likely to have an impact on the Fund's financial statements.
- IFRS 9 'Financial Instruments' and amendment - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The amendments are not likely to have an impact on the Fund's financial statements.

NAFA MULTI ASSET FUND

IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The amendments are not likely to have an impact on the Fund's financial statements.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect the funds that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the Fund's financial statements.
- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, the Fund now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on the Fund's financial statements
- Annual Improvements to IFRS Standards 2015-2017 Cycle - the improvements address amendments to following approved accounting standards:
 - IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. The Fund remeasures its previously held interest in a joint operation when it obtains control of the business. The Fund does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
 - IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
 - IAS 23 Borrowing Costs - the amendment clarifies that the Fund treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on the Fund's financial statements.

NAFA MULTI ASSET FUND

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

New, Amended and Revised Standards and Interpretations of IFRSs

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

Application of Companies Act, 2017

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

Element of income

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

Securities & Exchange Commission of Pakistan through its SRO 756(I)/2017 dated 03 August 2017 has made certain amendments in NBFCs and Notified Entities Regulations, 2008. The SRO changed the definition of accounting income in regulation (63) sub-regulation (I) which excludes the element of income from "accounting income". As per SRO, 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. It also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution.

The said SRO also deleted 'Distribution Statement' and requires additional disclosures with respect to "Income Statement" (relating to allocation of net income for the year) and "Statement of Movement in Unit Holders' Fund" and recording of element of income / loss included in price of unit issued or redeemed directly in Statement of movements in unit holders' fund instead of income statement.

"MUFAP, in consultation with the SECP, has specified methodology for determination of income paid on units redeemed (income already paid) during the year under which such income is paid on gross element received and is calculated from the latest date at which the Fund achieved net profitability during the year.

NAFA MULTI ASSET FUND

- 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 01 July 2017 as clarified by SECP vide its email dated 7 February 2018. Accordingly, corresponding figures have not been restated. Had the element of income been recognised as per the previous accounting policy, the loss of the Fund would have been lower by Rs. 10.041 million. However, the change in accounting policy does not have any impact on net asset value per unit.

4.1 Financial Assets

4.1.1 Classification

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

a) Loans and receivables

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

b) Financial assets 'at fair value through profit or loss'

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

c) Available for sale

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

4.1.2 Regular way contracts

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

4.1.3 Initial recognition and measurement

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

4.1.4 Subsequent measurement

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

NAFA MULTI ASSET FUND

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

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

b) **Basis of valuation of government securities**

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

c) **Basis of valuation of equity securities**

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

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

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

d) **Loans and receivables**

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

4.1.5 **Impairment of financial assets**

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

a) **Debt securities**

Provision for non-performing debt securities is made on the basis of time based criteria as prescribed under circular 33 of 2012 dated 24 October 2012 issued by SECP.

As allowed under circular no. 13 of 2009 dated 4 May 2009 and circular 33 of 2012 dated 24 October 2012 issued by SECP the management may also make provision against debt securities over and above the minimum provision requirement prescribed in the aforesaid circular, in accordance with a provisioning policy approved by the Board of Directors and disseminated by the Management Company on its website.

NAFA MULTI ASSET FUND

b) Equity Securities

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

c) Loans and receivables

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

4.1.6 Derecognition

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

4.1.7 Offsetting of financial assets and liabilities

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

4.2 Cash and cash equivalents

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

4.3 Securities purchased under repurchased agreement

Transactions of purchase under resale (reverse-repo) of marketable and government securities are entered into at contracted rates for specified periods of time. Securities purchased with a corresponding commitment to resell at a specified future date (reverse-repo) are not recognised in the statement of assets and liabilities. Amount paid under these agreements are included in receivable in respect of reverse repurchase transactions. The difference between purchase and resale price is treated as income from reverse repurchase transactions and accrued over the life of the reverse-repo transaction.

All reverse repo transactions are accounted for on the settlement date.

NAFA MULTI ASSET FUND

4.4 Derivatives

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

4.5 Financial liabilities

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

4.6 Provisions

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

4.7 Taxation

The income of the Fund is exempt from income tax as per clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed among the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account.

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.

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes. In addition, the Fund also records deferred tax asset on unutilised tax losses to the extent that it is no longer probable that the related tax benefit will be realised. However, the Fund has not recognised any amount in respect of taxation in these financial statements as the Fund distributes more than ninety percent of its accounting income for the current year and intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders every year.

4.8 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors / Management Company during business hours on that day. The offer price represents the net assets 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. The sales load if applicable, is payable to the investment facilitators, distributors and the Management Company.

NAFA MULTI ASSET FUND

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 assets 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.

4.9 Element of Income

Element of Income represents the difference between net assets value on the issuance or redemption date, as the case may be, of units and the Net asset Value (NAV) at the beginning of the relevant accounting period.

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 same ex-dividend net asset value of all units outstanding on accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units (refund of capital) in the same proportion as dividend bears to accounting income available for distribution. As per guideline provided by MUFAP (MUFAP Guidelines consented upon by SECP) the refund of capital is made in the form of additional units at zero price.

MUFAP, in consultation with the SECP, has specified methodology for determination of income paid on units redeemed (income already paid) during the year under which such income is paid on gross element received and is calculated from the latest date at which the Fund achieved net profitability during the year. The income already paid (Element of Income) on redemption of units during the year are taken separately in statement of movement in unitholders' fund.

4.10 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.

4.11 Net assets value per unit

The net asset value per unit as disclosed on the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

4.12 Revenue recognition

- Realised gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Unrealised appreciation / (diminution) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are included in the income statement in the period in which they arise.
- Unrealised appreciation / (diminution) arising on re-measurement of investments classified as 'available for sale' investments are included in the statement of comprehensive income in the period in which they arise.
- Discount on purchase of Market Treasury Bills is amortised to income statement using the straight line method.

NAFA MULTI ASSET FUND

- Profit on bank deposits, term deposit receipts, mark-up / return on investments in debt securities and income from government securities is recognised using the effective yield method.
- Dividend income is recognised when the right to receive the same is established i.e. on the date of book closure of the investee company / institution declaring the dividend.

4.13 Distributions

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared. Based on MUFAP's guidelines (duly consented upon by SECP) distributions for the year is deemed to comprise of the portion of amount of income already paid on units redeemed and the amount of cash distribution for the year.

The distribution per unit is announced based on units that were held for the entire period. The rate of distribution is adjusted with effect of refund of capital if any based on the period of investment made during the year. Resultantly, the rate of distribution per unit may vary depending on the period of investment.

5	BANK BALANCES		2018	2017
			(Rupees in '000)	
	In current accounts		5,989	7,281
	In savings accounts	5.1	723,765	723,660
			729,754	730,941

5.1 These carry a rate of return ranging from 3.75% to 7.50% (2017: 3.75% to 6.5%) per annum.

5.2 These have been adjusted with cheques of Nil (2017: Rs. 33.81 million) issued on account of redemption of units and cheques of Rs. 12 million (2017: 5.36 million) received on account of issuance of units at close of financial period which have cleared subsequent to period end.

6 INVESTMENTS

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

- Listed equity securities	6.1	744,286	1,134,395
- Term finance certificates - listed	6.2	-	-
- Term finance certificates - unlisted	6.3	116,869	41,035

Available for sale

- Sukuk bonds	6.5	-	-
---------------	-----	---	---

Loans and receivables

Term deposit receipt	6.10	86,094	-
		947,249	1,175,430

NAFA MULTI ASSET FUND

6.1 Equity securities - Listed - at fair value through profit or loss - held for trading

All shares have a nominal face value of Rs 10 each except for shares of Thal Limited and Shabbir Tiles & Ceramics Limited which have a face value of Rs 5.

Name of the investee company	As at 01 July 2017	Purchases during the year	Bonus issue during the year	Right shares purchased/ subscribed during the year	Sales during the year	As at 30 June 2018	Market value / carrying value as at 30 June 2018	Market value as a percentage of net assets	Market value as a percentage of investments	Market value as a percentage of paid-up capital of the investee
	(Number of Shares)				(Rupees in '000)		(%)			
Oil & Gas Exploration Companies										
Mari Petroleum Limited	33,300	-	-	-	6,100	27,200	40,968	2.48	4.32	3.72
Oil and Gas Development Company Limited	173,096	150,500	-	-	103,500	220,096	34,250	2.07	3.62	0.08
Pakistan Oilfields Limited	78,569	39,400	-	-	85,600	32,369	21,745	1.31	2.30	0.92
Pakistan Petroleum Limited	210,083	79,101	-	-	108,100	181,084	38,915	2.35	4.11	0.20
	495,048	269,001	-	-	303,300	460,749	135,878	8.21	14.34	
Oil & Gas Marketing Companies										
Attock Petroleum Limited	18,951	-	-	-	-	18,951	11,181	0.68	1.18	1.35
Hascol Petroleum Limited (note 6.1.2)	565	-	-	-	-	565	177	0.01	0.02	0.01
Pakistan State Oil Company Limited	79,152	10,500	15,830	-	64,300	41,182	13,108	0.79	1.38	0.48
Shell Pakistan Limited	62,300	-	-	-	26,000	36,300	11,474	0.69	1.21	1.07
Sui Northern Gas Pipelines	-	108,500	-	-	-	108,500	10,874	0.66	1.15	0.17
	160,968	119,000	15,830	-	90,300	205,498	46,814	2.83	4.94	
Refinery										
Attock Refinery Limited	29,100	-	-	-	27,000	2,100	452	0.03	0.05	0.05
	29,100	-	-	-	27,000	2,100	452	0.03	0.05	
Fertilizers										
Dawood Hercules Corporation Limited	9,000	-	-	-	-	9,000	997	0.06	0.11	0.02
Engro Fertilizers Limited	547,000	135,001	-	-	203,000	479,001	35,882	2.17	3.79	0.27
Engro Corporation Limited	142,217	46,001	-	-	40,200	148,018	46,457	2.81	4.90	0.89
Fauji Fertilizer Bin Qasim Limited	299,000	-	-	-	261,500	37,500	1,448	0.09	0.15	0.02
Fauji Fertilizer Company Limited	-	245,001	-	-	42,000	203,001	20,074	1.21	2.12	0.16
	997,217	426,003	-	-	546,700	876,520	104,858	6.34	11.07	
Chemicals										
Akzo Nobel Pakistan Limited	27,800	-	-	-	-	27,800	5,192	0.31	0.55	1.12
Engro Polymer & Chemicals Limited	938,000	-	-	-	789,000	149,000	4,673	0.28	0.49	0.07
Engro Polymer & Chemicals Limited - Right	-	-	-	55,123	-	55,123	486	0.03	0.05	0.01
	965,800	-	-	55,123	789,000	231,923	10,351	0.60	1.04	
Cement										
Attock Cement Pakistan Limited	109,700	24,700	-	-	10,300	124,100	16,688	1.01	1.76	1.46
Cherat Cement Company Limited	-	139,800	-	-	57,000	82,800	8,051	0.49	0.85	0.46
D.G. Khan Cement Pakistan Limited	112,500	23,500	-	-	77,900	58,100	6,652	0.40	0.70	0.15
Fauji Cement Company Limited	50,500	-	-	-	-	50,500	1,154	0.07	0.12	0.01
Kohat Cement Company Limited	-	35,000	-	-	17,500	17,500	2,154	0.13	0.23	0.14
Lucky Cement Limited	51,664	-	-	-	28,900	22,764	11,563	0.70	1.22	0.36
Maple Leaf Cement Cement Factory Limited	61,000	60,000	-	9,625	86,625	44,000	2,233	0.14	0.24	0.04
Pioneer Cement Limited	140,500	-	-	-	140,500	-	-	-	-	-
	525,864	283,000	-	9,625	418,725	399,764	48,495	2.93	5.12	
Automobile Parts & Accessories										
Thal Limited	34,636	-	-	-	21,450	13,186	6,297	0.38	0.66	1.55
	34,636	-	-	-	21,450	13,186	6,297	0.38	0.66	
Textile Composite										
Azgard Nine Limited (Non-voting shares)	807,000	-	-	-	-	807,000	5,649	0.34	0.60	10.23
Crescent Textile Mills Limited	233,500	-	-	-	233,500	-	-	-	-	-
Gul Ahmed Textile Mills Limited	-	60,000	-	-	60,000	-	-	-	-	-
Kohinoor Textile Mills Limited (note 6.1.2)	560,275	-	-	33,338	348,000	245,613	13,506	0.82	1.43	0.48
Nishat (Chunian) Limited	364,000	323,000	-	-	362,500	324,500	15,407	0.93	1.63	0.64
Nishat Mills Limited	330,700	-	-	-	232,000	98,700	13,909	0.84	1.47	0.40
	2,295,475	383,000	-	33,338	1,236,000	1,475,813	48,471	2.93	5.12	
Transport										
Pakistan National Shipping Corporation	32,000	-	-	-	25,000	7,000	574	0.03	0.06	0.04
	32,000	-	-	-	25,000	7,000	574	0.03	0.06	
Engineering										
Amreeli Steels Limited	-	164,100	-	-	97,500	66,600	4,699	0.28	0.50	0.16
Dost Steels Limited	1,300,000	-	-	-	1,300,000	-	-	-	-	-
International Industries Limited	84,500	-	-	-	23,500	61,000	14,170	0.86	1.50	1.18
International Steels Limited	160,000	21,000	-	-	37,500	143,500	14,594	0.88	1.54	0.34
	1,544,500	185,100	-	-	1,458,500	271,100	33,463	2.02	3.53	
Power Generation & Distirbution										
Kot Addu Power Company Limited	286,000	-	-	-	178,000	108,000	5,822	0.35	0.61	0.07
K-Electric Limited	-	250,000	-	-	-	250,000	1,420	0.09	0.15	0.001
Saif Power Limited	130,000	-	-	-	-	130,000	3,444	0.21	0.36	0.09
The Hub Power Company Limited	164,748	105,000	-	-	-	269,748	24,860	1.50	2.62	0.21
	580,748	355,000	-	-	178,000	757,748	35,546	2.15	3.75	
Commercial Banks										
Allied Bank Limited	304,300	15,000	-	-	-	319,300	32,936	1.99	3.48	0.29
Askari Bank Limited	-	562,500	-	-	-	562,500	12,302	0.74	1.30	0.10
Bank Al-falah Limited	-	915,500	-	-	175,000	740,500	38,721	2.34	4.09	0.24
Bank Al-Habib Limited	317,900	-	-	-	95,000	222,900	17,571	1.06	1.85	0.16
Faysal Bank Limited (note 6.1.2)	257,715	591,500	127,382	-	130,000	846,597	22,012	1.33	2.32	0.17
Habib Bank Limited	115,980	169,500	-	-	42,100	243,380	40,508	2.45	4.28	0.28
Habib Metropolitan Bank Limited	-	81,000	-	-	-	81,000	3,511	0.21	0.37	0.03
MCB Bank Limited	164,400	-	-	-	77,900	86,500	17,107	1.03	1.81	0.15
Meezan Bank Limited	617	-	-	38	-	655	54	0.00	0.01	0.00
United Bank Limited	135,691	86,500	-	-	70,000	152,191	25,717	1.55	2.71	0.21
	1,296,603	2,421,500	-	38	590,000	3,255,523	210,439	12.72	22.22	

NAFA MULTI ASSET FUND

Name of the investee company	As at 01 July 2017	Purchases during the year	Bonus issue during the year	Right shares purchased/ subscribed during the year	Sales during the year	As at 30 June 2018	Market value / carrying value as at 30 June 2018	Market value as a percentage of net assets	Market value as a percentage of investments	Market value as a percentage of paid-up capital of the investee
	(Number of Shares)				(Rupees in '000)		(%)			
Cable and Electrical Goods										
Pakistan Elektron Limited	220,500	-	-	-	220,500	-	-	-	-	-
	220,500	-	-	-	220,500	-	-	-	-	-
Glass and Ceramics										
Shabbir Tiles & Ceramics Limited	1,243,000	-	-	-	1,191,500	51,500	1,085	0.07	0.11	0.07
Tariq Glass Industries Limited	319,500	-	-	-	148,500	171,000	18,324	1.11	1.93	2.49
	1,562,500	-	-	-	1,340,000	222,500	19,409	1.17	2.05	
Paper & Board										
Century Paper & Board Mills Limited	259,000	13,900	-	-	17,500	255,400	16,218	0.98	1.71	1.10
	259,000	13,900	-	-	17,500	255,400	16,218	0.98	1.71	
Automobile Assembler										
Indus Motor Company Limited	22,420	-	-	-	15,600	6,820	9,693	0.59	1.02	1.23
Millat Tractors Limited	31,650	-	-	-	26,400	5,250	6,237	0.38	0.66	1.41
	54,070	-	-	-	42,000	12,070	15,930	0.96	1.68	
Pharmaceuticals										
Abbott Lab (Pakistan) Limited.	10,300	-	-	-	2,600	7,700	5,275	0.32	0.56	0.54
GlaxoSmithKline (Pakistan) Limited	34,500	-	-	-	17,900	16,600	2,756	0.17	0.29	0.09
	44,800	-	-	-	20,500	24,300	8,031	0.49	0.85	
Inv. Banks / Inv. Cos. / Securities Cos.										
Pakistan Stock Exchange Limited	173,454	-	-	-	25,000	148,454	2,932	0.18	0.31	0.04
	173,454	-	-	-	25,000	148,454	2,932	0.18	0.31	
Miscellaneous										
Synthetic Products Limited	-	2,500	-	-	-	2,500	128	0.01	0.01	0.02
	-	2,500	-	-	-	2,500	128	0.01	0.01	
Total - 30 June 2018	11,272,283	4,458,004	15,830	98,124	7,349,475	8,622,148	744,286	44.97	78.52	
Carrying value before fair value adjustment as at 30 June 2018	831,153									

6.1.1 Investments include shares with market value of Rs. 42.15 million (30 June 2017: Rs.44.03 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with circular no.11 dated 23 October 2007 issued by the SECP.

pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with circular no.11 dated 23 October 2007 issued by the SECP.

6.1.2 The Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the Company declaring bonus shares which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Funds Association of Pakistan, has filed a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the mutual funds based on the premise of exemption given to mutual funds under clause 47B and 99 of Second Schedule of Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case. Accordingly, the investee company(s) has withheld the shares equivalent to 5% of bonus announcement amounting to Rs. 1.39 million (30 June 2017: Rs. 1.093 million) and not yet deposited in CDC account of department of Income Tax.

6.2 Term finance certificates - listed - at fair value through profit or loss - held for trading

All term finance certificates have a face value of Rs 5,000 each unless stated otherwise

Name of the investee company	Number of certificates				As at 30 June 2018	Market value as a percentage of net assets	Market value as a percentage of total investments
	As at 01 July 2017	Purchases during the year	Disposals during the year	As at 30 June 2018	Market value / carrying value		
					(Rupees in '000)	(%)	
Saudi Pak Leasing Company Limited (note 6.2.1)	10,000	-	-	10,000	-	-	-

Provision for impairment losses as at 30 June 2018 (note 6.9)

27,547

NAFA MULTI ASSET FUND

- 6.2.1** This represents investment in term finance certificates with original term of nine years. On 13 October 2011 the investee company defaulted on its obligation on account of principal and profit payment. The investee company rescheduled its term on 26 December 2011 with a new maturity in March 2017. The said TFCs complied with repayment terms since it was rescheduled and had been reclassified as performing as per criteria defined in circular no. 1 of 2009. However, the investee company again defaulted on its obligation on account of principal and profit payment for the month of April 2014 and was therefore declared as Non Performing Asset (NPA) since 30 April 2014. The amount of provision as per circular no. 1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circular.

6.3 Term finance certificates - unlisted - at fair value through profit or loss - held for trading

All term finance certificates have a face value of Rs 5,000 each unless stated otherwise

Name of the investee company	Number of certificates				Market value /carrying value as at 30 June 2018	Market value as a percentage of net assets	Market value as a percentage of total investments
	As at 01 July 2017	Purchases during the year	Disposals during the year	As at 30 June 2018			
					(Rupees in '000)	----- (%)	-----
Jahangir Siddiqui and Company Limited	8,000	-	-	8,000	30,349	1.83	3.20
Jahangir Siddiqui and Company Limited	-	17,100	-	17,100	86,520	5.23	9.13
					<u>116,869</u>		
Carrying value before fair value adjustment as at 30 June 2018					<u>116,535</u>		

6.4 Significant terms and conditions of term finance certificates and sukuk outstanding at the year end are as follows:

	Number of certificates	Repayment Frequency	Unredeemed face value (Rupees)	Mark-up rate (per annum)	Issue date	Maturity date	Rating
Unsecured							
Listed term finance certificates							
Saudi Pak Leasing Company Limited	10,000	Monthly	2,755	6.87% Fixed rate	13 March 2008	13 March 2017	Unrated
Unlisted term finance certificates							
Jahangir Siddiqui and Company Limited	8,000	Semi Annually	5,000	6 Month KIBOR offer rate plus 1.65%	24 June 2016	24 June 2021	AA+
Jahangir Siddiqui and Company Limited	17,100	Semi Annually	5,000	6 Month KIBOR offer rate plus 1.4%	18 July 2017	18 July 2022	AA+

6.5 Sukuk bonds - unlisted - available for sale

All sukuk have a face value of Rs. 5,000

Name of the investee company	Number of certificates				Market value /carrying value as at 30 June 2018	Market value as a percentage of net assets	Market value as a percentage of total investments
	As at 01 July 2017	Purchases during the year	Disposals during the year	As at 30 June 2018			
					(Rupees in '000)	----- (%)	-----
New Allied Electronics Industries (Private) Limited (note 6.5.1)	32,000	-	-	32,000	-	-	-
Eden Housing Limited (note 6.5.2)	10,000	-	-	10,000	-	-	-
Total as at 30 June 2017	42,000	-	-	42,000	-	-	-
Provision for impairment losses as at 30 June 2018 (note 6.11)					<u>19,844</u>		

- 6.5.1** This represents investment in privately placed sukuk with a term of five years. The investee company had defaulted on its obligation on account of principal and profit payment and accordingly has been classified as NPA by MUFAP since 9 January 2009. The amount of provision as per circular no. 1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circular.
- 6.5.2** This represents investment in privately placed sukuk bonds with a term of five years. On 06 May 2011, the issuer has defaulted its scheduled principal and profit payment and therefore it was classified as NPA by MUFAP. The amount of provision as per circular no. 1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circular.
- 6.5.3** The sukuk held by the Fund are generally secured against hypothecation of stocks and receivables and mortgage of fixed assets of the issuer.

NAFA MULTI ASSET FUND

6.5.4 Significant terms and conditions of sukuk bonds outstanding at the year end are as follows:

	Number of certificates	Repayment Frequency	Unredeemed face value (Rupees)	Mark-up rate (per annum)	Issue date	Maturity Date	Rating
Secured							
Unlisted sukuk							
New Allied Electronics Industries (Private) Limited	32,000	Quarterly	313	3 Month KIBOR offer rate plus 2.6%	27 July 2007	25 July 2016	Unrated
Eden Housing Limited	10,000	Quarterly	984	3 Month KIBOR offer rate plus 3%	31 March 2008	29 September 2016	Unrated

6.6 Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'

		30 June 2018	30 June 2017
		(Rupees in '000)	
Market value of investments	6	861,155	1,175,430
Less: Carrying value of investments	6.1, 6.2 & 6.3	(975,235)	(960,948)
		(114,080)	214,482
Add: Provision against non-performing term finance certificates	6.8	27,547	27,547
		(86,533)	242,029

6.7 Net unrealised appreciation on re-measurement of investments classified as 'available for sale'

Market value of investments	6.5	-	-
Less: Carrying value of investments		(19,844)	(19,844)
		(19,844)	(19,844)
Add: Provision against non-performing term finance certificates		19,844	19,844
		-	-

6.8 Movement in provision against Term finance certificates - listed - at fair value through profit or loss - held for trading

Balance as at 01 July	27,547	27,547
Charge for the year	-	-
Reversal of provision due to redemption of principal	-	-
Balance as at	27,547	27,547

6.9 Movement in provision against Sukuk bonds - available for sale

Balance as at 01 July	19,844	34,130
Charge for the year	-	-
Reversal of provision due to redemption of principal	-	(14,286)
Balance as at	19,844	19,844

6.10 These carry profit at rate of 7.40% per annum (2017: 7.40% per annum) and have maturity of 3 months.

7 DIVIDEND AND PROFIT RECEIVABLES

30 June
2018
30 June
2017
(Rupees in '000)

Profit receivables on savings accounts	423	16
Dividend receivables	2,143	2,891
Profit receivable on term deposit receipts	471	-
Accrued Markup on Term finance certificates and sukuk	12,158	24,024
Less: Income suspended over non-performing term finance certificates and sukuk	(9,188)	(23,964)
	2,970	60
	6,007	2,967

8 ADVANCE AND DEPOSITS

Advance tax	882	882
Security deposits with:		
- Central Depository Company of Pakistan Limited	100	100
- National Clearing Company of Pakistan Limited	2,750	2,750
	3,732	3,732

NAFA MULTI ASSET FUND

9 PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY

Management remuneration	9.1	2,742	3,105
Sindh Sales Tax on management remuneration	9.2	356	404
Allocation of expenses related to registrar services, accounting, operation and valuation services	9.3	846	1,668
Sales and transfer load		524	48
Sindh Sales Tax on sales load		67	6
		4,535	5,231

9.1 Under the revised Non-Banking Finance Companies & Notified Entities Regulations 2008, notified on 25 November 2015, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding 2% of average annual net assets. Accordingly, the Management Company has charged its remuneration at the rate of 2% of the average annual net assets of the Fund.

9.2 The Sindh Provincial Government levied Sindh Sales Tax on the remuneration of the Management Company and sales load through Sindh Sales Tax on Services Act, 2011, effective from 01 July 2011. During the year, Sindh Sales Tax at the rate of 13% (30 June 2017: 13%) was charged on management remuneration and sales load.

9.3 Securities and Exchange Commission of Pakistan through its SRO 1160(I)/2015 dated 25 November 2015 has revised the Non-Banking Finance Companies and Notified Entities Regulations, 2008. In the revised regulations a new clause 60(s) has been introduced allowing the management company to charge "fees and expenses related to registrar services, accounting, operation and valuation services related to CIS maximum up to 0.1% of average annual net assets of the Fund or actual whichever is less" from the mutual funds managed by it. Accordingly, such expense has been charged at the rate of 0.1% of average annual net assets of the Fund.

10 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

Trustee remuneration	10.1	222	240
Sindh Sales Tax on Trustee remuneration	10.2	28	31
Settlement charges		103	133
		353	404

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

Based on the Trust Deed, the tariff structure applicable to the Fund is as follows:

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

NAFA MULTI ASSET FUND

- 10.2** The Sindh Provincial Government levied Sindh Sales Tax on the remuneration of the Trustee through Sindh Sales Tax on Services Act, 2011, effective from 01 July 2015. During the year, Sindh Sales Tax at the rate of 13% (30 June 2017: 13%) was charged on trustee remuneration.

11 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Under the provisions of the NBFC Regulations, a collective investment scheme categorized as a balanced scheme is required to pay an annual fee to Securities and Exchange Commission of Pakistan, an amount equal to 0.085 percent of the average annual net assets of the Fund. The fee is paid annually in arrears.

12 ACCRUED EXPENSES AND OTHER LIABILITIES

2018 **2017**
-----**(Rupees in '000)**-----

Provision for Sindh Workers' Welfare Fund	12.1	12,213	12,213
Federal Excise Duty on management remuneration	12.2	11,587	11,587
Federal Excise Duty on sales load		818	818
Dividend payable		493	493
Auditors' remuneration		434	426
Brokerage fee		195	656
Settlement charges		31	128
Withholding tax		132	3,839
Legal fee		60	22
Mutual fund rating fee		99	90
Others		292	388
		26,354	30,660

- 12.1** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. Furthermore, the Honourable Supreme Court of Pakistan decided that WWF is not a tax and hence the amendments introduced through Finance Act, 2008 are ultra-vires to the Constitution. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, the MUFAP recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from 21 May 2015) and accordingly the provision maintained in prior years amounted to Rs. 20.023 million was reversed in the year 2017.

NAFA MULTI ASSET FUND

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

Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from 21 May 2015 to 30 June 2018, the net asset value of the Fund as at 30 June 2018 would have been higher by Rs. 0.1330 (2017: Rs 0.1274) per unit .

- 12.2** As per the requirement of Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective 13 June 2013. The Management Company is of the view that since the remuneration is already subject to provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence a petition was collectively filed by the Mutual Fund Association of Pakistan with the Honorable Sindh High Court (SHC) on 4 September 2013.

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

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

Since the appeal is pending in the Supreme Court of Pakistan, the Management Company as a matter of abundant caution has retained provision for FED on management fee aggregating to Rs. 11.942 million out of which Rs. 0.355 million have been paid to the Management Company (30 June 2017: Rs. 11.942 million). Had the provision not been made, the Net Asset Value per unit of the Fund would have been higher by Rs. 0.1300 (30 June 2017: Rs. 0.1246) per unit.

13 CONTINGENCY AND COMMITMENT

There is no contingency and commitment as at 30 June 2018.

14 NUMBER OF UNITS IN ISSUE

2018 2017
(Number of units)a a

Total units in issue at beginning of the year	95,850,273	84,912,656
Add: units issued	12,381,712	24,835,238
Less: units redeemed	(16,384,380)	(13,897,621)
Total units in issue at end of the year	<u>91,847,605</u>	<u>95,850,273</u>

NAFA MULTI ASSET FUND

- 14.1** This includes 241,330 units issued against Dividend Reinvestment Plan amounting to Rs. 4.38 million, net of taxation, (2017: 2,206,059 units, amounting to Rs. 42.611 million, net of taxation).

15 AUDITORS' REMUNERATION

2018
----- (Rupees in '000) -----

Audit fee	395	358
Half yearly review	154	143
Out of pocket expenses and others including government levy	60	30
	609	531

16 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Provided that for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. During the year ended 30 June 2018, the fund has incurred net loss therefore no distribution has been made. Accordingly, no provision has been made in the financial statements for the year ended 30 June 2018.

17 DETAILS OF NON-COMPLIANT INVESTMENT WITH THE INVESTMENT CRITERIA OF ASSIGNED CATEGORY

The Securities and Exchange Commission of Pakistan (SECP) vide circular no. 7 of 2009 dated 06 March 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the circular. The Board has approved the category of the fund as 'Balanced Fund'.

The SECP vide circular no. 16 dated 07 July 2010, prescribed specific disclosures for the scheme holding investments that are non-compliant either with the minimum investment criteria specified for the category assigned to such Funds or with investment requirements of their constitutive documents.

The following are the details of non-compliant investments:

Name of non-compliant investment	Non-compliance of clause	Type of investment	Value of investment before provision ----- (Rupees in '000) -----	Provision held, if any	Value of investment after provision	Value as a percentage of net assets ----- (%) -----	Value as a percentage of gross assets
New Allied Electronic Industries (Private) Limited	Rating is below A- (A minus) as prescribed in clause (iv) of circular 7 of 2009	Term finance certificates	10,000	(10,000)	-	-	-
Saudi Pak Leasing Company	Rating is below A- (A minus) as prescribed in clause (iv) of circular 7 of 2009	Term finance certificates (17.1)	27,547	(27,547)	-	-	-
Eden Housing Limited	Rating is below A- (A minus) as prescribed in clause (iv) of circular 7 of 2009	Sukuks	9,844	(9,844)	-	-	-

- 17.1** At the time of purchase, these term finance certificates and sukuks bonds were in compliance with the aforementioned circular. However, they subsequently defaulted or were downgraded to non investment grade.

- 17.2** The management is taking steps to ensure compliance with the above requirements.

NAFA MULTI ASSET FUND

18 RECONCILIATION OF LIABILITIES ARISING OUT OF FINANCING ACTIVITIES

	Receivable against sale of units	Payable against redemption of units	Dividend payable	Total
	(Rupees in '000)			
Opening balance as at 1 July 2017	-	-	28,244	28,244
Receivable against issuance of units	229,462	-	-	(229,462)
Payable against redemption of units	-	296,080	-	296,080
Dividend Announced during the year	-	-	7,502	7,502
	229,462	296,080	7,502	74,120
Amount received on issuance of units	(229,462)	-	-	229,462
Amount paid on redemption of units	-	(296,080)	-	(296,080)
Dividend paid	-	-	(35,746)	(35,746)
	(229,462)	(296,080)	(35,746)	(102,364)
Closing balance as at 30 June 2018	-	-	-	-

19 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses, including government levies, incurred during the year divided by average net asset value for the year) is 2.75% per annum. Total expense ratio (excluding government levies) is 2.38% per annum.

20 FINANCIAL INSTRUMENTS BY CATEGORY

	30 June 2018		
	Loans and receivables	At fair value through profit or loss	Total
	(Rupees in '000)		
Assets			
Bank balances	729,754	-	729,754
Investments	86,094	861,155	947,249
Dividend and profit receivables	6,007	-	6,007
Deposits	2,850	-	2,850
	824,705	861,155	1,685,860
	30 June 2018		
	At fair value through profit or loss	At amortised cost	Total
	(Rupees in '000)		
Liabilities			
Payable to NBP Fund Management Limited - Management Company	-	4,535	4,535
Payable to Central Depository Company of Pakistan Limited - Trustee	-	353	353
Dividend payable	-	-	-
Accrued expenses and other liabilities	-	1,604	1,604
	-	6,492	6,492

NAFA MULTI ASSET FUND

	30 June 2017		
	Loans and receivables	At fair value through profit or loss	Total
	----- (Rupees in '000) -----		
Assets			
Bank balances	730,941	-	730,941
Investments	-	1,175,430	1,175,430
Profit receivables	2,967	-	2,967
Deposits	2,850	-	2,850
	<u>736,758</u>	<u>1,175,430</u>	<u>1,912,188</u>

	30 June 2017		
	At fair value through profit or loss	At amortised cost	Total
	----- (Rupees in '000) -----		
Liabilities			
Payable to NBP Fund Management Limited - Management Company	-	5,231	5,231
Payable to Central Depository Company of Pakistan Limited - Trustee	-	404	404
Dividend Payable	-	28,244	28,244
Accrued expenses and other liabilities	-	2,203	2,203
	<u>-</u>	<u>36,082</u>	<u>36,082</u>

21 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

- 21.1** Connected persons include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the Trustee, National Bank of Pakistan (NBP) and its connected persons, and Alexandra Fund Management Pte. Limited being the sponsors, NAFA Pension Fund, NAFA Provident Fund Trust being the associates of the Management Company, other collective investment schemes managed by the Management Company and directors and officers of the Management Company, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund and unit holders holding 10 percent or more units of the Fund.
- 21.2** The transactions with connected persons are in the normal course of business, at contracted terms determined in accordance with the market rates.
- 21.3** Remuneration to the Management Company and Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.
- 21.4** The details of significant transactions and balances with connected persons at year end except those disclosed elsewhere in these financial statements are as follows:

NAFA MULTI ASSET FUND

21.5	Transactions during the year:	2018 ------(Rupees in '000)-----	2017
	NBP Fund Management Limited Management Company		
	Management remuneration	34,736	33,354
	Sindh Sales Tax on remuneration of Management Company	4,516	4,336
	Allocation of expenses related to registrar services, accounting, operation and valuation services	1,737	1,668
	Sales Load	2,179	2,762
	Central Depository Company of Pakistan Limited - Trustee		
	Remuneration of the Trustee	2,737	2,668
	CDS charges	25	200
	Sindh Sales Tax on remuneration of Trustee	356	347
	Employees of the Management Company		
	Units issued: 17,272 units (2017: 6,857 units)	325	129
	Units redeemed: 15,726 units (2017: 3,282 units)	287	66
	Mr. Humayun Bashir - Director		
	Units issued: 315 units (2017: 3,128 units)	6	60
	Units redeemed: 85,779 units (2017: Nil)	1,578	-
	NBP Employees Pension Fund		
	Units issued: 111,079 units (2017: 1,067,338 units)	2,016	20,616
	International Industries Limited		
	Shares sold: 23,500 (2017: 374,500 shares)	5,909	44,593
	International Steel Limited		
	Shares sold: 37,500 (2017: 767,500 shares)	4,616	42,876
	Taurus Securities Limited		
	Brokerage Charges	44	58
	Askari Bank Limited		
	Markup on balance	74	61
	Shares purchased: 562,500 (2017: Nil)	11,946	-
	Summit Bank Limited		
	Markup on balance	1	-
	BYCO Oil Pakistan Limited - Employee Provident Fund		
	Units issued: Nil (2017: 157,905)	-	2,708
	Units redeemed: Nil (2017: 157,905)	-	3,302
	BYCO Petroleum Pakistan Limited - Employee Provident Fund		
	Units issued: 3,294 (2017: 2,102,764)	60	39,093
	Units redeemed: 1,045,171 (2017: 1,060,887)	18,562	21,316

NAFA MULTI ASSET FUND

21.6	Amounts outstanding as at year end:	2018 ------(Rupees in '000)-----	2017
	NBP Fund Management Limited - Management Company		
	Management remuneration payable	2,742	3,105
	Sindh Sales Tax payable	356	404
	Allocation of expenses related to registrar services, accounting, operation and valuation services	846	1,668
	Sales load and Sindh Sales Tax payable	591	48
	Employees of the Management Company		
	Units held: 18,252 units (2017: 16,706 units)	329	322
	Central Depository Company of Pakistan Limited - Trustee		
	Remuneration payable	222	240
	Sindh Sales Tax payable	28	31
	Settlement charges payable	103	131
	Mr. Humayun Bashir - Director		
	Units held: Nil units (2017: 85,464 units)	-	1,647
	Askari Bank Limited		
	Bank Balance in savings account	1,839	1,666
	Ordinary shares held: 562,500 (2017: Nil)	12,302	-
	National Bank of Pakistan		
	Bank Balance in current account	3,446	4,139
	NBP Employees Pension Fund		
	Units held: 26,464,902 units (2017: 26,353,824 units)	476,591	507,859
	Byco Petroleum Pakistan Limited - Employee Provident Fund		
	Units held: Nil units (2017: 1,041,877 units)	-	20,078
	Karachi Electric Provident Fund		
	Units held: 34,224,720 units (2017: 34,224,720 units)	616,332	659,538
	Summit Bank		
	Bank Balance in current account	2,579	3,177
	International Steel Limited		
	Ordinary shares held: 143,500 (2017: 160,000 shares)	14,570	20,462
	International Industries Limited		
	Ordinary shares held: 61,000 (2017: 84,500 shares)	14,170	31,144

NAFA MULTI ASSET FUND

22 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

Details of members of the Investment Committee of the Fund are as follows:

S. No	Name	Qualifications	Experience in years
1	Dr. Amjad Waheed	Doctorate in Business Administration / CFA	30
2	Mr. Sajjad Anwar	CFA / MBA Finance	18
3	Mr. Muhammad Ali Bhaba	MBA / MS / CFA / FRM	23
4	Mr. Hassan Raza	ACCA / BSC / CFA	7
5	Mr. Taha Khan Javed*	MBA / CFA	12

*Mr. Taha Khan Javed is the Manager of the Fund. He is also managing NAFA Asset Allocation Fund, NAFA Islamic Asset Allocation Fund, NAFA Stock Fund, NAFA Financial Sector Income Fund ,NAFA Islamic Energy Fund and NAFA Islamic Active Allocation Equity Fund.

23 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID / PAYABLE

List of brokers by percentage of commission paid during the year ended 30 June 2018:

Particulars	Percentage (%)
1 Taurus Securities Ltd.	6.33%
2 Arif Habib Securities Limited	5.47%
3 Sherman Securities (Pvt) Limited	5.28%
4 Al Habib Capital Markets (Pvt) Limited	5.00%
5 Elixir Securities Pakistan (Pvt) Limited	4.55%
6 Topline Securities (Pvt) Limited	4.47%
7 Alfalah Securities (Pvt) Limited	4.37%
8 Aqeel Karim Dehdi Securities (Pvt) Limited	4.15%
9 Bma Capital Management Limited	4.11%
10 J.S. Global Capital Ltd.	4.01%

List of brokers by percentage of commission paid during the year ended 30 June 2017:

Particulars	Percentage (%)
1 Taurus Securities Limited	10.31
2 Next Capital Limited	9.09
3 Arif Habib Securities Limited	7.32
4 Optimus Capital Management Limited	6.97
5 IGI Finex Securities Limited	6.55
6 Saa Capital (Private) Limited	5.23
7 Spectrum Securities (Private) Limited	4.94
8 BIPL Securities Limited	4.65
9 Fortune Securities	4.36
10 Global Securities Pakistan Limited	4.29

NAFA MULTI ASSET FUND

24 PATTERN OF UNIT HOLDING

Category	As at 30 June 2018		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of investment --- (%) ---
Individuals	515	451,270	27.3%
Associated company and directors	1	476,591	28.8%
Insurance company	1	183	0.0%
Retirement funds	16	693,524	41.9%
Listed company	1	1,379	0.1%
Others	11	31,077	1.9%
	545	1,654,024	100%

Category	As at 30 June 2017		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of investment --- (%) ---
Individuals	452	533,458	28.88
Associated company and directors	2	509,506	27.58
Insurance company	1	195	0.01
Retirement funds	19	746,482	40.41
Listed company	1	1,473	0.09
Others	12	56,000	3.03
	487	1,847,114	100.00

25 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

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

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

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

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

* These directors were appointed and retired 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.

NAFA MULTI ASSET FUND

26 FINANCIAL RISK MANAGEMENT

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

The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed by Board of Directors and Audit Committee regularly to reflect changes in market conditions and the Fund's activities.

The management of these risks is carried out by the Investment Committee (IC) under policies approved by the Board of Directors of the Management Company. The IC is constituted and approved by the Board of Directors of the Management Company. IC is responsible to devise the investment strategy and manage the investment portfolio of the Fund in accordance with limits prescribed in the Non Banking Finance Companies and Notified Entities Regulations, 2008, offering document of the Fund in addition to Fund's internal risk management policies.

26.1 Market risk

Market risk is the risk that the fair value or future cash flows of the financial instrument will fluctuate as a result of changes in market interest rates or the market price of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk (equity price risk).

Management of market risk

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Board of Directors and regulations laid down by SECP.

26.1.1 Currency risk

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

26.1.2 Interest rate risk

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

(a) Sensitivity analysis for variable rate instruments

As at 30 June 2018, the Fund holds KIBOR based interest bearing term finance certificates exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR on 30 June 2018, with all other variables held constant, the net income for the year and net assets of the Fund would have been higher / lower by Rs. 1.157 million (30 June 2017: Rs. 0.406 million).

(b) Sensitivity analysis for fixed rate instruments

Presently, the Fund holds no fixed rate instruments.

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

NAFA MULTI ASSET FUND

30 June 2018

		30 June 2016				
	Yield / interest rate	Exposed to yield / interest rate risk				Total
		Upto three months	More than three months and up to one year	More than one year	Not exposed to Yield / Interest risk	
		----- (Rupees in '000) -----				
On-balance sheet financial instruments						
Financial assets						
Bank balances	3.75 % - 7.50%	723,765	-	-	5,989	729,754
Investments	7.40%	-	-	116,869	744,286	861,155
Dividend and profit receivables		-	-	-	6,007	6,007
Deposits		-	-	-	2,850	2,850
		723,765	-	116,869	759,132	1,599,766
Financial liabilities						
Payable to NBP Fund Management Limited - Management Company		-	-	-	4,535	4,535
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	353	353
Accrued expenses and other liabilities		-	-	-	1,604	1,604
		-	-	-	6,492	6,492
On-balance sheet gap		723,765	-	116,869	752,640	1,593,274
Off-balance sheet financial instruments						
		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-
Total interest rate sensitivity gap		723,765	-	116,869	752,640	1,593,274
Cumulative interest rate sensitivity gap		723,765	723,765	840,634		

30 June 2017

	Yield / interest rate	Exposed to yield / interest rate risk				Total
		Upto three months	More than three months and up to one year	More than one year	Not exposed to Yield / Interest risk	
----- (Rupees in '000) -----						
On-balance sheet financial instruments						
Financial assets						
Bank balances	4.75% - 6.5%	723,660	-	-	7,281	730,941
Investments	6.51%	-	-	41,035	1,134,395	1,175,430
Dividend and profit receivables		-	-	-	2,967	2,967
Deposits		-	-	-	2,850	2,850
		723,660	-	41,035	1,147,493	1,912,188
Financial liabilities						
Payable to NBP Fund Management Limited - Management Company		-	-	-	5,231	5,231
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	404	404
Accrued expenses and other liabilities		-	-	-	2,203	2,203
		-	-	-	7,838	7,838
On-balance sheet gap		723,660	-	41,035	1,139,655	1,904,350
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-
Total interest rate sensitivity gap		723,660	-	41,035	1,139,655	1,904,350
Cumulative interest rate sensitivity gap		723,660	723,660	764,695		

NAFA MULTI ASSET FUND

26.1.3 Price risk

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

The fund is exposed to equity price risk because of investments held by the Fund and classified on the Statement of Assets and Liabilities 'at fair value through profit and loss'.

In case of 5% increase / decrease in PSX 100 index on 30 June 2018, with all other variables held constant, net assets for the year would increase / (decrease) by Rs. 37.214 million (2017: Rs. 56.72 million) as a result of gains / (losses) on equity securities classified 'at fair value through profit and loss'.

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

26.2 Credit risk

Credit risk represents the risk of a loss if counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to its investment in loans and receivables and bank balances. Risks attributable to investments in National Savings Certificate, Market Treasury Bills and Pakistan Investment Bonds is limited as these are guaranteed by the Federal Government while bank balances are maintained with banks with a reasonably high credit rating.

The analysis below summarises the credit quality of the Fund's bank balances as at 30 June 2018 and 30 June 2017.

Bank Balances

	2018	2017
	(Rupees in '000)	
AAA	10,287	21,023
AA+	43,292	692,070
AA	1,093	861
AA-	672,502	13,391
A+	1	-
A-	2,579	3,596
	729,754	730,941

The maximum exposure to credit risk before any credit enhancement as at 30 June 2018 is the carrying amount of the financial assets.

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is mostly concentrated in government sector and deposits held with commercial banks.

26.3 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Fund.

Management of liquidity risk

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 the market and can be readily disposed and are considered readily realisable.

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

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

Maturity analysis for financial liabilities

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

The maturity profile of the Fund's liabilities based on contractual maturities is given below:

NAFA MULTI ASSET FUND

30 June 2018				
	Upto three months	Over three months and upto one year	Over one year	Total
----- (Rupees in '000) -----				
Financial liabilities				
Payable to NBP Fund Management Limited - Management Company	4,535	-	-	4,535
Payable to Central Depository Company of Pakistan Limited - Trustee	353	-	-	353
Accrued expenses and other liabilities	1,604	-	-	1,604
	<u>6,492</u>	<u>-</u>	<u>-</u>	<u>6,492</u>
Unit holders' fund	<u>1,654,024</u>	<u>-</u>	<u>-</u>	<u>1,654,024</u>

30 June 2017				
	Upto three months	Over three months and upto one year	Over one year	Total
----- (Rupees in '000) -----				
Financial liabilities				
Payable to NBP Fund Management Limited - Management Company	5,231	-	-	5,231
Payable to Central Depository Company of Pakistan Limited - Trustee	404	-	-	404
Accrued expenses and other liabilities	2,203	-	-	2,203
	<u>7,838</u>	<u>-</u>	<u>-</u>	<u>7,838</u>
Unit holders' fund	<u>1,847,114</u>	<u>-</u>	<u>-</u>	<u>1,847,114</u>

27 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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 fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market price used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. Quoted prices (unadjusted) in active markets for identical assets or Liabilities (level 1).

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- 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 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in fair value hierarchy.

NAFA MULTI ASSET FUND

30 June 2018

	Carrying value				Fair value			
	At fair value through profit or loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
- Listed equity securities	744,286	-	-	744,286	744,286	-	-	744,286
- Term finance certificate	116,869	-	-	116,869	-	116,869	-	116,869
	861,155	-	-	861,155	744,286	116,869	-	861,155
Financial assets not measured at fair value								
27.1 Bank balances	-	729,754	-	729,754	-	-	-	-
Dividend and profit receivables	-	6,007	-	6,007	-	-	-	-
Deposits	-	2,850	-	2,850	-	-	-	-
Term deposit receipt	-	86,094	-	86,094	-	-	86,094	86,094
	-	824,705	-	824,705	-	-	86,094	-
Financial liabilities not measured at fair value								
27.1 Payable to National Investment Trust Limited - Management Company	-	-	4,535	4,535	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	353	353	-	-	-	-
Accrued expenses and other liabilities	-	-	1,604	1,604	-	-	-	-
	-	-	6,492	6,492	-	-	-	-

30 June 2017

	Carrying value				Fair value			
	At fair value through profit or loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
- Listed equity securities	1,134,395	-	-	1,134,395	1,134,395	-	-	1,134,395
- Term finance certificates and sukuks	41,035	-	-	41,035	-	41,035	-	41,035
	1,175,430	-	-	1,175,430	1,134,395	41,035	-	1,175,430
Financial assets not measured at fair value								
Bank balances	-	730,941	-	730,941	-	-	-	-
Dividend and profit receivables	-	2,967	-	2,967	-	-	-	-
Deposits and other receivable	-	2,850	-	2,850	-	-	-	-
	-	736,758	-	736,758	-	-	-	-
Financial liabilities not measured at fair value								
Payable to National Investment Trust Limited - Management Company	-	-	5,231	5,231	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	404	404	-	-	-	-
Dividend Payable	-	-	28,244	28,244	-	-	-	-
Accrued expenses and other liabilities	-	-	2,203	2,203	-	-	-	-
	-	-	36,082	36,082	-	-	-	-

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

28 UNIT HOLDERS' FUND RISK MANAGEMENT

The units 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 on the statement of movement in unit holders' fund.

NAFA MULTI ASSET FUND

The Fund has no restrictions on the subscription and redemption of units.

The Fund meets the requirement of sub-regulation 54 (3a) which requires that the minimum size of an Open End Fund shall be one hundred million rupees at all time during the life of the Fund.

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

In accordance with the risk management policies stated in note 26, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption, such liquidity being augmented by short term borrowing arrangements (which can be entered if necessary) or disposal of investments where necessary.

29 DATE OF AUTHORISATION FOR ISSUE

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA MULTI ASSET FUND

PERFORMANCE TABLE

Particulars	For the Year Ended Jun 30,2017	For the Year Ended Jun 30,2016	For the Year Ended Jun 30,2015	For the Year Ended Jun 30,2014	For the Year Ended Jun 30,2013	For the Year Ended Jun 30,2012
Net assets (Rs. '000')	1,847,113	1,327,842	1,487,299	1,026,396	800,275	624,739
Net Income (Rs. '000')	421,936	119,947	289,732	217,190	205,411	41,630
Net Asset Value per units (Rs.)	19.2708	15.6377	15.3058	12.4041	13.4834	10.7183
Selling price per unit	19.9241	16.2581	15.9183	12.9048	13.8879	11.0398
Redemption price per unit	19.2708	15.6377	15.3058	12.4041	13.4834	10.7183
Ex - Highest offer price per unit (Rs.)	22.3718	16.3672	16.0929	12.9048	14.1490	11.4499
Ex - Lowest offer price per unit (Rs.)	16.3820	14.2142	12.1036	10.3262	10.4843	9.9230
Ex - Highest redemption price per unit (Rs.)	20.6768	15.7427	15.4737	12.4041	13.7369	11.1164
Ex - Lowest redemption price per unit (Rs.)	15.0358	13.6718	11.6339	9.9255	10.1789	9.634
Fiscal Year Opening Nav	15.0058	14.3873	12.0708	9.8904	10.0533	9.2769
Total return of the fund	28.42%	8.69%	26.80%	25.42%	34.12%	15.54%
Capital growth	22.99%	2.31%	23.35%	6.15%	8.69%	12.04%
Income distribution as % of Ex-NAV	5.43%	6.38%	3.45%	19.27%	25.43%	3.50%
Income distribution as % of Par Value	8.15%	9.77%	4.17%	19.05%	25.57%	3.25%
Distribution						
Interim Distribution per unit	0.8153	-	0.4168	1.9054	0.4158	-
Final distribution per unit	0.0765	0.9771	-	-	2.1411	0.3247
Distribution dates						
Interim	19-Jun-17		29-Jun-15	13-Feb-14	26-Feb-13	Nil
Interim	-			30-Apr-14	26-Apr-13	Nil
Interim	-			26-Jun-14	Nil	Nil
Final	15-Sep-17	29-Jun-16	Nil	Nil	11-Jul-13	9-Jul-12
Average annual return (launch date January 19, 2007)						
(Since inception to June 30, 2017)	16.83%					
(Since inception to June 30, 2016)		15.67%				
(Since inception to June 30, 2015)			16.50%			
(Since inception to June 30, 2014)				15.22%		
(Since inception to June 30, 2013)					13.71%	
(Since inception to June 30, 2012)						10.32%
Portfolio Composition (see Fund Manager report)						

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

NAFA MULTI ASSET FUND

PROXY ISSUED BY THE FUND

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

The details of summarized proxies voted are as follows:

NAFA MULTI-ASSET FUND				
	Resolutions	For	Against	Abstain*








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



Be aware, Be alert, Be safe

Learn about investing at
www.jamapunji.pk

Key features:

-  Licensed Entities Verification
-  Scam meter*
-  Jamapunji games*
-  Tax credit calculator*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered

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



Jama Punji is an Investor
Education Initiative of
Securities and Exchange
Commission of Pakistan

 jamapunji.pk

 [@jamapunji_pk](https://twitter.com/jamapunji_pk)

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

Head Office

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

UAN: 021-111-111-632

Toll Free: 0800-20002

Sms: INVEST to 9995

Fax: 021-35825335

Email: info@nbpfunds.com

Website: www.nbpfunds.com

 [/nbpfunds](https://www.facebook.com/nbpfunds)