

**AM2++**  
Rated by PACRA



NBP Fullerton  
Asset Management Ltd.  
A Subsidiary of  
National Bank of Pakistan

## NAFA MONEY MARKET FUND

# ANNUAL REPORT 2016



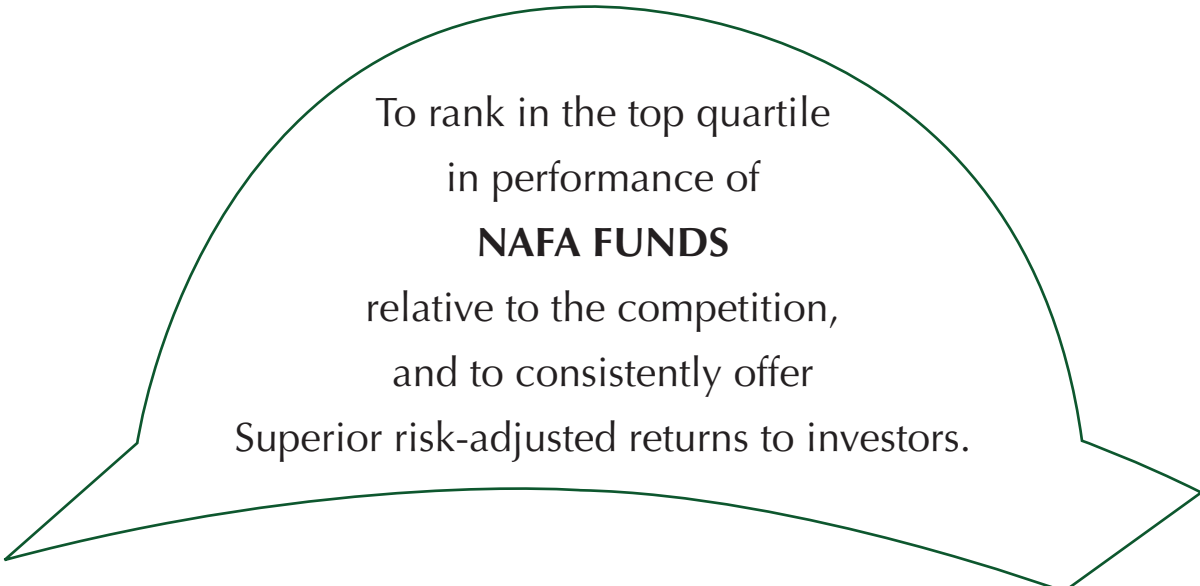
*Your investments & "NAFA" grow together*



**FULLERTON FUND  
MANAGEMENT**

*Joint - Venture Partners*

## MISSION STATEMENT



To rank in the top quartile  
in performance of  
**NAFA FUNDS**  
relative to the competition,  
and to consistently offer  
Superior risk-adjusted returns to investors.

# NAFA MONEY MARKET FUND

## FUND'S INFORMATION

### Management Company

NBP Fullerton Asset Management Limited – Management Company

### Board of Directors of the Management Company

Mr. Nausherwan Adil	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Nigel Poh Cheng	Director
Mr. Koh Boon San	Director
Mr. Kamal Amir Chinoy	Director
Mr. Shehryar Faruque	Director
Mr. Aamir Sattar	Director
Mr. Abdul Hadi Palekar	Director

### Company Secretary & COO

Mr. Muhammad Murtaza Ali

### Chief Financial Officer

Mr. Khalid Mehmood

### Audit & Risk Committee

Mr. Shehryar Faruque	Chairman
Mr. Koh Boon San	Member
Mr. Aamir Sattar	Member

### Human Resource and Remuneration Committee

Mr. Nausherwan Adil	Chairman
Mr. Nigel Poh Cheng	Member
Mr. Kamal Amir Chinoy	Member

### Trustee

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

### Bankers to the Fund

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

# NAFA MONEY MARKET FUND

## **Auditors**

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

## **Legal Advisor**

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

## **Head Office:**

7th Floor Clifton Diamond Building, Block No. 4,  
Scheme No. 5, Clifton Karachi.  
UAN: 111-111NFA (111-111-632),  
(Toll Free): 0800-20001,  
Fax: (021) 35825329  
Website: [www.nafafunds.com](http://www.nafafunds.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 (nfa)  
Fax: 091-5703202

## **Multan Office:**

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

# NAFA MONEY MARKET FUND

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# Board of Directors



Mr. Nausherwan Adil  
Chairman



Dr. Amjad Waheed, CFA  
Chief Executive Officer



Mr. Kamal Amir Chinoy  
Director



Mr. Koh Boon San  
Director



Mr. Aamir Sattar  
Director



Mr. Shehryar Faruque  
Director



Mr. Nigel Poh Cheng  
Director



Mr. Abdul Hadi Palekar  
Director

# Senior Management



**Dr. Amjad Waheed, CFA**  
**Chief Executive Officer**



**Mr. Sajjad Anwar, CFA**  
**Chief Investment 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 Suleman Akhtar CFA**  
**Head of Research**



**Mr. Muhammad Ali, CFA, FRM**  
**Head of Fixed Income**



**Mr. Asim Wahab Khan, CFA**  
**Head of Equity**



**Mr. Salman Ahmed**  
**Head of Risk Management**



**Mr. Raheel Rehman ACA, CICA**  
**Senior Manager Compliance**

# NAFA MONEY MARKET FUND

## DIRECTORS' REPORT

The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the Fifth Annual Report of **NAFA Money Market Fund** for the year June 30, 2016.

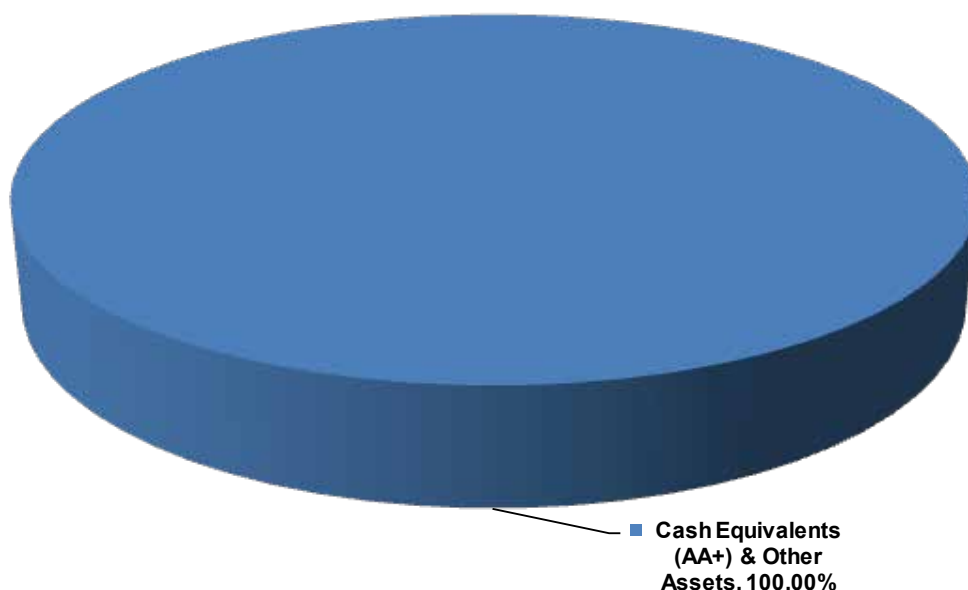
### **Fund's Performance**

The size of NAFA Money Market Fund has increased from Rs. 2,959 million to Rs. 7,110 million during the period, i.e. an increase of 140.28%. During the period, the unit price of the Fund has increased from Rs. 9.2495 (Ex - Div) on June 30, 2015 to Rs. 9.8377 on June 30, 2016 thus posting a return of 6.34% as compared to its Benchmark (3-Month deposit rates of 'AA' & above rated banks) return of 4.58% for the same period. The return of the Fund is net of management fee and all other expenses.

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

During the period under review (FY16), due to further abatement in inflationary pressures (average inflation of 2.9%), State Bank of Pakistan (SBP) reduced the policy rate by a cumulative 75 bps following a cumulative 300 bps reduction in FY15. SBP in its policy statement highlighted (i) improvement in the macroeconomic conditions, (ii) better law and order situation; and (iii) positive growth prospects underpinned by investment under China Pakistan Economic Corridor (CPEC). During the period under review, sovereign yields responded accordingly to policy rate cut of 75 bps. We see pickup in inflation to 6% by FY17 year-end due to partial recovery in commodity prices, measured PKR devaluation, and uptick in private sector borrowing.

The Fund has earned a total income of Rs.103.16 million during the year. After deducting total expenses of Rs.57.25 million, the net income is Rs.45.91 million. The asset allocation of the Fund as on June 30, 2016 is as follows:





# NAFA MONEY MARKET FUND

## Income Distribution

The Board of Directors of the Management Company has approved cash dividend of 6.24% of the opening ex-NAV (6.129% of the par value) for the year. Further, The Board has also approved final cash dividend of 0.03% of the opening ex-NAV/ Par value, subsequent to the year end.

## Taxation

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

## Auditors

The present auditors Messrs A.F. Ferguson & Co. Chartered Accountants, has completed their five year tenure in the capacity of Auditor of the Fund. As per the requirement of Regulation 38(2)(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, their replacement would be required. The Board has approved the appointment of Messrs Deloitte Yousuf Adil, Chartered Accountant, for the year ending June 30, 2017.

## 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 six meetings during the year. The attendance of all directors is disclosed in the note 23 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 22 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 19 to these financial statements.

# NAFA MONEY MARKET FUND

## 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 Fullerton Asset Management Limited

Chief Executive

Director

Date: September 23, 2016  
Place: Karachi.

# NAFA MONEY MARKET FUND

## ڈائریکٹرز رپورٹ

NBP فلٹرڈ ایسیٹ منجمنٹ لمیٹڈ کا بورڈ آف ڈائریکٹرز بصد مسرت 30 جون 2016ء کو ختم ہونے والے سال کے لیے NAFA منی مارکیٹ فنڈ کی پانچویں سالانہ رپورٹ پیش کرتا ہے۔

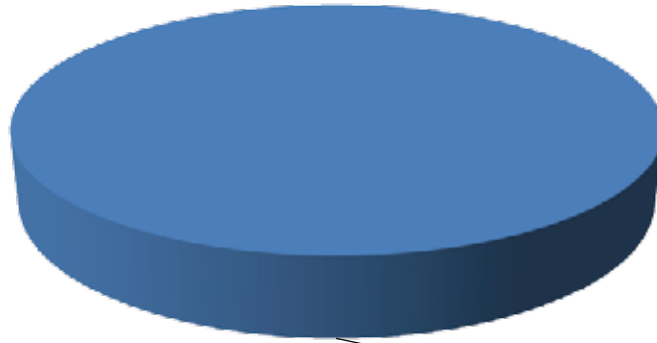
### فنڈ کی پرفارمنس

NAFA منی مارکیٹ فنڈ کے حجم میں مدت کے دوران 2,959 ملین روپے سے 7,110 ملین روپے تک اضافہ ہوا ہے، یعنی 140.28% اضافہ۔ اس مدت کے دوران فنڈ کے یونٹ کی قیمت 30 جون 2015 کو 9.2495 روپے (Ex-Div) سے 30 جون 2016 کو 9.8377 روپے تک بڑھ چکی ہے، لہذا اس مدت کے لیے اپنے بیچ مارک منافع (AA) اور زائد ریٹنگ والے بینکوں کے 3 ماہ کے ڈپازٹ ریٹس (4.58% کے مقابلے میں 6.34% منافع درج کرایا۔ فنڈ کا منافع منجمنٹ فیس اور دیگر اخراجات کے بعد خالص ہے۔

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

زیر جائزہ مدت (مالی سال 2016) کے دوران، افراط زر کے دباؤ میں مزید کمی کے ساتھ (اوسط افراط زر 2.9%)، اسٹیٹ بینک آف پاکستان نے مالی سال 2015 میں پالیسی ریٹ میں بنیادی پوائنٹس کی مجموعی کمی کے بعد 75 بنیادی پوائنٹس مجموعی طور پر مزید کم کر دیے۔ SBP نے اپنے پالیسی بیان میں درج ذیل کی نشان دہی کی ہے (i) مجموعی معاشی حالات میں بہتری (ii) امن و امان کی بہتر صورت حال اور (iii) چین پاکستان اقتصادی راہداری (CPEC) کے تحت سرمایہ کاری کی بدولت نمو کے مثبت امکانات۔ زیر جائزہ مدت کے دوران آزادانہ منافع جات نے پالیسی ریٹ میں 75 بنیادی پوائنٹس کی کمی کے مطابق رد عمل دکھایا۔ ہم مالی سال 2017 کے آخر تک ایشیائے صرف کی قیمتوں کی جزوی بحالی، پاکستانی روپے کی قدر میں محدود کمی اور نجی شعبے کے قرضوں میں اضافے کی وجہ سے افراط زر کو 6% تک بڑھتا دیکھ رہے ہیں۔

فنڈ نے سال کے دوران 103.16 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 57.25 ملین روپے کے مجموعی اخراجات منہا کرنے کے بعد خالص آمدنی 45.91 ملین روپے ہے۔ فنڈ کی ایسیٹ ایلوکیشن 30 جون 2016 کو برعکس ذیل ہے:



■ Cash Equivalents (AA+) & Other Assets, 100.00%

### آمدنی کی تقسیم

منجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے سال کے لیے ابتدائی NAV کا 6.24% (مساوی قیمت کا 6.129%) کیش ڈیویڈنڈ منظور کیا ہے۔ مزید برآں سال کے اختتام کے بعد بورڈ آف ڈائریکٹرز نے 0.03 فیصد (Opening Ex NAV/Par Value) حتمی کیش ڈیویڈنڈ کی منظوری دی ہے۔

### ٹیکسیشن

جیسا کہ مندرجہ بالا کیش ڈیویڈنڈ، انویسٹمنٹس کے تصرف شدہ اور غیر تصرف شدہ (realized and unrealized) مالیاتی منافع جات کے علاوہ، انویسٹمنٹس پر سال کے دوران کمائی گئی آمدنی کے 90% سے زائد ہے، انکم ٹیکس آرڈیننس 2001 کے دوسرے شیڈول کے حصہ 1 کی شق 99 کے تحت فنڈ پر ٹیکس لاگو نہیں ہے۔

# NAFA MONEY MARKET FUND

## آڈیٹرز

موجودہ آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے فنڈ کے آڈیٹرز کی حیثیت سے اپنی پانچ سالہ میعاد مکمل کر لی ہے اور۔ نان بینکنگ فنانس کمپنیز اینڈ ٹریڈنگ اینڈ اینٹی بیوریز ریگولیشنز 2008 کی ریگولیشن (h)(2) 38 کے تقاضے کے مطابق ان کا متبادل درکار ہوگا۔ بورڈ نے 30 جون 2017 کو ختم ہونے والے سال کے لیے میسرز Deloitte پوسٹ عادل، چارٹرڈ اکاؤنٹنٹس کی تقرری کی منظوری دے دی ہے۔

## کوڈ آف کارپوریٹ گورننس کی پیروی میں ڈائریکٹرز اسٹیٹمنٹ

1- منجنت کمپنی کی طرف سے تیار کردہ مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلوز اور یونٹ ہولڈرز فنڈ میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔

2- فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔

3- مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے۔ شماریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔

4- ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی معیاروں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، کی پیروی کی گئی ہے۔

5- انٹرنل کنٹرول کا نظام مستحکم اور موثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔

6- فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔

7- لسٹنگ ریگولیشنز میں تفصیلاً درج کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔

8- پرفارمنس ٹیبیل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہے۔

9- ٹیکسوں، ڈیویڈنڈز، 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 منجنت کمپنی کے بورڈ آف ڈائریکٹرز کے چھ اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 23 میں ظاہر کی گئی ہے۔

11- یونٹ ہولڈنگ کا تفصیلی پیٹرن مالیاتی گوشواروں کے نوٹ 22 میں ظاہر کیا گیا ہے۔

12- ڈائریکٹرز، CEO، CFO، کمپنی سیکرٹری اور ان کی بیویوں اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے یونٹس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 19 میں ظاہر کی گئی ہے۔

## اعتراف

بورڈ اس موقع کا فائدہ اٹھاتے ہوئے منجنت کمپنی پر اعتماد اور 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 ڈسٹری بیوٹرز کی طرف سے محنت، لگن اور عزم کے مظاہرے پر اپنا خراج تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

NBP فلرٹن ایسیٹ منجنت لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

بتاریخ

23 ستمبر 2016

مقام: کراچی

# NAFA MONEY MARKET FUND

## TRUSTEE REPORT TO THE UNIT HOLDERS NAFA MONEY MARKET FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of NAFA Money Market Fund (the Fund) are of the opinion that NBP Fullerton Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2016 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.

**Muhammad Hanif Jakhura**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi: September 30, 2016

# NAFA MONEY MARKET FUND

## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2016

This statement is being presented by the Board of Directors (the Board) of NBP Fullerton Asset Management Limited (the Company), the Management Company of **NAFA Money Market Fund** (the Fund) to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 5.19 of the Rule Book of the Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company, though an un-listed Public Limited Company complies with the CCG as the Fund under its management is listed on Pakistan Stock Exchange Limited.

The Company has applied the principles contained in the CCG in the following manner:

1. 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, 2016, the Board included:

Category	Names
Independent Directors	1. Mr. Kamal Amir Chinoy 2. Mr. Shehryar Faruque
Executive Directors	Dr. Amjad Waheed (Chief Executive Officer)
Non- Executive Directors	1. Mr. Nausherwan Adil (Chairman) 2. Mr. Aamir Sattar 3. Mr. Abdul Hadi Palekar 4. Mr. Nigel Poh Cheng 5. Mr. Koh Boon San

The independent directors meets the criteria of independence under clause 5.19.1(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director of more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred during the year.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

# NAFA MONEY MARKET FUND

6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Fund. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive have been taken by the Board. There is no other executive-director of the Company besides Chief Executive Officer (CEO).
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The directors are conversant of the relevant laws applicable to the Company, its policies and provisions of memorandum and articles of association and are aware of their duties and responsibilities. As of 30 June 2016, three directors of the Company had acquired the director's training certificate as required under the Code. The Company plans to arrange a Director's Training Program in future, for the remaining directors.
10. The Board has approved the appointment of Chief Financial Officer (CFO) of the Company with their remuneration and terms and conditions of employment. There has been no new appointment of the Company Secretary and Head of Internal Audit during the year.
11. The Directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the units of the Fund other than that disclosed in note 19 to the financial statements "Transactions with Connected Persons".
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises of three members, of whom all are non-executive directors and the chairman of the committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Fund and as required by the CCG. The committee has formed the terms of reference for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises of three members. All the members are non-executive directors including an independent director and the chairman of the committee is non-executive director.

# NAFA MONEY MARKET FUND

18. The Board has set up an effective internal audit function.
19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. Since there is no practical implication of closed period on the announcement of interim and final results of open end Fund. Therefore, there was no 'closed period' prior to the announcement of interim / final results.
22. Material / price sensitive information has been disseminated amongst all market participants at once through stock exchange.
23. We confirm that all other material principles enshrined in the CCG have been complied with expect the following:
  - As per the Code, the mechanism was required to put in place for an annual evaluation of the Board within two years of coming into effect of the Code i.e. April 2014. The mechanism is in place and the Company is in the process of completion of annual evaluation of the Board.

For and behalf of the Board

Karachi  
September 23, 2016

Dr. Amjad Waheed  
Chief Executive Officer



# NAFA MONEY MARKET FUND

## FUND MANAGER REPORT

### NAFA Money Market Fund

NAFA Money Market Fund (NMMF) is an open-end Money Market Scheme.

### Investment Objective of the Fund

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

### Benchmark

3-Month deposit rates of AA and above rated banks.

### Fund Performance Review

This is the fifth Annual report since the launch of the Fund on February 23, 2012. The Fund size increased drastically by 140.28% during FY16 and stands at Rs 7.11 billion as on June 30, 2016. The Fund's return since its inception is 8.35% versus the benchmark return of 6.37%. This translates into an outperformance of 1.98% p.a. The Fund posted is 6.34% return during FY16 versus the benchmark return of 4.58%, thus registering an outperformance of 1.76%. This outperformance is net of management fee and all other expenses. Thus the Fund has achieved its investment objectives.

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

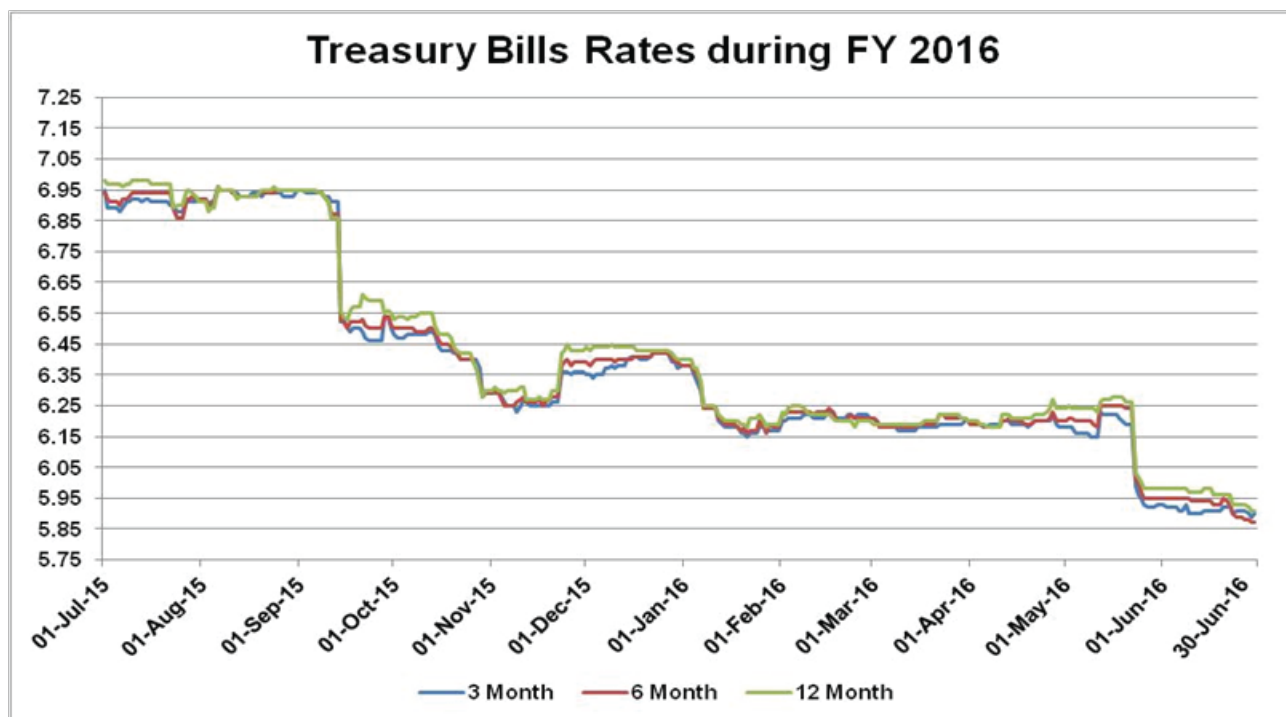
On the corporate debt sphere, trading activity in TFCs/Sukuks remained skewed towards high quality issues with total trade value touching around Rs 8 billion. The trades were mainly concentrated in the Banking sector, making up 43% share. Due to further abatement in inflationary pressures as captured in FY16 average inflation of 2.9%, State Bank of Pakistan (SBP) reduced the policy rate by a cumulative 75 bps in FY16 up on the heels of a cumulative 300 bps reduction in FY15. SBP in its policy statement highlighted (i) improvement in the macroeconomic conditions, (ii) better law and order situation; and (iii) positive growth prospects underpinned by investment under China Pakistan Economic Corridor (CPEC). During the period under review, sovereign yields responded accordingly to policy rate cut of 75 bps. We see pickup in inflation to 5.5% by year-end due to partial recovery in commodity prices, measured PKR devaluation, and uptick in private sector borrowing.

### Asset Allocation of Fund (% of NAV)

Particulars	30-Jun-16	30-Jun-15
T-Bills	-	-
PIBs	-	-
Placements with DFIs	-	32.11%
Money Market Placements	-	-
Cash, Bank Placements & Other Assets	100.00%	67.89%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

# NAFA MONEY MARKET FUND

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



Distribution for the Financial Year 2016

Interim Period/Quarter	Dividend as a % of Par Value (Rs.10)	Cumulative Div. Price / Unit	Ex- Div. Price
Interim	6.129%	0.6129	9.8242
Final	0.031%	0.6160	9.9720

Unit Holding Pattern of NAFA Money Market Fund as on 30th June 2016

Size of Unit Holding (Units)		No. of Unit Holders
1	1,000	205
1,001	5,000	137
5,001	10,000	45
10,001	50,000	161
50,001	100,000	96
100,001	500,000	147
500,001	1,000,000	16
1,000,001	5,000,000	36
5,000,001	10,000,000	12
10,000,001	100,000,000	12
100,000,001	1,000,000,000	2

**Total:** 869

# NAFA MONEY MARKET FUND

## **During the period under question:**

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

## **Workers' Welfare Fund (WWF)**

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs 69,380,310. If the same were not made the NAV per unit/FY16 return of scheme would be higher by Rs 0.0962/1.04%. For details investors are advised to read note 14.1 of the Financial Statement of the Scheme for the period ended June 30, 2016.

# NAFA MONEY MARKET FUND

## REVIEW REPORT TO THE UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of NBP Fullerton Asset Management Limited, the Management Company of **NAFA Money Market Fund** (the Fund) for the year ended June 30, 2016 to comply with clause 5.19 of the Pakistan Stock Exchange Limited Regulations where the Fund is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Management Company (NBP Fullerton Asset Management Limited) of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

The Code requires the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of the Fund's related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length prices and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance for and on behalf of the Fund, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the year ended June 30, 2016.

Further, we highlight below the instances of non-compliance with the requirements of the Code as reflected in the paragraph references where these have been stated in the Statement of Compliance:

Paragraph reference	Description
21	No closed period was determined prior to the announcement of interim / final results.
23	A mechanism for an evaluation of the Board's own performance is in place. However, the Management Company is in the process of completion of the annual evaluation of the Board.

A.F. Ferguson & Co.  
Chartered Accountants  
Dated: September 30, 2016  
Karachi

# NAFA MONEY MARKET FUND

## INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **NAFA Money Market Fund** (hereinafter referred to as the 'Fund'), which comprise the statement of assets and liabilities as at June 30, 2016, and the related income statement, statement of comprehensive income, distribution statement, statement of movement in unit holders' fund and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### Management Company's responsibility for the financial statements

The Management Company (NBP Fullerton Asset Management Limited) of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with approved accounting 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.

#### Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### Opinion

In our opinion, the financial statements give a true and fair view of the state of the financial position of the Fund as at June 30, 2016 and of its financial performance, its cash flows and transactions for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

A.F. Ferguson & Co.  
Chartered Accountants  
Engagement Partner: **Noman Abbas Sheikh**  
Dated: September 30, 2016  
Karachi

# NAFA MONEY MARKET FUND

## STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2016

	Note	2016 -----Rupees in '000-----	2015
<b>ASSETS</b>			
Bank balances	4	4,603,574	5,144,234
Investments	5	-	950,000
Profit receivable	6	1,248	14,797
Receivable against issue of units	7	2,650,539	51,347
Preliminary expenses and floatation cost	8	151	379
Deposits and prepayments	9	263	251
<b>Total assets</b>		<b>7,255,775</b>	<b>6,161,008</b>
<b>LIABILITIES</b>			
Payable to NBP Fullerton Asset Management Limited - Management Company	10	50,190	50,726
Payable to the Central Depository Company of Pakistan Limited - Trustee	11	425	734
Payable to the Securities and Exchange Commission of Pakistan	12	3,450	10,180
Payable against redemption of units	13	7	3,042,428
Accrued expenses and other liabilities	14	91,974	98,247
<b>Total liabilities</b>		<b>146,046</b>	<b>3,202,315</b>
<b>NET ASSETS</b>		<b>7,109,729</b>	<b>2,958,693</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>7,109,729</b>	<b>2,958,693</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	15		
		(Number of units)	
<b>NUMBER OF UNITS IN ISSUE</b>	16	<b>722,706,464</b>	<b>284,618,261</b>
		(Rupees)	
<b>NET ASSET VALUE PER UNIT</b>	3.11	<b>9.8377</b>	<b>10.3953</b>

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

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA MONEY MARKET FUND

## INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016	2015
		-----Rupees in '000-----	
<b>INCOME</b>			
Capital gain on sale of investments - net		3,302	24,261
Income from government securities		55,225	506,716
Income from term deposit receipts		-	192,904
Income from letters of placement		4,568	22,832
Income from certificates of investment		23,010	146,077
Income from commercial paper and sukuk certificates		-	2,160
Profit on bank balances		247,540	432,919
<b>Total income</b>		<b>333,645</b>	<b>1,327,869</b>
<b>EXPENSES</b>			
Remuneration to NBP Fullerton Asset Management Limited - Management Company	10.1	33,524	135,732
Sindh sales tax on the Management Company's remuneration	10.2	5,444	23,617
Federal excise duty on the Management Company's remuneration	10.3	5,364	21,717
Accounting and operational charges to the Management Company	10.4	2,882	-
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	11.1	4,199	10,389
Sindh Sales Tax on remuneration of the Central Depository Company of Pakistan Limited - Trustee	11.2	588	-
Annual fee to the Securities and Exchange Commission of Pakistan	12.1	3,450	10,180
Securities transaction cost		208	1,015
Bank charges		210	748
Annual listing fee		40	40
Amortisation of preliminary expenses and floatation costs	8	228	228
Auditors' remuneration	17	661	610
Legal and professional charges		10	125
Printing charges		130	149
Rating fee		314	279
<b>Total expenses</b>		<b>57,252</b>	<b>204,829</b>
<b>Net income from operating activities</b>		<b>276,393</b>	<b>1,123,040</b>
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - net		(230,486)	(1,014,209)
Provision for Workers' Welfare Fund	14.1	-	(2,177)
<b>Net income for the year before taxation</b>		<b>45,907</b>	<b>106,654</b>
Taxation	18	-	-
<b>Net income for the year after taxation</b>		<b>45,907</b>	<b>106,654</b>
<b>Earnings per unit</b>	3.12		

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

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA MONEY MARKET FUND

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
	-----Rupees in '000-----	
Net income for the year after taxation	45,907	106,654
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<u>45,907</u>	<u>106,654</u>

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

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director



# NAFA MONEY MARKET FUND

## DISTRIBUTION STATEMENT FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
	-----Rupees in '000-----	
<b>Undistributed income at the beginning of the year comprising of:</b>		
- realised income	139,765	32,278
- unrealised loss	-	(1,279)
	<u>139,765</u>	<u>30,999</u>
Net income for the year after taxation	45,907	106,654
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - net	-	35,468
<b>Distributions during the year</b>		
- Cash distribution of Re 0.5711 per unit on July 16, 2015 (2015 : Re 0.5087 per unit on June 30, 2015)	(67,705)	(33,356)
- Cash distribution of Re 0.6129 per unit on June 29, 2016 (2015 : Nil)	(36,192)	-
Undistributed income carried forward	<u>81,775</u>	<u>139,765</u>
<b>Undistributed income at the end of the year comprising of:</b>		
- realised income	81,775	139,765
- unrealised income / (loss)	-	-
	<u>81,775</u>	<u>139,765</u>

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

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA MONEY MARKET FUND

## STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
	-----Rupees in '000-----	
Net assets at the beginning of the year	2,958,693	11,911,375
Issue of 2,533,040,811 units (2015: 2,515,434,583 units)	25,464,708	26,496,541
Redemption of 2,094,952,608 units (2015: 3,420,389,307 units)	(21,486,168)	(36,536,730)
	3,978,540	(10,040,189)
Element of (income) / loss and capital (gains) / losses included in the prices of units issued less those in units redeemed - net		
- transferred to income statement	230,486	1,014,209
- transferred to distribution statement	-	(35,468)
	230,486	978,741
Capital gain on sale of investments - net	3,302	24,261
Other net income for the year	42,605	82,393
<b>Net Income for the year</b>	45,907	106,654
<b>Distributions during the year</b>		
- Cash distribution of Re 0.5711 per unit on July 16, 2015 (2015 : Re 0.5087 per unit on June 30, 2015)	(67,705)	(33,356)
- Cash distribution of Re 0.6129 per unit on June 29, 2016 (2015 : Nil)	(36,192)	-
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - transferred to distribution statement	-	35,468
Net assets as at the end of the year	7,109,729	2,958,693

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

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA MONEY MARKET FUND

## CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016	2015
		-----Rupees in '000-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income for the year		45,907	106,654
<b>Adjustments for:</b>			
Profit on bank balances		(247,540)	(432,919)
Income from government and debt securities		(82,803)	(870,689)
Amortisation of preliminary expenses and floatation costs		228	228
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net		230,486	1,014,209
Federal excise duty on the Management Company's remuneration		5,364	21,717
Provision for Workers' Welfare Fund		-	2,177
		<u>(48,358)</u>	<u>(158,623)</u>
<b>Decrease / (increase) in assets</b>			
Investments		950,000	1,103,083
Deposits and prepayments		(12)	(23)
		<u>949,988</u>	<u>1,103,060</u>
<b>(Decrease) / increase in liabilities</b>			
Payable to NBP Fullerton Asset Management Limited - Management Company		(5,900)	9,608
Payable to the Central Depository Company of Pakistan Limited - Trustee		(309)	42
Payable to the Securities and Exchange Commission of Pakistan		(6,730)	1,346
Accrued expenses and other liabilities		(6,273)	25,676
		<u>(19,212)</u>	<u>36,672</u>
Profit received on bank balances		261,089	442,444
Income received from government and debt securities		82,803	868,260
<b>Net cash generated from operating activities</b>		<u>1,226,310</u>	<u>2,291,813</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Receipts from issuance of units		22,761,619	26,414,361
Payments against redemption of units		(24,528,589)	(34,352,384)
<b>Net cash used in financing activities</b>		<u>(1,766,970)</u>	<u>(7,938,023)</u>
<b>Net decrease in cash and cash equivalents during the year</b>		<u>(540,660)</u>	<u>(5,646,210)</u>
Cash and cash equivalents at the beginning of the year		5,144,234	10,790,444
<b>Cash and cash equivalents at the end of the year</b>	4	<u>4,603,574</u>	<u>5,144,234</u>

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

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA MONEY MARKET FUND

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

### 1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Money Market Fund (the Fund) was established under a Trust Deed executed between NBP Fullerton Asset Management Limited (NAFA) as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on May 4, 2011 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on May 18, 2011 under the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

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 4, Scheme No. 5, Clifton, Karachi. Due to a fire incident in the month of June 2016 at the registered office of the Management Company, its office has been temporarily shifted to 2nd floor, Ex - NDFC Building, Tariq Road, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).

The Fund is an open-ended mutual fund and is listed on the Pakistan Stock Exchange Limited. The units of the Fund are offered for public subscription on a continuous basis and are transferable and redeemable by surrendering them to the Fund. The Fund is categorised as an Open-End "Money Market Scheme" as per the criteria laid down by the Securities and Exchange Commission of Pakistan (SECP) for categorisation of Collective Investment Schemes (CIS).

The objective of the Fund is to generate optimal return with minimum risk, to provide easy liquidity and reasonable income to its unit holders by investing primarily in short-term government securities.

The Pakistan Credit Rating Agency (PACRA) has assigned Management Quality Rating of 'AM2++' to the Management Company as at June 8, 2016 and Fund stability rating of 'AA(f)' to the Fund as at December 31, 2015.

Title to the assets of the Fund is held in the name of the Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund.

### 2 BASIS OF PREPARATION

#### 2.1 Statement Of Compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. The approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

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

The following standard is mandatory for the financial year beginning on or after July 01, 2015 and is relevant to the Fund:

'IFRS 13 'Fair Value Measurement' which establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as 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. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 'Financial Instruments: Disclosures'. Additional disclosures required under IFRS 13 are included in note 27 to these financial statements.

There are other amendments to the standards and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2015 but are considered not to be relevant or do not have any significant effect on the Fund's financial statements and are, therefore, not detailed in these financial statements.

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

There are certain amendments to the existing published approved accounting standards, new interpretations and certain new standards that are mandatory for accounting periods beginning on or after July 01, 2016 but are considered not to be relevant or will not have any significant effect on the Fund's financial statements and are, therefore, not disclosed in these financial statements.

# NAFA MONEY MARKET FUND

## 2.4 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise the judgment in the application of its accounting policies. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The areas involving a higher degree of judgment or complexity, or areas where estimates and assumptions are significant to the financial statements relate to classification, impairment and valuation of investments (note 3.2 and 3.2.5).

## 2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for certain investments which have been carried at fair value.

## 2.6 Functional and presentation currency

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

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

### 3.1 Cash and cash equivalents

Cash and cash equivalents comprise of balances with banks and short-term highly liquid investments with original maturities of three months or less.

### 3.2 Financial assets

#### 3.2.1 Classification

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

Investments are categorised as follows:

#### a) Financial assets 'at fair value through profit or loss'

Financial assets that are acquired principally for the purpose of generating profits from short-term fluctuations in prices are classified as financial assets at fair value through profit or loss category. These include held for trading instruments and such other instruments that upon initial recognition are designated under this category.

#### b) Loans and receivables

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

#### c) Available for sale

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

#### 3.2.2 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.

# NAFA MONEY MARKET FUND

## 3.2.3 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 out in the income statement.

## 3.2.4 Subsequent measurement

### a) Financial assets at fair value through profit or loss and available for sale

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

Investments in debt securities (comprising any security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital and includes term finance certificates, bonds, debentures, certificates of investments, sukuks and commercial papers etc.) are valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the SECP for valuation of debt securities. 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.

Net gains and losses arising from changes in the fair values of financial assets carried as '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 other comprehensive income until these are derecognised or impaired. At this time, the cumulative gain or loss previously recognised in other comprehensive income is shown as part of net income for the year.

### b) Loans and receivables

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

Gain or loss is also recognised in the income statement when financial assets carried at amortised cost are derecognised or impaired.

## 3.2.5 Impairment

The Fund assesses at each reporting date whether there is an objective evidence that the financial asset or a group of financial assets is impaired. The carrying amounts of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment in any asset or group of assets. If any such indication exists, the recoverable amount of the assets is estimated and impairment losses are recognised immediately as an expense in the income statement. If any impairment 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 the statement of comprehensive income is reclassified from other comprehensive income and recognised in the income statement.

The amount of provision for certain debt securities is determined based on the provisioning criteria specified by the SECP.

For certain other financial assets, a provision for impairment is established when there is an objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The provision against these amounts is made as per the provisioning policy duly formulated and approved by the Board of Directors of the Management Company in accordance with the requirements of the Securities and Exchange Commission of Pakistan.

## 3.2.6 Derecognition

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

## 3.3 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These 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, cancelled or expired.

# NAFA MONEY MARKET FUND

## 3.4 Offsetting of financial assets and liabilities

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

## 3.5 Provisions

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

## 3.6 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

## 3.7 Taxation

### Current

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 90 percent of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders.

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.

### Deferred

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 probable that the related tax benefit will be realised. However, the Fund has not recognised any amount in respect of deferred tax in these financial statements as the Fund intends to avail the tax exemption under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, 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 as cash dividend.

## 3.8 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 during business hours on that day. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable. Sales load collected, if any, is payable to the Management Company.

Units redeemed are recorded at the redemption price, as per the constitutive documents, applicable to units for which the distributors receive redemption requests during business hours of that day. The redemption price represents daily Net Asset Value (NAV) announced as of the close of the dealing day less any back end load, provisions for transaction costs and any provision for duties and charges, if applicable.

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

An equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' (the 'element') is created in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. The element is determined based on the income / (loss) incurred during the year including income / (loss) arising as a result of unrealised appreciation / (diminution) on available for sale securities. The element arising as a result of unrealised appreciation / (diminution) on available for sale securities is recognised in the distribution statement. The remaining portion of the element is recognised in the income statement.

## 3.10 Proposed distributions

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

## 3.11 Net asset value per unit

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

## 3.12 Earnings per unit (EPU)

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

# NAFA MONEY MARKET FUND

## 3.13 Revenue recognition

- Realised capital gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Unrealised 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 year in which they arise.
- Income from government securities, debt securities, certificate of deposits and investments, reverse repurchase transactions, commercial papers and placements is recognised on a time proportionate basis, using the effective interest rate.
- Discount on purchase of Market Treasury Bills is amortised to income statement using the effective interest rate method.
- Profit on bank deposits and term deposit receipts is recognised on an accrual basis.

## 3.14 Expenses

All expenses including management fee and trustee fee are recognised in the income statement on an accrual basis.

4	BANK BALANCES	Note	2016	2015
-----Rupees in '000-----				
	Current accounts	4.1	9,364	8,596
	Savings accounts	4.2 & 4.3	4,594,210	5,135,638
			<u>4,603,574</u>	<u>5,144,234</u>

4.1 These include related parties deposits of Rs. 0.165 million and Rs. 9.199 million (2015: Rs. 1.663 million and Rs. 6.933 million), maintained with National Bank of Pakistan Limited and Summit Bank Limited respectively.

4.2 These accounts carry rates of return ranging from 3.50% to 6.75% (2015: 4.50% to 10.75%) per annum.

4.3 These include a deposit of Rs. 2.095 million (2015: 0.490 million), which is maintained with National Bank of Pakistan Limited, a related party, and carries profit at the rate of 4.00% (2015: 5.00%) per annum.

5	INVESTMENTS	Note	2016	2015
-----Rupees in '000-----				
	<b>Financial assets at fair value through profit or loss - net</b>			
	Government securities - Market Treasury Bills	5.1	-	-
	<b>Loans and receivables</b>			
	Certificates of investments		-	950,000
			<u>-</u>	<u>950,000</u>

### 5.1 Government securities - Market Treasury Bills

Issue date	Tenor	Face value				Market value as at June 30, 2016	Investment as a percentage of	
		As at July 1, 2015	Purchased during the year	Sale / matured during the year	As at June 30, 2016		Net assets	Total investments
-----Rupees in '000-----								
October 30, 2014	12 months	-	1,000,000	1,000,000	-	-	-	-
November 13, 2014	12 months	-	250,000	250,000	-	-	-	-
January 8, 2015	12 months	-	500,000	500,000	-	-	-	-
March 5, 2015	6 months	-	2,355,000	2,355,000	-	-	-	-
March 19, 2015	6 months	-	100,000	100,000	-	-	-	-
April 2, 2015	6 months	-	100,000	100,000	-	-	-	-
May 14, 2015	6 months	-	150,000	150,000	-	-	-	-
May 28, 2015	3 months	-	25,000	25,000	-	-	-	-
June 25, 2015	3 months	-	850,000	850,000	-	-	-	-
June 29, 2015	3 months	-	300,000	300,000	-	-	-	-
July 9, 2015	3 months	-	900,000	900,000	-	-	-	-
August 6, 2015	6 months	-	1,200,000	1,200,000	-	-	-	-
August 20, 2015	6 months	-	350,000	350,000	-	-	-	-
September 3, 2015	6 months	-	150,000	150,000	-	-	-	-
September 17, 2015	6 months	-	1,000,000	1,000,000	-	-	-	-
October 29, 2015	6 months	-	250,000	250,000	-	-	-	-
November 12, 2015	3 months	-	250,000	250,000	-	-	-	-
November 12, 2015	6 months	-	250,000	250,000	-	-	-	-
March 17, 2016	6 months	-	500,000	500,000	-	-	-	-
			<u>10,480,000</u>	<u>10,480,000</u>	-	-	-	-

Carrying value as at June 30, 2016

-

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

-

Total as at June 30, 2015

-



# NAFA MONEY MARKET FUND

6 PROFIT RECEIVABLE	Note	2016	2015
-----Rupees in '000-----			
Profit accrued on savings accounts		1,248	3,887
Profit accrued on Certificates of Investments		-	10,910
		<u>1,248</u>	<u>14,797</u>

## 7 RECEIVABLE AGAINST ISSUE OF UNITS

This represents receivable against units issued to the unit holders based on their request for transfer of units from other collective investment schemes managed by the Management Company of the Fund. The Fund has received an amount of Rs 2,650.539 million in respect of these transactions subsequent to the year ended June 30, 2016 (2015: Rs 51.347 million).

8 PRELIMINARY EXPENSES AND FLOATATION COSTS	Note	2016	2015
-----Rupees in '000-----			
Opening balance		379	607
Less: Amortisation for the year		(228)	(228)
Closing balance		<u>151</u>	<u>379</u>

8.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. As per the requirements of the Trust Deed, these costs are being amortised over a period not exceeding five years.

9 DEPOSITS AND PREPAYMENTS	Note	2016	2015
-----Rupees in '000-----			
Security deposit with the Central Depository Company of Pakistan Limited		100	100
Prepaid rating fee		163	151
		<u>263</u>	<u>251</u>

## 10 PAYABLE TO NBP FULLERTON ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

Remuneration of the Management Company	10.1	2,179	9,222
Sindh sales tax on remuneration of the Management Company	10.2	354	1,605
Federal excise duty on remuneration of the Management Company	10.3	44,146	38,782
Front end load and transfer load payable to the Management Company		629	1,117
Accounting and operational charges payable to the Management Company	10.4	2,882	-
		<u>50,190</u>	<u>50,726</u>

10.1 In accordance with the provisions of the NBFC Regulations amended vide S.R.O 1160(I) / 2015 dated 25 November, 2015, the Management Company is entitled to receive a remuneration at the rate not exceeding 1 percent of the average daily net assets of the Fund. Accordingly, the Management Company has charged its remuneration at the rate of 1 percent per annum of the average daily net assets for the period from July 1, 2015 to December 6, 2015. Subsequently, the Management Company has revised its remuneration at the higher of 8 percent of net income of the Fund and 0.5 percent per annum of the daily net assets of the Fund with a cap of 1 percent per annum of daily net assets of the Fund. The amount of remuneration is payable to the Management Company monthly in arrears.

10.2 The Provincial Government of Sindh has levied Sindh sales tax at the rate of 14% (June 30, 2015: 15%) on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.

10.3 As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law.

On September 4, 2013, a Constitutional Petition has been filed in the Honorable Sindh High Court (SHC) jointly by various asset management Companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.

Subsequent to year ended June 30, 2016, the SHC has passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) have been set aside.

With effect from 1 July 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

# NAFA MONEY MARKET FUND

In view of the above, the Fund has discontinued making further provision in respect of FED on management fee from July 01, 2016. However, the provision made till June 30, 2016, aggregating to Rs. 44.146 million (2015: Rs. 38.782 million) (including Rs. 5.364 million for the current year) has not been reversed as the management believes that the Federal Government retains the right to appeal against the said order in the Supreme Court within the prescribed timeline. Had the provision not been made, the Net Asset Value per unit of the Fund as at June 30, 2016 would have been higher by Re 0.061 (2015: Re 0.136) per unit.

10.4 During the year, the SECP vide SRO No 1160 (I) / 2015 dated November 25, 2015 introduced amendments in the NBFC regulations. As a result of these amendments, the Management Company of the Fund is entitled to reimbursement of fees and expenses incurred by the Management Company in relation to registrar services, accounting, operation and valuation services related to collective investment schemes upto maximum of 0.1% of the average annual net assets of the scheme or actual whichever is less. Based on these requirements, the Management Company has charged operating expenses amounting to Rs 2.882 million to the Fund from November 25, 2015 to June 30, 2016.

11	PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2016 -----Rupees in '000-----	2015
	Trustee fee payable	11.1	373	734
	Sindh sales tax payable on trustee fee	11.2	<u>52</u>	<u>-</u>
			<u>425</u>	<u>734</u>

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

Based on the Trust Deed, the tariff structure applicable to the Fund during the year ended June 30, 2016 was as follows:

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

There is no change in tariff structure in the current year.

11.2 The Sindh Revenue Board through Circular No. SRB 3-4/TP/01/2015/86554 dated June 13, 2015 has amended the definition of services and has levied Sindh Sales Tax on custodianship services. Accordingly, Sindh Sales Tax of 14% is charged on Trustee fee under section 2(79A) of the Sindh Finance Bill, 2010 with effect from July 01, 2015.

12	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2016 -----Rupees in '000-----	2015
	Annual fee	12.1	<u>3,450</u>	<u>10,180</u>

12.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, a collective investment scheme categorised as a Money Market Scheme is required to pay an annual fee to the SECP at an amount equal to 0.075% (2015: 0.075%) of the average annual net assets of the Fund.

## 13 PAYABLE AGAINST REDEMPTION OF UNITS

This represents units redeemed on the request of unit holders for transfer of units to other collective investment schemes managed by the Management Company of the Fund. The Fund has paid an amount of Rs. 0.007 million in respect of these transactions subsequent to the year ended June 30, 2016 (2015: 3.042 million).

# NAFA MONEY MARKET FUND

	Note	2016	2015
-----Rupees in '000-----			
<b>14 ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Auditors' remuneration payable		456	427
Provision for Workers' Welfare Fund	14.1	69,380	69,380
Brokerage payable		-	331
Printing charges		202	166
Withholding tax payable		19,830	27,814
Legal and professional charges		13	125
Bank charges		24	4
Other payable		2,069	-
		<u>91,974</u>	<u>98,247</u>

**14.1** The Finance Act, 2008 had introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it was construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeded Rs 0.5 million in a tax year, had been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this connection, a constitutional petition was filed by certain CISs through their trustees in the Honourable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

During the year ended June 30, 2012, the Honourable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008, had declared the said amendments as unlawful and unconstitutional. In March 2013, a larger bench of the Honourable Sindh High Court (SHC) passed an order declaring that the amendments introduced in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 do not suffer from any constitutional or legal infirmity. However, the Honourable High Court of Sindh has not addressed the other amendments made in the WWF Ordinance, 1971 about the applicability of WWF to the CISs which is still pending before the Court. In May 2014, the Honourable Peshawar High Court (PHC) has also held these amendments to be ultra vires as they lacked the essential mandate to be introduced and passed through the Money Bill under the Constitution. Without prejudice to the above, the Management Company, as a matter of abundant caution, has decided to retain the provision for WWF amounting to Rs 69.38 million in these financial statements. Had the provision not been made the net asset value per unit of the Fund as at June 30, 2016 would have been higher by Re 0.096 per unit (2015: Re 0.244 per unit).

**14.2** The Finance Act, 2015 has excluded Mutual Funds and Collective Investment Schemes from the definition of 'Industrial establishment' subject to WWF under WWF Ordinance, 1971. Accordingly, no further provision for WWF has been made from July 01, 2015. The provision made till June 30, 2015 has not been reversed as the above law suit is still pending in the SHC.

## 15 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2016 and June 30, 2015.

	Note	2016	2015
-----Number of units-----			
<b>16 NUMBER OF UNITS IN ISSUE</b>			
Total units in issue at the beginning of the year		284,618,261	1,189,572,985
Add: units issued during the year		2,533,040,811	2,515,434,583
Less: units redeemed during the year		(2,094,952,608)	(3,420,389,307)
Total units in issue at the end of the year		<u>722,706,464</u>	<u>284,618,261</u>
<b>17 AUDITORS' REMUNERATION</b>			
-----Rupees in '000-----			
Annual audit fee and other certifications		408	404
Half yearly review		144	136
Out of pocket expenses		109	70
		<u>661</u>	<u>610</u>

# NAFA MONEY MARKET FUND

## 18 TAXATION

The income of the Fund is exempt from income tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders. The Fund has not recorded provision for taxation as the Management Company intends to distribute, subsequent to the year end, ninety percent of the Fund's accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders as cash dividend.

## 19 TRANSACTIONS WITH CONNECTED PERSONS

19.1 Connected persons include NBP Fullerton Asset Management Limited being the Management Company, the Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan (NBP) and Alexandra Fund Management Pte. Limited being the sponsors, other collective investment schemes managed by the Management Company, entities having common directorship with the Management Company, retirement funds of group companies, directors and officers of the Management Company and any person or company that beneficially owns directly or indirectly 10% or more of the units in issue / net assets of the Fund.

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

19.3 Remuneration and front-end load payable to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

19.4 Remuneration payable to the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

19.5 Details of transactions with connected persons are as follows:	Note	2016	2015
		-----Rupees in '000-----	
<b>NBP Fullerton Asset Management Limited (Management Company)</b>			
Remuneration for the year		33,524	135,732
Sindh sales tax on the Management Company's remuneration		5,444	23,617
Federal excise duty on the Management Company's remuneration		5,364	21,717
Front-end load paid to the Management Company		1,028	998
Issue of 1,959,651 units (2015: 12,618,428 units)		20,000	134,876
Redemption of 1,959,651 units (2015:13,090,630 units)		20,070	141,048
<b>Central Depository Company of Pakistan Limited (Trustee)</b>			
Remuneration for the year		4,199	10,389
Sindh sales tax payable on trustee fee		588	-
<b>National Bank of Pakistan</b>			
Sale of Market Treasury Bills		-	67,260
Profit on saving account		31	16
Redemption of Nil units (2015: 335,651,992 units)		-	3,648,873
<b>NBP Exchange Company Limited</b>			
Issue of Nil units (2015: 19,108,408 units)		-	207,462
Redemption of Nil units (2015: 19,108,408 units)		-	207,728
<b>Cherat Cement Company Limited (Common directorship)</b>			
Issue of Nil units (2015: 10,303,659 units)		-	111,475
Redemption of Nil units (2015: 26,054,742 units)		-	271,395
<b>Cherat Packaging Limited (Common directorship)</b>			
Issue of 4,944,816 units (2015: Nil units)		50,000	-
Redemption of 4,944,816 units (2015: Nil units)		51,486	-
<b>National Fullerton Asset Management Limited Employees' Provident Fund</b>			
Issue of 1,243,423 units (2015 : 128,776 units)		12,675	1,374
Redemption of 1,243,423 units (2015 : 128,776 units)		12,733	1,376
<b>NAFA Government Securities Liquid Fund</b>			
Purchase of Market Treasury Bills		895,370	54,756
Sale of Market Treasury Bills		246,978	39,035
<b>NAFA Financial Sector Income Fund</b>			
Purchase of Market Treasury Bills		-	3,725

# NAFA MONEY MARKET FUND

	Note	2016	2015
		-----Rupees in '000-----	
<b>NAFA Income Opportunity Fund</b>			
Sale of Market Treasury bills		-	2,733
<b>International Industries Limited Employees' Provident Fund</b>			
Issue of N/A units (2015: 294,123 units)	19.8	N/A	2,978
Redemption of N/A units (2015: 2,002,901 units)	19.8	N/A	20,724
<b>International Steels Limited Employees' Provident Fund</b>			
Purchase of Market Treasury bills		-	3
Issue of N/A units (2015: 85,009 units)	19.8	N/A	859
Redemption of N/A units (2015: 519,618 units)	19.8	N/A	5,358
<b>Thal Limited (Common directorship)</b>			
Issue of 26,792,124 units (2015: Nil units)		274,528	-
Redemption of 26,792,124 units (2015: Nil units)		279,273	-
<b>Getz Pharma (Private) Limited (Ten percent or more unit holding)</b>			
Issue of 343,700,037 units (2015 : N/A)		3,463,855	-
Redemption of 236,983,725 units (2015: N/A)		2,443,536	-
<b>FWQ Enterprises (Private) Limited (Ten percent or more unit holding)</b>			
Issue of 119,347,396 units (2015 : N/A)		1,174,104	-
<b>Dr. Amjad Waheed - Chief Executive Officer</b>			
Issue of 46 units (2015:13,237,557 units)	19.7	-*	136,056
Redemption of 931 units (2015:13,236,672 units)	19.7	9	137,076
<b>Mr. Murtaza Ali - Chief Operating Officer and Company Secretary</b>			
Issue of 4,968 units (2015: 1,284,653 units)	19.7	49	13,310
Redemption of 255,777 units (2015: 1,575,421 units)		2,618	16,526
Cash distribution for the year		49	122
<b>Employees of the Management Company</b>			
Issue of 371,672 units (2015: 3,856,009 units)		3,740	40,528
Redemption of 308,275 units (2015: 4,605,971 units)		3,123	48,570
Cash distribution for the year		10	3
<b>Discretionary portfolio managed by the Management Company:</b>			
<b>Byco Oil Pakistan Limited - Employees' Provident Fund</b>			
Issue of 5,441,707 units (2015: 3,058,441 units)		54,592	31,923
Redemption of 6,430,784 units (2015: 3,678,353 units)		65,748	38,624
Cash distribution for the year		224	548
<b>Byco Petroleum Pakistan Limited - Employees' Provident Fund</b>			
Issue of 5,652,780 units (2015: 4,278,907 units)		56,945	44,905
Redemption of 5,201,385 units (2015: 8,060,172 units)		53,065	84,377
<b>Nagina Cotton Mills Limited (Ten percent or more unit holding)</b>			
Issue of N/A units (2015: 33,016,947 units)	19.8	N/A	343,221
<b>Jubilee General Insurance Company Limited (Ten percent or more unit holding)</b>			
Issue of N/A units (2015: 33,669,062 units)	19.8	N/A	350,000
*Nil balance due to rounding off.			
<b>19.6</b>	<b>Note</b>	<b>2016</b>	<b>2015</b>
<b>Amounts / balances outstanding as at year end</b>		<b>-----Rupees in '000-----</b>	
<b>NBP Fullerton Asset Management Limited (Management Company)</b>			
Remuneration payable		2,179	9,222
Sindh Sales Tax payable on remuneration of the Management Company		354	1,605
Federal Excise Duty payable on remuneration of the Management Company		44,146	38,782
Front end load and Transfer Load payable to Management Company		629	1,117
Accounting and operational charges to the Management Company		2,882	-
<b>Central Depository Company of Pakistan Limited (Trustee)</b>			
Remuneration payable		373	734
Sindh Sales tax remuneration payable		52	-
Security deposit		100	100

# NAFA MONEY MARKET FUND

	Note	2016	2015
		-----Rupees in '000-----	
<b>National Bank of Pakistan</b>			
Bank balances			
- in saving accounts		2,095	490
- in current accounts		165	1,663
<b>Nagina Cotton Mills Limited (Ten percent or more unit holding)</b>			
Units held: N/A units (2015: 33,016,947 units)	19.8	N/A	343,221
<b>Jubilee General Insurance Company Limited (Ten percent or more unit holding)</b>			
Units held: N/A units (2015: 33,669,062 units)	19.8	N/A	350,000
<b>Getz Pharma (Private) Limited (Ten percent or more unit holding)</b>			
Units held: 106,716,312 units (2015: N/A)	19.7	1,049,843	N/A
<b>FWQ Enterprises (Private) Limited (Ten percent or more unit holding)</b>			
Units held: 119,347,396 units (2015: N/A)	19.7	1,174,008	N/A
<b>Summit Bank Limited (Common directorship)</b>			
Bank balance			
- in current accounts		9,198	6,933
<b>Dr. Amjad Waheed - Chief Executive Officer</b>			
Units held: Nil units (2015: 885 units)		-	9
<b>Mr. Murtaza Ali - Chief Operating Officer and Company Secretary</b>			
Units held: Nil units (2015: 250,809 units)			2,607
<b>Employees of the Management Company</b>			
Units held: 69,144 units (2015: 5,747 units)		680	60
<b>19.6 Discretionary portfolio managed by the Management Company:</b>			
<b>Byco Oil Pakistan Limited - Employees' Provident Fund</b>			
Units held: 141,612 units (2015: 1,130,689 units)		1,393	11,754
<b>Byco Petroleum Pakistan Limited - Employees' Provident Fund</b>			
Units held: 451,395 units (2015: Nil units)		4,441	-
<b>Amount receivable against issue / transfer of units from:</b>			
NAFA Asset Allocation Fund		-	22,990
NAFA Government Securities Savings Fund		8,944	21,037
NAFA Government Securities Liquid Fund		567,928	-
NAFA Income Opportunity Fund		2,070,744	-
NAFA Riba Free Savings Fund		1,345	-
NAFA Islamic Energy Fund		509	-
NAFA Islamic Stock Fund		-	67
NAFA Islamic Principal Preservation Fund		-	435
NAFA Income Fund		-	14
NAFA Stock Fund		1,069	6,804
<b>Amount payable against redemption / transfer of units to:</b>			
NAFA Asset Allocation Fund		7	-
NAFA Government Securities Liquid Fund		-	2,188,358
NAFA Income Opportunity Fund		-	823,009
NAFA Islamic Asset Allocation Fund		-	14,574
NAFA Islamic Aggressive Income Fund		-	8,777
NAFA Multi Asset Fund		-	5,551
NAFA Savings Plus Fund		-	57
<b>19.7</b>	Prior year figures are not required to be presented as the entity was not holding any units of the Fund as at June 30, 2015.		
<b>19.8</b>	Current year figures are not required to be presented as the entity is not holding any units of the Fund as at June 30, 2016.		

# NAFA MONEY MARKET FUND

## 20 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

Details of the members of the investment committee of the Fund as at June 30, 2016 are as follows:

----- As on June 30, 2016 -----

S. No.	Name	Qualification	Experience in years
1	Dr. Amjad Waheed	MBA / Doctorate in Business Administration / CFA	28
2	Mr. Sajjad Anwar	CFA / MBA Finance	16
3	Mr. Muhammad Ali Bhabha *	CFA / MBA / FRM	21
4	Mr. Syed Suleman Akhtar	CFA / MBA Finance	16

\* Mr. Muhammad Ali Bhabha is the manager of the Fund. He is also the fund manager of NAFA Government Securities Liquid Fund, NAFA Savings Plus Fund, NAFA Riba Free Savings Fund, NAFA Financial Sector Income Fund, NAFA Income Fund and NAFA Active Allocation Riba Free Savings Fund.

## 21 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION CHARGED DURING THE YEAR

S. No.	Particulars	2016 Percentage
1	Invest & Finance Securities (Private) Limited	32.00%
2	KASB Securities Limited	19.89%
3	BMA Capital Management Limited	18.20%
4	Magenta Capital (Private) Limited	10.67%
5	Invest Capital Markets Limited	7.60%
6	First Capital Securities Corporation Limited	3.97%
7	J.S. Global Capital Limited	3.26%
8	Invest One Markets Limited	1.67%
9	Currency Market Associates (Private) Limited	1.14%
10	Next Capital Limited	0.75%

S. No.	Particulars	2015 Percentage
1	Next Capital Limited	25.71%
2	Invest & Finance Securities (Private) Limited	17.30%
3	Invest Capital Markets Limited	13.99%
4	Vector Capital (Private) Limited	13.71%
5	Invest One Markets Limited	7.87%
6	J.S. Global Capital Limited	6.04%
7	BMA Capital Management Limited	5.63%
8	KASB Securities Limited	3.56%
9	C & M Management (Private) Limited	1.69%
10	Icon Securities (Private) Limited	1.10%

## 22 DETAILS OF PATTERN OF UNIT HOLDING

----- As on June 30, 2016 -----

Category	Number of unit holders	"Investment amount	Percentage of investment
(Rupees in '000)			
Individuals	755	623,911	8.78%
Banks / DFIs	1	14,205	0.20%
Insurance companies	9	277,985	3.91%
Retirement funds	55	1,509,612	21.23%
Public listed companies	6	1,634,377	22.99%
Others	43	3,049,639	42.89%
	869	7,109,729	100.00%

# NAFA MONEY MARKET FUND

----- As at June 30, 2015 -----

Category	Number of unit holders	"Investment amount	Percentage of investment
(Rupees in '000)			
Individuals	793	506,862	17.13%
Associated companies and directors	3	693,230	23.43%
Insurance companies	2	158,361	5.35%
Retirement funds	27	669,199	22.62%
Public listed companies	6	629,978	21.29%
Others	32	301,062	10.18%
	<u>863</u>	<u>2,958,692</u>	<u>100.00%</u>

## 23 ATTENDANCE AT THE MEETINGS OF THE BOARD OF DIRECTORS

The 54th, 55th, 56th, 57th, 58th & 59th Board meetings were held on July 14, 2015, September 30, 2015, October 21, 2015, February 26, 2016, April 29, 2016 and June 28, 2016 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. Nausherwan Adil	6	5	1	54th meeting
Mr. Aamir Sattar	6	4	2	56th & 57th meeting
Mr. Abdul Hadi Palekar	6	5	1	58th meeting
Mr. Koh Boon San	6	4	2	54th & 57th meeting
Mr. Nigel Poh Cheng	6	3	3	56th, 58th & 59th meeting
Mr. Kamal Amir Chinoy	6	5	1	57th meeting
Mr. Shehryar Faruque	6	4	2	54th & 59th meeting
Dr. Amjad Waheed	6	6	-	-

## 24 FINANCIAL INSTRUMENTS BY CATEGORY

-----June 30, 2016-----

Particulars	Loans and receivables	Financial assets at fair value through profit or loss	Total
-------------	-----------------------	---	-------

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

<b>Financial assets</b>			
Bank balances	4,603,574	-	4,603,574
Investments	-	-	-
Profit receivable	1,248	-	1,248
Receivable against issue of units	2,650,539	-	2,650,539
Security deposit with the Central Depository Company of Pakistan Limited	100	-	100
	<u>7,255,461</u>	<u>-</u>	<u>7,255,461</u>

-----June 30, 2016-----

Particulars	Financial liabilities at fair value through profit or loss	Other financial liabilities at amortised cost	Total
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-----Rupees in '000-----

<b>Financial liabilities</b>			
Payable to NBP Fullerton Asset Management Limited - Management Company	-	50,190	50,190
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	425	425
Payable against redemption of units	-	7	7
Accrued expenses and other liabilities	-	2,764	2,764
	<u>-</u>	<u>53,386</u>	<u>53,386</u>



# NAFA MONEY MARKET FUND

-----June 30, 2015-----

Particulars	Loans and receivables	Financial assets at fair value through profit or loss	Total
-------------	-----------------------	---	-------

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

<b>Financial assets</b>			
Bank balances	5,144,234	-	5,144,234
Investments	950,000	-	950,000
Receivable against issue of units	51,347	-	51,347
Profit receivable	14,797	-	14,797
Security deposit with the Central Depository Company of Pakistan Limited	100	-	100
	<u>6,160,478</u>	<u>-</u>	<u>6,160,478</u>

-----June 30, 2015-----

Particulars	Financial liabilities at fair value through profit or loss	Other financial liabilities at amortised cost	Total
-------------	--	---	-------

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

<b>Financial liabilities</b>			
Payable to NBP Fullerton Asset Management Limited - Management Company	-	50,726	50,726
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	734	734
Payable against redemption of units	-	3,042,428	3,042,428
Accrued expenses and other liabilities	-	1,053	1,053
	<u>-</u>	<u>3,094,941</u>	<u>3,094,941</u>

## 25 FINANCIAL RISK MANAGEMENT

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

### 25.1 Market risk

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

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

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

#### 25.1.1 Currency risk

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

#### 25.1.2 Yield / interest rate risk

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

##### a) Sensitivity analysis for variable rate instruments

Presently, the Fund does not hold any variable rate instrument and is not exposed to cash flow interest rate risk except for balances in certain saving accounts. The interest rate of these bank accounts ranges from 3.50% to 6.75%.

##### b) Sensitivity analysis for fixed rate instruments

As at June 30, 2016, the Fund did not hold any fixed rate instruments that may exposed the Fund to any material cash flow interest rate risk.

# NAFA MONEY MARKET FUND

-----As at June 30, 2016-----

Particulars	Effective/Yield interest rate %	Total	Exposed to yield/interest rate risk			Not exposed to Yield/ Interest rate risk
			Upto three months	More than three months and upto one year	More than one year	

(Rupees in '000)

## On-balance sheet financial instruments

### Financial assets

Bank balances	3.50 - 6.75	4,603,574	4,594,210	-	-	9,364
Investments		-	-	-	-	-
Profit receivable		1,248	-	-	-	1,248
Receivable against issue of units		2,650,539	-	-	-	2,650,539
Security deposit with the Central Depository Company of Pakistan Limited		100	-	-	-	100
		7,255,461	4,594,210	-	-	2,661,251

### Financial liabilities

Payable to NBP Fullerton Asset Management Limited - Management Company		50,190	-	-	-	50,190
Payable to the Central Depository Company of Pakistan Limited - Trustee		425	-	-	-	425
Payable against redemption of units		7	-	-	-	7
Accrued expenses and other liabilities		2,764	-	-	-	2,764
		53,386	-	-	-	53,386

## On-balance sheet gap (a)

	7,202,075	4,594,210	-	-	2,607,865
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## Off-balance sheet financial instruments

## Off-balance sheet gap (b)

	-	-	-	-	-
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## Total yield / interest rate sensitivity gap (a+b)

	7,202,075	4,594,210	-	-	2,607,865
--	-----------	-----------	---	---	-----------

## Cumulative yield / interest rate sensitivity gap

		4,594,210	4,594,210	4,594,210	
--	--	-----------	-----------	-----------	--

-----As at June 30, 2015-----

Particulars	Effective/Yield interest rate %	Total	Exposed to yield/interest rate risk			Not exposed to Yield/ Interest rate risk
			Upto three months	More than three months and upto one year	More than one year	

(Rupees in '000)

## On-balance sheet financial instruments

### Financial assets

Bank balances	4.50 - 10.75	5,144,234	5,135,638	-	-	8,596
Investments	8.10 - 8.50	950,000	950,000	-	-	-
Receivable against issue of units		51,347	-	-	-	51,347
Profit receivable		14,797	-	-	-	14,797
Deposit		100	-	-	-	100
		6,160,478	6,085,638	-	-	74,840

### Financial liabilities

Payable to NBP Fullerton Asset Management Limited - Management Company		50,726	-	-	-	50,726
Payable to the Central Depository Company of Pakistan Limited - Trustee		734	-	-	-	734
Payable against redemption of units		3,042,428	-	-	-	3,042,428
Accrued expenses and other liabilities		1,053	-	-	-	1,053
		3,094,941	-	-	-	3,094,941

## On-balance sheet gap (a)

	3,065,537	6,085,638	-	-	(3,020,101)
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## Off-balance sheet financial instruments

## Off-balance sheet gap (b)

	-	-	-	-	-
--	---	---	---	---	---

## Total yield / interest rate sensitivity gap (a+b)

	3,065,537	6,085,638	-	-	(3,020,101)
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## Cumulative yield / interest rate sensitivity gap

		6,085,638	6,085,638	6,085,638	
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# NAFA MONEY MARKET FUND

## 25.1.3 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 yield / interest risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Presently, the Fund is not exposed to any price risk.

## 25.2 Credit risk

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to its investments in certificates with DFIs, balances with the banks, receivable against issue of units and profit receivable on balances with banks. The credit risk of the Fund is limited as the investments are made and balances are maintained with counter parties that have reasonably high credit ratings.

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. In addition, the risk is managed through assignment of credit limits and by following strict credit evaluation criteria laid down by the Management Company. The Fund does not expect to incur material credit losses on its financial assets.

### Credit quality of financial assets

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

#### Balances with banks by rating category

Name of the Bank	Rating Agency	Latest available published rating	Percentage of Bank Balance
Allied Bank Limited	PACRA	AA+	91.13%
Askari Bank Limited	PACRA/JCR-VIS	AA+	0.06%
Bank Al Habib Limited	PACRA	AA+	0.03%
Bank Al Falah Limited	PACRA	AA	5.94%
Faysal Bank Limited	PACRA/JCR-VIS	AA	0.02%
Habib Bank Limited	JCR-VIS	AA+	0.07%
Habib Metropolitan Bank Limited	PACRA	AA+	2.21%
MCB Bank Limited	PACRA	AAA	0.02%
National Bank of Pakistan	PACRA/JCR-VIS	AAA	0.05%
NIB Bank Limited	PACRA	AA-	0.23%
Samba Bank Limited	JCR-VIS	AA	0.01%
Sindh Bank Limited	JCR-VIS	AA	- *
Summit Bank Limited	JCR-VIS	A-	0.20%
United Bank Limited	JCR-VIS	AAA	0.03%
Zarai Taraqti Bank Limited	JCR-VIS	AAA	- *

\* Nil value due to rounding off difference

The management, after giving due consideration to their strong financial standing, does not expect non-performance by these counter parties on their obligations to the Fund. The maximum exposure to credit risk before any credit enhancement as at June 30, 2016 is the carrying amount of the financial assets. None of these assets are impaired nor past due but not impaired.

## 25.2.1 Concentration of credit risk

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

The Fund's major asset balances (97.07%) are held with two banks. The management believes that these are credit-worthy counterparties.

## 25.3 Liquidity risk

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

# NAFA MONEY MARKET FUND

The Fund is exposed to daily cash redemptions, if any, 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 damage to the Fund's reputation. Its policy is therefore to invest the majority of its assets in securities that can be readily disposed of and are considered readily realisable. In addition when funds are placed in banks, it is ensured that such placements are made with banks having strong risk ratings.

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

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 has paid all amounts in respect of payable against redemption of units subsequent to year ended June 30, 2016.

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

----- As at June 30, 2016 -----

Particulars	Total	Upto three months	Over three months and upto one year	Over one year
<b>Financial liabilities</b>				
Payable to NBP Fullerton Asset Management Limited - Management Company	50,190	50,190	-	-
Payable to the Central Depository Company of Pakistan Limited - Trustee	425	425	-	-
Payable against redemption of units	7	7	-	-
Accrued expenses and other liabilities	2,764	2,764	-	-
	<u>53,386</u>	<u>53,386</u>	-	-

----- As at June 30, 2015 -----

Particulars	Total	Upto three months	Over three months and upto one year	Over one year
<b>Financial liabilities</b>				
Payable to NBP Fullerton Asset Management Limited - Management Company	50,726	50,726	-	-
Payable to the Central Depository Company of Pakistan Limited - Trustee	734	734	-	-
Payable against redemption of units	3,042,428	3,042,428	-	-
Accrued expenses and other liabilities	1,053	1,053	-	-
	<u>3,094,941</u>	<u>3,094,941</u>	-	-

## 26 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

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

# NAFA MONEY MARKET FUND

## 27 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

Fair value of investments is determined as follows:

- Investments in government securities are valued on the basis of average rates of brokers as announced by the Financial Markets Association of Pakistan
- The fair values of all other financial assets and financial liabilities of the Fund approximate their carrying amounts due to short term maturities of these instruments.

### 27.1 Fair value hierarchy

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

Level 1: Fair value measurements using quoted prices (unadjusted) in active market for identical assets or liabilities.

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

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

As at June 30, 2016, the Fund held no financial instruments measured at fair value.

## 28 NON-ADJUSTING EVENT AFTER JUNE 30, 2016

The Board of Directors of the Management Company in their meeting held on September 23, 2016, approved a final cash distribution of Rs 2.886 million (Re 0.0031 per unit) for the year ended June 30, 2016. The financial statements of the Fund for the year ended June 30, 2016 do not include the effect of the final distribution which will be accounted for in the financial statements of the Fund for the year ending June 30, 2017.

## 29 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on September 23, 2016.

## 30 GENERAL

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

30.2 Corresponding figures have been rearranged or reclassified, where necessary, for the purpose of better presentation. No significant rearrangements or reclassifications were made in these financial statements.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA MONEY MARKET FUND

## Performance Table

Particulars	For the year ended June 30, 2016 (Rs. In '000')	For the year ended June 30, 2015 (Rs. In '000')	For the year ended June 30, 2014 (Rs. In '000')	For the year ended June 30, 2013 (Rs. In '000')	For the year ended June 30, 2012 (Rs. In '000')
Net assets at the year / period ended (Rs. '000')	7,109,729	2,958,693	11,911,375	15,677,342	21,222,457
Net Income at the year / period ended (Rs. '000')	45,907	106,654	921,869	2,013,591	357,496
Net Asset Value per unit at the year / period ended (Rs.)	9.8377	10.3953	10.0132	10.0188	10.0149
Offer price per unit	9.8996225	10.4646	10.0806	10.0689	10.0149
Redemption price per unit	9.8346427	10.3953	10.0132	10.0188	10.0149
Highest offer price per unit (Rs.)	9.8996	9.8921	10.0139	10.0689	10.0149
Lowest offer price per unit (Rs.)	9.3150	9.0848	9.2576	9.2251	9.6664
Highest redemption price per unit (Rs.)	9.8346	9.8265	10.0132	10.0188	10.0149
Lowest redemption price per unit (Rs.)	9.2500	9.0246	9.2570	9.1792	9.6664
Fiscal Year Opening Ex Nav	9.2466	9.0224	9.2537	9.1767	9.6664
Total return of the fund	8.30%	8.91%	8.21%	9.18%	3.61%
Capital growth	1.99%	-3.06%	-0.41%	-0.39%	0.08%
Income distribution as a % of ex nav	6.31%	11.97%	8.61%	9.57%	3.53%
Income distribution as a % of par value	5.83%	10.80%	7.97%	8.78%	3.41%
<b>Distribution</b>					
Interim distribution per unit	0.5801	0.5087	0.7972	0.8780	0.3410
Final distribution per unit	0.0031	0.5711	-	-	-
<b>Distribution dates</b>					
Interim	-	-	29-Jul-13	30-Jul-12	
Interim	-	-	28-Aug-13	28-Aug-12	
Interim	-	-	26-Sep-13	28-Sep-12	
Interim	-	-	28-Oct-13	30-Oct-12	
Interim	-	-	27-Nov-13	28-Nov-12	
Interim	-	-	26-Dec-13	28-Dec-12	
Interim	-	-	29-Jan-14	29-Jan-13	
Interim	-	-	28-Feb-14	27-Feb-13	
Interim	-	-	28-Mar-14	28-Mar-13	29-Mar-12
Interim	-	-	29-Apr-14	29-Apr-13	27-Apr-12
Interim	-	-	28-May-14	29-May-13	30-May-12
Interim	29-Jun-16	30-Jun-15	26-Jun-14	28-Jun-13	27-Jun-12
Final	23-Sep-16	14-Jul-15			
Average annual return of the Fund (launch date February 24 <sup>th</sup> 2012)					
(Since inception to June 30, 2016)	8.30%				
(Since inception to June 30, 2015)		9.00%			
(Since inception to June 30, 2014)			8.98%		
(Since inception to June 30, 2013)				9.55%	
(Since inception to June 30, 2012)					10.28%
Weighted average portfolio duration	1 Days	13 Days	20 Days	14 Days	39.6 Days








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



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NBP Fullerton  
Asset Management Ltd.  
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## 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:** NAFA INVEST to 8080

**Fax:** 021-35825335

**Email:** [info@nafafunds.com](mailto:info@nafafunds.com)

**Website:** [www.nafafunds.com](http://www.nafafunds.com)

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